

# Town of Roland, Oklahoma

## Annual Financial Report

Fiscal Year Ended June 30, 2023



**TOWN OF ROLAND, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2023**

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**“WHERE OKLAHOMA BEGINS”**

**Board of Trustees**

Larry Osborne	Ward 1
Roger Johnson	Ward 2
Blake Rainwater	Ward 3
Billy Cannon	Ward 4
Bill Lee	Ward 5

**Management**

Monty Lenington, Jr.	Town Administrator
Candy Woodward	Deputy Town Clerk
Tommy Sessums	Chief of Police
James Edwards	Fire Chief (Volunteer)

Roland Town Hall  
PO Box 49  
Roland, OK 74954  
918-427-6829



**HINKLE &  
COMPANY**

Strategic <sup>PC</sup>  
Business Advisors

## **Independent Auditor's Report**

Honorable Mayor and Town Trustees  
Town of Roland  
Roland, Oklahoma

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Roland, Oklahoma (the Town), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

The Town's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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.

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Tulsa, OK 74137

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[www.hinklecpas.com](http://www.hinklecpas.com)

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 GAAS, 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'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'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, budgetary comparison information, and other benefit plan analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Roland's internal control over financial reporting and compliance.

*Hick & Company, PC*

Tulsa, Oklahoma  
August 9, 2024



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## **Management Discussion and Analysis**

The management of the Town of Roland is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the Town's financial condition and activities as of and for the year ended June 30, 2023. Management of the Town is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts.

### **FINANCIAL HIGHLIGHTS**

- The Town's total net position increased by \$32,785 and the assets of the Town exceeded its liabilities at June 30, 2023, by \$6,909,179 (net position). Of this amount, \$18,041 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2023, the unassigned fund balance for the General Fund was \$460,891.

### **ABOUT THE TOWN**

The Town of Roland is a municipality with a population of approximately 3,169 located in Sequoyah County in Southeast Oklahoma. The Town is governed by a five-member Board of Trustees chaired by the Mayor and operates under Oklahoma state laws and Town ordinances.

The Town provides typical municipal services such as public safety, street and alley maintenance, and through its Utilities Authority, certain utility services including water, wastewater, and sanitation.

#### ***The Town's Financial Reporting Entity***

This annual report includes all activities for which the Town of Roland's Board of Trustees is financially accountable. These activities, defined as the Town's financial reporting entity, are operated within separate legal entities that make up the primary government.

The Town's financial reporting entity includes the following separate legal entities:

- **The Town of Roland** – an incorporated Town established in 1906 that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the Town – *reported as part of the primary government as "governmental" activities.*
- **The Roland Utilities Authority (RUA)** – a public trust created in 1973 pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the Town – *considered part of the primary government presentation for reporting purposes; reported as "business-type" activities.*
- **The Roland Development Authority (RDA)** – a public trust created in 1973 pursuant to 60 O.S. § 176 to operate the natural gas services of the Town – *considered part of the primary government presentation for reporting purposes; reported as "business-type" activities.*
- **The Roland Education Facilities Authority (REFA) (currently inactive)** – a public trust created in 2008 pursuant to 60 O.S. § 176 to assist in financing and constructing educational facilities – *reported as a discretely presented component unit, separate from the primary government.*



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## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the Town of Roland (the “Town”) and the Roland Utilities Authority (the “RUA”). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the complete financial picture of the Town from the economic resources measurement focus. They present governmental activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements report the Town’s operations in more detail than the government-wide statements by providing information about the Town’s governmental funds.

### **Reporting the Town as a Whole**

#### ***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 a private-sector business.

#### ***The Statement of Net position and Statement of Activities***

The statement of net position presents information on all of the Town of Roland’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 government’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 only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

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

### **Reporting the Town’s Fund Financial Statements**

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

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

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



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in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

*Proprietary funds* - When the Town, through the Utilities Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported on an economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

**Notes to the Financial Statements**

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 25-41 of this report.

**THE TOWN AS A WHOLE**

For the year ended June 30, 2023, net position for the governmental and business-type activities increased \$32,785.

	<b>Net position at June 30,</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Beginning net position	\$ 3,197,237	\$ 2,816,735	\$ 3,679,157	\$ 3,186,921	\$ 6,876,394	\$ 6,003,656
Increase (decrease)	(76,003)	380,502	108,788	492,236	32,785	872,738
Ending net position	<u>\$ 3,121,234</u>	<u>\$ 3,197,237</u>	<u>\$ 3,787,945</u>	<u>\$ 3,679,157</u>	<u>\$ 6,909,179</u>	<u>\$ 6,876,394</u>

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

The following is a summary of net position for the Town of Roland as of June 30:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Assets:						
Current and other assets	\$ 1,209,337	\$ 1,575,509	\$ 1,697,376	\$ 1,618,369	\$ 2,906,713	\$ 3,193,878
Capital assets, net	2,988,963	1,935,379	11,684,523	11,890,817	14,673,486	13,826,196
Total assets	<u>4,198,300</u>	<u>3,510,888</u>	<u>13,381,899</u>	<u>13,509,186</u>	<u>17,580,199</u>	<u>17,020,074</u>
Deferred outflows	<u>363,120</u>	<u>116,927</u>	<u>425,733</u>	<u>114,393</u>	<u>788,853</u>	<u>231,320</u>
Liabilities:						
Short-term liabilities	718,090	171,482	1,151,064	634,774	1,869,154	806,256
Long-term liabilities	586,378	100,663	8,724,961	9,138,941	9,311,339	9,239,604
Total liabilities	<u>1,304,468</u>	<u>272,145</u>	<u>9,876,025</u>	<u>9,773,715</u>	<u>11,180,493</u>	<u>10,045,860</u>
Deferred inflows	<u>135,718</u>	<u>158,433</u>	<u>143,662</u>	<u>170,707</u>	<u>279,380</u>	<u>329,140</u>
Net position:						
Invested in capital assets, net	2,402,585	1,932,630	3,397,625	2,843,419	5,800,210	4,776,049
Restricted	342,408	203,455	748,520	733,277	1,090,928	936,732
Unrestricted	376,241	1,061,152	(358,200)	102,461	18,041	1,163,613
Total net position	<u>\$ 3,121,234</u>	<u>\$ 3,197,237</u>	<u>\$ 3,787,945</u>	<u>\$ 3,679,157</u>	<u>\$ 6,909,179</u>	<u>\$ 6,876,394</u>

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<b>Changes in Net Position</b>				
<b>Year Ended June 30,</b>				
	<b>Governmental</b>		<b>Business-type</b>	
	<b>Activities</b>		<b>Activities</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Revenues:				
Program revenues:				
Charges for services	\$ 1,036,780	\$ 963,028	\$ 2,664,956	\$ 2,320,638
Grants	441,814	388,636	86,100	-
General revenues:				
Sales and use tax	1,490,856	1,537,886	743,638	772,554
Other taxes	119,925	108,661	-	-
Other general revenues	179,361	218,431	19,683	198
Total revenues	<u>3,268,736</u>	<u>3,216,642</u>	<u>3,514,377</u>	<u>3,093,390</u>
Program expenses:				
General government	874,902	688,892	-	-
Code enforcement	134,460	53,880	-	-
Parks and recreation	83,585	74,279	-	-
Public safety	1,687,628	1,410,862	-	-
Streets and alleys	204,242	192,084	-	-
Cemetery	15,534	8,871	-	-
Utilities	-	-	3,749,977	3,008,426
Total expenses	<u>3,000,351</u>	<u>2,428,868</u>	<u>3,749,977</u>	<u>3,008,426</u>
Transfer to (from)	<u>(344,388)</u>	<u>(407,272)</u>	<u>344,388</u>	<u>407,272</u>
Increase/(decrease) net position	<u>(76,003)</u>	<u>380,502</u>	<u>108,788</u>	<u>492,236</u>
Beginning net position	<u>3,197,237</u>	<u>2,816,735</u>	<u>3,679,157</u>	<u>3,186,921</u>
Ending net position	<u>\$ 3,121,234</u>	<u>\$ 3,197,237</u>	<u>\$ 3,787,945</u>	<u>\$ 3,679,157</u>

**Governmental Activities**

The decrease in net position related to governmental activities of \$76,003 is attributable to lower sales and use tax receipts as well as higher expenses in all departments reflecting higher personnel costs, including the implementation of a pension plan amendment with a higher level of benefits.

**Business-type Activities**

The increase in net position of \$108,788 for business-type activities is due in part to the receipt of grant revenues used for capital expenditures as well as higher utility margins.

**A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed its 2023 fiscal year, Governmental Funds reported total fund balances of \$803,299. For the year ended June 30, 2023, the Governmental Funds' total fund balances decreased by \$404,899 in part due to higher expenditures in all functional areas.

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**Budgetary Highlights**

The Town's general fund resources (inflows) were \$592,693, or 22.2% higher than budgeted reflecting higher sales and use tax, fines and grant revenue. General fund charges to appropriations were \$1,075,199, or 41.4% higher than final appropriations due in part to higher transfers to business-type activities.

**CAPITAL ASSETS & DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2023, the Town had approximately \$14.7 million in capital assets (net of accumulated depreciation). Below are details regarding the Town's capital assets for the year ended June 30, 2023:

<b>Capital Assets</b>						
<b>June 30,</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ 40,000	\$ 40,000
Construction in progress	696,261	-	86,100	-	782,361	-
Buildings and improvements	2,375,452	2,242,882	2,859,637	2,845,634	5,235,089	5,088,516
Equipment and vehicles	4,964,258	4,564,600	1,124,732	998,826	6,088,990	5,563,426
Utility systems	-	-	19,413,795	19,380,912	19,413,795	19,380,912
Infrastructure	4,400,249	4,369,892	-	-	4,400,249	4,369,892
Totals	<u>12,476,220</u>	<u>11,217,374</u>	<u>23,484,264</u>	<u>23,225,372</u>	<u>35,960,484</u>	<u>34,442,746</u>
Less accumulated depreciation	<u>(9,487,257)</u>	<u>(9,281,995)</u>	<u>(11,799,741)</u>	<u>(11,334,555)</u>	<u>(21,286,998)</u>	<u>(20,616,550)</u>
Totals, net	<u>\$ 2,988,963</u>	<u>\$ 1,935,379</u>	<u>\$ 11,684,523</u>	<u>\$ 11,890,817</u>	<u>\$ 14,673,486</u>	<u>\$ 13,826,196</u>

This year's capital asset additions include the following:

- A deposit on a Pierce Saber Fire Truck
- Remodel of the police department
- Building addition for the fire department to accommodate a new pumper truck
- Purchase of a used fire truck
- Purchase of 3 Tahoes for the police department, including upgrades
- Purchase of a new Ford Explorer
- Rehabilitation of a water tower
- Purchase of new sanitation containers

**Debt Administration**

The following is a summary of debt activity:

	Balance			Balance	Amount Due
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>	<u>Within One Year</u>
Governmental:					
Leases payable	\$ 2,749	\$ -	\$ 2,749	\$ -	\$ -
Notes payable	-	600,000	13,622	586,378	586,378
Total governmental	<u>\$ 2,749</u>	<u>\$ 600,000</u>	<u>\$ 16,371</u>	<u>\$ 586,378</u>	<u>\$ 586,378</u>
Business-type:					
Lease payable	\$ 27,807		\$ 27,807	\$ -	\$ -
Notes payable	9,111,134		749,095	8,362,039	779,282
Total business-type	<u>\$ 9,138,941</u>	<u>\$ -</u>	<u>\$ 776,902</u>	<u>\$ 8,362,039</u>	<u>\$ 779,282</u>

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**Contacting the Town's Financial Management**

This report is designed to provide our citizens, taxpayers, customers 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 about this report or need additional financial information, contact the Town Clerk's office at P.O. Box 49, Roland, Oklahoma, 74954 or telephone at 918-427-6829.

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**Basic Financial Statements – Statements of Net Position and  
Activities**

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**Statement of Net Position – June 30, 2023**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 785,941	\$ 247,625	\$ 1,033,566
Prepaid insurance	13,084	13,084	26,168
Restricted - cash and cash equivalents	-	853,217	853,217
Receivables	410,312	583,450	993,762
Capital assets, net	2,988,963	11,684,523	14,673,486
Total assets	4,198,300	13,381,899	17,580,199
<b>Deferred Outflows of Resources</b>			
Deferred amounts related to pensions	363,120	425,733	788,853
<b>Liabilities:</b>			
Accounts payable	90,726	98,622	189,348
Payroll payable	311,897	421,073	732,970
Bonds payable	3,415	-	3,415
Accrued interest payable	-	75,507	75,507
Unearned revenue	-	413,900	413,900
Meter deposits	-	141,962	141,962
Notes payable:			
Due within one year	586,378	779,282	1,365,660
Due in more than one year	-	7,582,757	7,582,757
Net pension liability	312,052	362,922	674,974
Total liabilities	1,304,468	9,876,025	11,180,493
<b>Deferred Inflows of Resources</b>			
Deferred amounts related to pensions	135,718	143,662	279,380
<b>Net Position:</b>			
Net investment in capital assets	2,402,585	3,397,625	5,800,210
Restricted for:			
Streets and alleys	291,373	-	291,373
Public safety	51,035	-	51,035
Capital outlay and improvements	-	108,306	108,306
Debt service	-	640,214	640,214
Unrestricted	376,241	(358,200)	18,041
Total net position	\$ 3,121,234	\$ 3,787,945	\$ 6,909,179

See accompanying notes to the basic financial statements.



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**Statement of Activities – Year Ended June 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>		
		<u>Charges for</u>	<u>Capital</u>	<u>Operating</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
		<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<u>Activities</u>	<u>Activities</u>	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 874,902	\$ -	\$ 45,000	\$ 343,147	\$ (486,755)	\$ -	\$ (486,755)
Code enforcement	134,460	28,303	-	-	(106,157)	-	(106,157)
Parks and recreation	83,585	2,767	-	-	(80,818)	-	(80,818)
Public safety	1,687,628	998,755	-	53,667	(635,206)	-	(635,206)
Streets and alleys	204,242	-	-	-	(204,242)	-	(204,242)
Cemetery	15,534	6,955	-	-	(8,579)	-	(8,579)
Total governmental activities	3,000,351	1,036,780	45,000	396,814	(1,521,757)	-	(1,521,757)
Business-type activities							
Utility services	3,749,977	2,664,956	86,100	-	-	(998,921)	(998,921)
<b>Total primary government</b>	<b>\$ 6,750,328</b>	<b>\$ 3,701,736</b>	<b>\$ 131,100</b>	<b>\$ 396,814</b>	<b>(1,521,757)</b>	<b>(998,921)</b>	<b>(2,520,678)</b>
General revenues:							
Taxes:							
Sales and use tax					1,490,856	743,638	2,234,494
Franchise and public service taxes					119,925	-	119,925
Intergovernmental revenue					96,827	-	96,827
Investment income					43	19,683	19,726
Miscellaneous					82,491	-	82,491
Transfer					(344,388)	344,388	-
Total general revenues					1,445,754	1,107,709	2,553,463
Change in net position					(76,003)	108,788	32,785
Net position - beginning					3,197,237	3,679,157	6,876,394
Net position - ending					\$ 3,121,234	\$ 3,787,945	\$ 6,909,179

See accompanying notes to the basic financial statements.

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**Basic Financial Statements – Governmental Funds**

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**Governmental Funds Balance Sheet – June 30, 2023**

	Special Revenue					Total Governmental Funds
	General Fund	Police Fund	State Forfeiture Fund	Street Fund	Fire Sales Tax	
<b>Assets:</b>						
Cash and cash equivalents	\$ 452,839	\$ -	\$ 94,813	\$ 238,289	\$ -	\$ 785,941
Prepaid Expense	13,084	-	-	-	-	13,084
Receivables	331,552	-	-	58,024	20,736	410,312
Total Assets	<u>\$ 797,475</u>	<u>\$ -</u>	<u>\$ 94,813</u>	<u>\$ 296,313</u>	<u>\$ 20,736</u>	<u>\$ 1,209,337</u>
<b>Liabilities and fund balances:</b>						
<b>Liabilities</b>						
Accounts payable	\$ 27,092	\$ 39,963	\$ 14,242	\$ 4,940	\$ 4,489	\$ 90,726
Bonds Payable	3,415	-	-	-	-	3,415
Payroll payable	3,294	5,820	-	-	-	9,114
Accrued payroll liabilities	302,783	-	-	-	-	302,783
Total liabilities	<u>336,584</u>	<u>45,783</u>	<u>14,242</u>	<u>4,940</u>	<u>4,489</u>	<u>406,038</u>
<b>Fund Balances</b>						
Restricted - sales tax levy	-	(45,783)	-	291,373	16,247	261,837
Restricted - police equipment	-	-	80,571	-	-	80,571
Unrestricted						
Committed - police equipment	-	-	-	-	-	-
Unassigned	460,891	-	-	-	-	460,891
Total fund balances	<u>460,891</u>	<u>(45,783)</u>	<u>80,571</u>	<u>291,373</u>	<u>16,247</u>	<u>803,299</u>
<b>Total liabilities and fund balances</b>	<u>\$ 797,475</u>	<u>\$ -</u>	<u>\$ 94,813</u>	<u>\$ 296,313</u>	<u>\$ 20,736</u>	<u>\$ 1,209,337</u>

See accompanying notes to the basic financial statements.

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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Year Ended June 30, 2023**

	Special Revenue					Total Governmental Funds
	General Fund	Police Fund	State Forfeiture Fund	Street Fund	Fire Sales Tax	
<b>Revenues:</b>						
Taxes	\$ 1,238,962	\$ -	\$ -	\$ 247,879	\$ 123,940	\$ 1,610,781
Intergovernmental	57,301	-	-	37,183	-	94,484
Fire runs and contracts	-	-	-	-	24,029	24,029
Contract services	144,840	-	-	-	-	144,840
Licenses and permits	28,303	-	-	-	-	28,303
Cemetery sales	6,955	-	-	-	-	6,955
Fines and forfeitures	-	704,337	125,549	-	-	829,886
Grants	398,200	28,672	-	-	14,942	441,814
Rental income	2,767	-	-	-	-	2,767
Investment income	43	-	-	-	-	43
Miscellaneous	82,491	-	-	-	-	82,491
Total Revenues	<u>1,959,862</u>	<u>733,009</u>	<u>125,549</u>	<u>285,062</u>	<u>162,911</u>	<u>3,266,393</u>
<b>Expenditures:</b>						
General government	723,471	-	-	-	-	723,471
Code enforcement	105,574	-	-	-	-	105,574
Parks and recreation	59,187	-	-	-	-	59,187
Public safety	62,859	1,288,334	5,595	-	175,593	1,532,381
Streets and alleys	2,636	-	-	146,968	-	149,604
Cemetery	14,641	-	-	-	-	14,641
Capital outlay	39,946	164,406	191,357	-	346,337	742,046
Total expenditures	<u>1,008,314</u>	<u>1,452,740</u>	<u>196,952</u>	<u>146,968</u>	<u>521,930</u>	<u>3,326,904</u>
Excess (deficit) of revenues over expenditures	951,548	(719,731)	(71,403)	138,094	(359,019)	(60,511)
<b>Other financing sources (uses):</b>						
Transfer (to) from other fund	(1,517,597)	718,054	151,974	(50,176)	353,357	(344,388)
Principal and interest paid on debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,517,597)</u>	<u>718,054</u>	<u>151,974</u>	<u>(50,176)</u>	<u>353,357</u>	<u>(344,388)</u>
<b>Net change in fund balance</b>	(566,049)	(1,677)	80,571	87,918	(5,662)	(404,899)
<b>Fund balance - beginning</b>	<u>1,026,940</u>	<u>(44,106)</u>	<u>-</u>	<u>203,455</u>	<u>21,909</u>	<u>1,208,198</u>
<b>Fund balance - ending</b>	<u>\$ 460,891</u>	<u>\$ (45,783)</u>	<u>\$ 80,571</u>	<u>\$ 291,373</u>	<u>\$ 16,247</u>	<u>\$ 803,299</u>

See accompanying notes to the basic financial statements.

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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

**Fund Balance – Net Position Reconciliation:**

Fund balances of governmental funds	\$ 803,299
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities of \$12,476,220 net of accumulated depreciation of \$9,487,259 are not financial resources and, therefore, are not reported in the funds.	2,988,963
Deferred outflows of resources are not available to pay for current fund liabilities and, therefore, are not reported in the funds:	
Pension related deferred outflows	363,120
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Notes payable	(586,378)
Net pension liability	(312,052)
Pension related deferred inflows	(135,718)
Net position of governmental activities	<u>\$ 3,121,234</u>

**Changes in Fund Balances – Changes in Net Position Reconciliation:**

Net changes in fund balances - total governmental funds	\$ (404,899)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	1,342,046
Depreciation expense	<u>(288,462)</u>
	<u>1,053,584</u>
In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures.	
This amount represents the difference between pension contributions and calculated pension expense	(141,059)
Governmental funds report debt payments as an other financing use while governmental activities record a reduction in the liability	
New note payable issued	(600,000)
Principal portion of note and lease payments	16,371
Change in net position of governmental activities	<u>\$ (76,003)</u>

See accompanying notes to the basic financial statements.

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**Basic Financial Statements – Proprietary Funds**



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**Proprietary Funds Statement of Net Position – June 30, 2023**

	Roland Utility Authority				
	Enterprise	Capital Projects			
		Lake Project		Roland	Total
	RUA Operating	Fund	Total RUA	Development Authority	Proprietary Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 194,064	\$ -	\$ 194,064	\$ 53,561	\$ 247,625
Prepaid expense	13,084	-	13,084	-	13,084
Restricted cash	642,213	25,360	667,573	185,644	853,217
Receivables, net	434,103	-	434,103	24,928	459,031
Taxes Receivable	41,473	82,946	124,419	-	124,419
Total current assets	1,324,937	108,306	1,433,243	264,133	1,697,376
Noncurrent assets:					
Capital assets, net of accumulated depreciation	9,229,686	-	9,229,686	2,454,837	11,684,523
Total assets	10,554,623	108,306	10,662,929	2,718,970	13,381,899
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	425,733	-	425,733	-	425,733
LIABILITIES					
Current liabilities:					
Accounts payable	98,185	-	98,185	437	98,622
Payroll payable	11,458	-	11,458	-	11,458
Accrued payroll liabilities	409,615	-	409,615	-	409,615
Unearned revenue	413,900	-	413,900	-	413,900
Accrued interest payable	50,694	-	50,694	24,813	75,507
Long term debt, current portion	530,282	-	530,282	249,000	779,282
Total current liabilities	1,514,134	-	1,514,134	274,250	1,788,384
Noncurrent Liabilities:					
Meter deposits payable	141,962	-	141,962	-	141,962
Net pension liability	362,922	-	362,922	-	362,922
Long term debt	5,454,757	-	5,454,757	2,128,000	7,582,757
Total noncurrent liabilities	5,959,641	-	5,959,641	2,128,000	8,087,641
Total liabilities	7,473,775	-	7,473,775	2,402,250	9,876,025
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	143,662	-	143,662	-	143,662
Net investment in capital assets	3,244,647	-	3,244,647	152,978	3,397,625
Restricted for:					
Debt service	529,711	-	529,711	110,503	640,214
Capital projects	-	108,306	108,306	-	108,306
Unrestricted	(411,439)	-	(411,439)	53,239	(358,200)
Total net position	\$ 3,362,919	\$ 108,306	\$ 3,471,225	\$ 316,720	\$ 3,787,945

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position – Year Ended June 30, 2023**

	Roland Utility Authority				
	Enterprise	Capital Projects			
		Lake Project		Roland	Total Proprietary
	RUA Operating	Fund	Total RUA	Development Authority	Funds
Operating revenues:					
Charges for sales and services:					
Water	\$ 1,092,060	\$ -	\$ 1,092,060	\$ -	\$ 1,092,060
Sewer	787,856	-	787,856	-	787,856
Sanitation	522,015	-	522,015	-	522,015
Natural gas	-	-	-	260,303	260,303
Miscellaneous	2,722	-	2,722	-	2,722
Total operating revenues	2,404,653	-	2,404,653	260,303	2,664,956
Operating expenses:					
Costs of sales and services:					
Water	513,376	-	513,376	-	513,376
Sewer	327,069	-	327,069	-	327,069
Sanitation	342,678	-	342,678	-	342,678
Public works	1,173,810	-	1,173,810	-	1,173,810
Utility administration	447,461	-	447,461	96	447,557
Natural gas	-	-	-	216,856	216,856
Depreciation	400,875	-	400,875	64,311	465,186
Total operating expenses	3,205,269	-	3,205,269	281,263	3,486,532
Operating loss	(800,616)	-	(800,616)	(20,960)	(821,576)
Nonoperating revenue (expense):					
Taxes	247,879	495,759	743,638	-	743,638
Grant revenue	86,100	-	86,100	-	86,100
Intrafund transfer	250,224	(250,224)	-	-	-
Transfers to (from) other funds, net	296,472	(250,225)	46,247	298,141	344,388
Interest expense	(179,602)	-	(179,602)	(83,843)	(263,445)
Investment income	14,253	210	14,463	5,220	19,683
Total nonoperating revenue (expense)	715,326	(4,480)	710,846	219,518	930,364
Change in net position	(85,290)	(4,480)	(89,770)	198,558	108,788
Net position - beginning	3,448,209	112,786	3,560,995	118,162	3,679,157
Net position - ending	\$ 3,362,919	\$ 108,306	\$ 3,471,225	\$ 316,720	\$ 3,787,945

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows – Year Ended June 30, 2023**

	<u>Enterprise</u>	<u>Capital Projects</u>		
	<u>RUA Operating</u>	<u>Lake Project Fund</u>	<u>Roland Utilities Authority</u>	<u>Roland Development Authority</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 2,334,165	\$ -	\$ 2,334,165	\$ 273,913
Payments to suppliers	(1,286,244)	-	(1,286,244)	(216,515)
Payments to employees	(1,222,366)	-	(1,222,366)	-
Receipt of meter deposits, net of repayments	4,532	-	4,532	-
Net cash provided by (used in) operating activities	<u>(169,913)</u>	<u>-</u>	<u>(169,913)</u>	<u>57,398</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from Town of Roland	296,472	47,916	344,388	-
<b>Cash flows from capital and related financial activities:</b>				
Receipt of sales tax dedicated to capital projects	250,224	500,449	750,673	-
Grant revenues for capital projects	500,000	-	500,000	-
Principal paid on capital debt	(539,902)	-	(539,902)	(237,000)
Interest paid on capital debt	(183,857)	-	(183,857)	(85,958)
Purchase of capital assets	(226,436)	-	(226,436)	(32,456)
Transfers between RUA and RDA		(298,141)	(298,141)	298,141
Intrafund transfers	250,224	(250,224)	-	-
Net cash provided by (used in) capital and related financing activities	<u>50,253</u>	<u>(47,916)</u>	<u>2,337</u>	<u>(57,273)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends	14,253	210	14,463	5,220
<b>Net increase in cash and cash equivalents</b>	191,065	210	191,275	5,345
<b>Cash and equivalents - beginning of year</b>	645,212	25,150	670,362	233,860
<b>Cash and equivalents - end of year</b>	<u>\$ 836,277</u>	<u>\$ 25,360</u>	<u>\$ 861,637</u>	<u>\$ 239,205</u>
<b>Reconciliation to the statement of net assets:</b>				
Cash and cash equivalents	\$ 194,064	\$ -	\$ 194,064	\$ 53,561
Restricted cash	642,213	25,360	667,573	185,644
Total cash and cash equivalents	<u>\$ 836,277</u>	<u>\$ 25,360</u>	<u>\$ 861,637</u>	<u>\$ 239,205</u>
<b>Reconciliation to statement of net position:</b>				
Operating loss	\$ (800,616)	\$ -	\$ (800,616)	\$ (20,960)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Increase in meter deposits payable	4,532	-	4,532	-
(Increase) decrease in accounts receivable	(70,488)	-	(70,488)	13,610
Decrease in prepaid insurance	7,785	-	7,785	-
Increase (decrease) in accounts payable	(9,183)	-	(9,183)	437
Increase in payroll payable	112,974	-	112,974	-
Increase in pension carrying values, net	184,208	-	184,208	-
Depreciation expense	400,875	-	400,875	64,311
Net cash provided by (used in) operating activities	<u>\$ (169,913)</u>	<u>\$ -</u>	<u>\$ (169,913)</u>	<u>\$ 57,398</u>

See accompanying notes to the basic financial statements.

**TOWN OF ROLAND, OKLAHOMA**  
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**Footnotes to the Basic Financial Statements**

## **1. Summary of Significant Accounting Policies**

### **A. Financial Reporting Entity**

The Town's financial reporting entity is comprised of the following:

*Primary Government:*

- **The Town of Roland** – operates the public safety, streets, and administrative activities of the Town. The Town is governed under the statutory town board of trustees form of government.

*Component Units:*

In determining the financial reporting entity, the town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and Statement No. 61, *The Financial Reporting Entity: Omnibus* and includes all component units of which the town is fiscally accountable.

Each of these component units is a Public Trust established pursuant to Title 60 of Oklahoma State Statutes. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance town services through issuance of revenue bonds or other non-general obligation debt and to enable the town's Board of Trustees to delegate certain functions to the governing body of the Authority. The Authorities generally retain title to assets that are acquired or constructed with Authority debt or other Authority generated resources. The town, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

#### **BLENDED COMPONENT UNITS**

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

The following component units are blended into the primary government's fund categories:

- **The Roland Utilities Authority (RUA)** – a trust that operates the water, wastewater, and sanitation services of the Town. The Town of Roland is the beneficiary of RUA. The Town's trustees also serve as trustees for the RUA.
- **The Roland Development Authority (RDA)** – a trust that operates the natural gas distribution services of the town. The Town of Roland is the beneficiary of RDA. The Town's trustees also serve as trustees for the RDA.

### **B. Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

The statement of net position and activities are reported on the accrual basis of accounting and economic resource focus. Under the economic resource focus, all assets and liabilities, including current and noncurrent are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or the economic asset is used.

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Program revenues within the statement of activities are derived directly from each activity or from parties outside the Town's taxpayers. The Town has the following program revenues in each activity:

- General government: License and permits and operating grants
- Public safety: Fine revenue, fire and ambulance runs, rural fire policies, and operating grants
- Streets and highways: Gas excise and commercial vehicle taxes

*Governmental Funds:*

The Town's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds
- Street Fund – accounts for State shared gasoline excise and commercial vehicle taxes and the 1% sales tax restricted for street and alley purposes
- Fire Sales Tax Fund – accounts for the 0.25% sales tax restricted for fire purposes
- Police Fund - accounts for the 0.25% sales tax restricted for police purposes

The governmental funds are reported on a modified accrual basis of accounting and current financial resources measurement focus. Revenues are recorded on the modified accrual basis when earned and collected within 60 days of period end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in government-wide financial statements is the result of the use of the economic resources measurement focus and accrual basis of accounting at the government-wide level.

*Proprietary Funds:*

The Town's proprietary funds include:

Major Enterprise Funds:

- Roland Utilities Authority (RUA) – accounts for the operation of the water, sewer, and sanitation activities
- Lake Project Fund – accounts for dedicated sales tax revenue that is to be used for utility improvements
- Roland Development Authority (RDA) – accounts for the development and operation of the natural gas distribution system.

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

The governmental funds are legally required to adopt annual budgets or appropriations. The public trust (RUA) is not required to adopt legal annual appropriations. While the trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

**C. Cash, Cash Equivalents, and Investments**

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

**D. Receivables and Payables**

Governmental receivables include taxes earned but not received by the end of the fiscal year. In the business-type funds, receivables include utility services provided and billed for which cash payment has not been received as of the end of the fiscal year, less an allowance for uncollectible accounts.

**E. Capital Assets and Depreciation**

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$1,000 is used to report capital assets. Prior to July 1, 2009, the Town did not maintain capital asset records. In the year prior to July 1, 2009, the Town underwent a detailed inventory and analysis of the condition of its capital assets and adopted a policy for capitalization of its assets. The remaining useful lives, combined with the estimated useful life for each asset classification were used to determine an estimated effective age. The current replacement value was discounted to the estimated effective date using the Consumer Price Index (CPI). Assets acquired after July 1, 2009 have been recorded at cost.

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives with no salvage value. The estimated useful lives by type of asset are as follows:

- |                                      |             |
|--------------------------------------|-------------|
| • Buildings and improvements         | 10-40 years |
| • Machinery, furniture and equipment | 7-20 years  |
| • Utility property and improvements  | 40 years    |
| • Infrastructure                     | 40 years    |

**F. Long-Term Debt**

Accounting treatment of long-term debt varies depending upon whether source of repayment is from governmental fund types or proprietary fund type resources 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 is reported as liabilities in the government-wide statements. 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. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.



**G. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation, personal leave, and sick pay benefits. As of June 30, 2023, the town did not maintain records to support meaningful accruals of leave entitlements.

**H. Fund Balances and Net position**

*Fund Balances:*

Fund balances generally reported in the governmental funds financial statements are displayed in the following components:

- a. *Nonspendable* – amounts that cannot be spent due to form; for example, inventories and prepaid amounts
- b. *Restricted* – amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation
- c. *Unrestricted* – further subdivided as follows:
  - a. *Committed* – amounts constrained for a specific purpose by the Town's Board of Trustees
  - b. *Assigned* – residual amounts for any funds other than the general fund; in the general fund, amounts constrained by the Board for a specific purpose
  - c. *Unassigned* – in the general fund, residual amounts not classified in another classification; for all other funds, only residual deficit amounts

It is the Town's policy to use restricted assets first when they are available for expenditure. When restricted assets are not available, unrestricted assets are used in the following order: committed, assigned, and then unassigned amounts.

*Net position:*

Net position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**I. Internal and Interfund Balances and Transfers**

The Town's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

**J. Use of Estimates**

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

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**2. Deposits and Investments**

For the year ended June 30, 2023, the Town recognized \$19,726 of investment income. The Town's deposits are in demand deposits and restricted funds are held in US Treasury Money Market funds.

At June 30, 2023, the primary government held the following deposits and investments:

<u>Type</u>	<u>Financial Institution</u>	<u>Governmental Funds</u>	<u>Business-type Funds</u>	<u>Total</u>
Demand deposits	Firststar Bank	\$ 785,941	\$ 387,486	\$ 1,173,427
US Treasury MMF	BancFirst	-	501,118	501,118
US Treasury MMF	Bank of Oklahoma	-	214,238	214,238
Total		<u>\$ 785,941</u>	<u>\$ 1,102,842</u>	<u>\$ 1,888,783</u>
<b>Reconciliation to the statement of net assets:</b>				
Cash and cash equivalents		\$ 785,941	\$ 247,625	\$ 1,033,566
Restricted cash and cash equivalents		-	853,217	853,217
Total		<u>\$ 785,941</u>	<u>\$ 1,100,842</u>	<u>\$ 1,886,783</u>

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The Town is governed by the State Public Deposit Act which requires that the Town obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by a counterparty or a counterparty's trust, department or agent, but not in the government's name. At June 30, 2023, all of the Town's deposits were either insured or collateralized.

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

*Investment Credit Risk* - The Town has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. These investment limitations do not apply to the Town's public trusts.

As of June 30, 2023, the Town did not hold any securities with credit ratings since they are all demand deposits or US Treasury Money Market funds.

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

*Restricted Cash and Investments* – The Town's RUA maintained restricted cash balances for debt service in the amount of \$640,214, restrictions for capital projects of \$108,306, and \$104,697 for refundable meter deposits at June 30, 2023.

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**3. Capital Assets and Depreciation**

For the year ended June 30, 2023, capital asset balances changed as follows:

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>
<b>Governmental:</b>				
Capital assets not being depreciated:				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress	-	696,261	-	696,261
Total capital assets not depreciated	<u>40,000</u>	<u>696,261</u>	<u>-</u>	<u>736,261</u>
Capital assets being depreciated:				
Buildings and improvements	2,242,882	132,570	-	2,375,452
Infrastructure	4,369,892	30,357	-	4,400,249
Equipment and vehicles	4,564,600	482,858	83,200	4,964,258
Total capital assets being depreciated	<u>11,177,374</u>	<u>645,785</u>	<u>83,200</u>	<u>11,739,959</u>
Less accumulated depreciation:				
Buildings and improvements	1,801,563	41,249	-	1,842,812
Infrastructure	3,776,339	46,151	-	3,822,490
Equipment and vehicles	3,704,093	201,062	83,200	3,821,955
Total accumulated depreciation	<u>9,281,995</u>	<u>288,462</u>	<u>83,200</u>	<u>9,487,257</u>
Governmental, net capital assets	<u>\$ 1,935,379</u>	<u>\$ 1,053,584</u>	<u>\$ -</u>	<u>\$ 2,988,963</u>
<b>Business-type:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 86,100	\$ -	\$ 86,100
	<u>-</u>	<u>86,100</u>	<u>-</u>	<u>86,100</u>
Capital assets being depreciated:				
Buildings and improvements	2,845,634	14,003	-	2,859,637
Equipment and vehicles	998,826	125,906	-	1,124,732
Gas system	2,549,807	26,053	-	2,575,860
Sewer system	8,618,075	6,830	-	8,624,905
Water system	8,213,030	-	-	8,213,030
Total capital assets being depreciated	<u>23,225,372</u>	<u>172,792</u>	<u>-</u>	<u>23,398,164</u>
Less accumulated depreciation:				
Buildings and improvements	2,057,234	39,547	-	2,096,781
Equipment and vehicles	647,187	75,573	-	722,760
Gas system	63,115	64,169	-	127,284
Sewer system	3,755,551	175,538	-	3,931,089
Water system	4,811,468	110,359	-	4,921,827
Total accumulated depreciation	<u>11,334,555</u>	<u>465,186</u>	<u>-</u>	<u>11,799,741</u>
Business-type, net capital assets	<u>\$ 11,890,817</u>	<u>\$ (206,294)</u>	<u>\$ -</u>	<u>\$ 11,684,523</u>

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

<b>Governmental activities:</b>		<b>Business-type activities:</b>	
General government	\$ 42,447	Gas	\$ 64,311
Public safety	166,086	Sewer	200,493
Streets and alleys	54,638	Water	152,207
Parks and recreation	24,398	Sanitation	48,175
Cemetery	893	Total depreciation	<u>\$ 465,186</u>
Total depreciation	<u>\$ 288,462</u>		

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**4. Long-Term Debt**

For the year ended June 30, 2023, the Town's long-term debt changed as follows:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023	Amount Due Within One Year
Governmental:					
Leases payable	\$ 2,749	\$ -	\$ 2,749	\$ -	\$ -
Notes payable	-	600,000	13,622	586,378	586,378
Total governmental	<u>\$ 2,749</u>	<u>\$ 600,000</u>	<u>\$ 16,371</u>	<u>\$ 586,378</u>	<u>\$ 586,378</u>
Business-type:					
Lease payable	\$ 27,807	\$ -	\$ 27,807	\$ -	\$ -
Notes payable	9,111,134	-	749,095	8,362,039	779,282
Total business-type	<u>\$ 9,138,941</u>	<u>\$ -</u>	<u>\$ 776,902</u>	<u>\$ 8,362,039</u>	<u>\$ 779,282</u>

At June 30, 2023, the Town had the following debt outstanding to be repaid from governmental activities:

**Capital Lease Obligations**

\$600,000 lease to Firststar Bank for a pumper truck due in 11 monthly installments of \$7,241 and a final payment of the balance due on June 30, 2024 for the remaining balance plus accrued interest (estimated at \$549,930), with an interest rate of Wall Street U.S. Prime plus 0.75% with a floor of 4.00%, secured by a Pierce Saber Pumper Truck. \$ 586,378

**Capital leases outstanding payable from governmental activities \$ 586,378**

At June 30, 2023 the Town had the following debt outstanding to be repaid from business-type activities:

**Note Obligations**

Oklahoma Water Resources Board note, dated December 8, 2008, secured by water and sewer revenues, system assets, and pledged sales tax receipts, in the original amount of \$3,855,000 with a variable interest rate, payable in semi-annual installments with a final payment due September 15, 2030 \$ 1,776,576

Oklahoma Water Resources Board note, dated March 28, 2012, in the original amount of \$3,360,000 with a variable interest rate, payable in semi-annual installments with a final payment due September 15, 2029 1,570,000  
Less unamortized original discount of \$13,683, plus unamortized premium of \$35,719 18,997  
Carrying value of 2012 OWRB note 1,588,997

Oklahoma Water Resources Board Series 2020A DWSRF Promissory Note, dated January 30, 2022, to refinance the USDA notes issued in 2010, in the original amount of \$2,359,000 with an interest rate of 1.66% and an administrative fee at the rate of 0.5% per annum, payable in semi-annual installments with a final payment due September 15, 2048. 2,162,984

Oklahoma Water Resources Board Series 2020B CWSRF Promissory Note, dated January 30, 2020, to fund automated metering infrastructure, in the original amount of \$740,000 (\$604,810 advanced to date) with an interest rate of 1.13% and an administrative fee at the rate of 0.5% per annum, payable in semi-annual installments with a final payment due September 15, 2035. 456,482

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RDA Gas System and Sales Tax Revenue Note, Series 2018A dated March 7, 2018, payable to Branch Banking and Trust Company, secured by revenues generated by the natural gas transmission and distribution system and certain sales tax receipts, in the original amount of \$636,000 with a fixed interest rate of 2.67%, payable in semi-annual installments, with a final payment due June 1, 2027 287,000

RDA Gas System and Sales Tax Revenue Note, Series 2018B dated March 7, 2022, payable to Branch Banking and Trust Company, secured by revenues generated by the natural gas transmission and distribution system and certain sales tax receipts, in the original amount of \$2,745,000 with a fixed interest rate of 3.47%, payable in semi-annual installments, with a final payment due March 1, 2033. 2,090,000

**Long term debt outstanding payable from business-type activities** **\$ 8,362,039**

*Payment Requirements to Maturity:*

<b>Year ended</b> <b>June 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 586,378	\$ 45,185	\$ 779,282	\$ 248,612
2025	-	-	801,431	222,932
2026	-	-	821,717	196,744
2027	-	-	854,320	169,737
2028	-	-	801,171	142,525
2029 to 2033	-	-	2,851,134	355,686
2034 to 2038	-	-	418,000	138,960
2039 to 2043	-	-	465,000	90,969
2044 to 2048	-	-	519,000	37,442
2049 to 2053	-	-	50,984	563
<b>Total</b>	<b>\$ 586,378</b>	<b>\$ 45,185</b>	<b>\$ 8,362,039</b>	<b>\$ 1,604,170</b>

**5. Risk Management**

The Town and its public trust are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks except workers' compensation. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years. The deductibles for each line of coverage are as follows:

General liability, including property	\$0 - \$5,000 per occurrence
Automobile liability	\$0

The Town participated in the Oklahoma Municipal Assurance Group's (OMAG) Workers' Compensation Plan.

The OMAG Workers' Compensation Plan (the Plan) became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. A plan year normally begins at 12:01 am on July 1, in any year and ends at Midnight June 30, of the following calendar year. The Plan, or its designated agent, has a right to audit at all reasonable times

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such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

The Town has entered into an agreement with the Plan to participate in the coverage and services that the Plan offers. The Town has the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, the Town is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. The Town has a right to the return of any Loss Funds set aside for claims which have not been paid out in benefits.

The Group holds funds in reserve for the Town of Roland. These funds represent both current and past plan year participation with the Loss Fund balances in respect to the Town's workers' compensation retention. CompSource Oklahoma provides coverage in excess of these respective retention levels so each participant's liability for claim losses is limited to these retention levels. Failure of CompSource Oklahoma to honor its obligations could result in losses to the Plan. However, OMAG's evaluation of the financial condition of CompSource Oklahoma indicates that CompSource Oklahoma is presently financially sound and will be able to meet its contractual obligations.

## **6. Employee Retirement Plan Participation**

The Town of Roland participates in two pension or retirement plans:

- Oklahoma Municipal Retirement Fund Employee Retirement System of Roland, Oklahoma – an agent multi-employer defined benefit plan
- Oklahoma Firefighter's Pension and Retirement System – a statewide cost-sharing plan

### **Defined Benefit Plan - Oklahoma Municipal Retirement Fund (OkMRF)**

#### *A. Plan Description*

The Town contributes to the OkMRF for all regular, full time employees except police and firefighters. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the Town Board in accordance with O.S. Title 11, Section 48-101-102.

#### *B. Summary of Significant Accounting Policies*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's plan and additions to/deductions from the Town's fiduciary net position has been determined on the same basis as it is reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

#### *C. Eligibility Factors and Benefit Provisions*

		As of 07/01/22
		<u>OkMRF Plan</u>
<u>Provision</u>		
a. Eligible to participate		All regular, full-time employees except police, firefighters, and other employees who are covered under an approved system
b. Period Required to Vest		5 years of vesting service

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c. Eligibility for Distribution	-Normal retirement at age 65 with 5 years of service -Early retirement at age 55 with 5 years of service -Disability retirement upon disability with 5 years of service -Death benefit 50% with 5 years of service for spouse until death or remarriage
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-2.25% of final average salary multiplied by credited years of service
Early Retirement	-Accrued benefit reduced 5% per year for commencement before normal retirement age
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 5 Years Service	-Return of employee contributions with interest
f. Benefit Authorization	-Benefits are established and amended by Town Board adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	5 years certain and life thereafter basis.
D. <i>Employees Covered by Benefit Terms</i>	
Active Employees	29
Deferred Vested Former Employees	3
Disabled participants	1
Retirees or Retiree Beneficiaries	<u>5</u>
Total	<u>38</u>

E. Contribution Requirements

The Town Board has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate was 7.67% (includes employee contribution of 3.75%) of covered payroll as of 7-1-22. For the year ended June 30, 2023, the Town recognized \$137,121 of employer contributions to the plan which was equal to the actuarially determined amount based on covered payroll of \$1,978,644. Employees cannot contribute additional amounts to the plan in accordance with the plan provisions adopted by the Town Board.

F. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age



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d. Post Retirement cost-of-Living Increase	None
e. Inflation Rate	2.75%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1:225 Year 2:140 Year 3:100 Year 4: 70 Year 5: 40
j. Date of last experience study	September 2022 for fiscal years 2017 thru 2021

G. Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2022, are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	<u>100%</u>		
Average Real Return			4.75%
Inflation			<u>2.75%</u>
Long-term expected return			<u>7.50%</u>

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- H. Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date and reflects updated mortality assumptions. Effective July 1, 2022, the Town adopted an amended plan that increased the pension benefit from average salary times 1.875% per year of employment to 2.25%. There were no changes between the measurement date of July 1, 2022 and the Town’s report ending date of June 30, 2023, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances Beginning of Year</b>	<u>\$ 1,726,483</u>	<u>\$1,997,390</u>	<u>\$ (270,907)</u>
<b>Changes for the Year:</b>			
Service cost	81,317	-	81,317
Interest expense	127,618	-	127,618
Differences between expected and actual experience	293,175	-	293,175
Assumption changes	(48,552)	-	(48,552)
Contributions--Town	-	97,229	(97,229)
Contributions--members	-	64,259	(64,259)
Net investment income	-	(254,532)	254,532
Benefits paid	(50,741)	(50,741)	-
Benefits changes due to plan amendments	365,918	-	365,918
Plan administrative expenses	-	(3,447)	3,447
<b>Net Changes</b>	<u>768,735</u>	<u>(147,232)</u>	<u>915,967</u>
<b>Balances End of Year</b>	<u><u>\$ 2,495,218</u></u>	<u><u>\$1,850,158</u></u>	<u><u>\$ 645,060</u></u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the Town, calculated using the discount rate of 7.50 percent, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability (Asset)	<u>\$ 994,202</u>	<u>\$ 645,060</u>	<u>\$ 355,673</u>

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The Town reported \$274,991 in pension expense for the year ended June 30, 2023. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 273,237	\$ 46,425
Changes in assumptions	13,379	40,460
Net difference between projected and actual earnings on pension plan investments	347,007	182,421
Town contributions subsequent to the measurement date	137,121	-
Total	<u>\$ 770,744</u>	<u>\$ 269,306</u>

The \$137,121 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, 2023. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2024	\$ 73,655
2025	67,511
2026	61,176
2027	121,589
2028	40,386
Thereafter	-
Total	<u>\$ 364,317</u>

**Oklahoma Firefighter's Pension and Retirement System (OFPRS)**

*A. Plan Description*

The Town of Roland, as the employer, participates in the Firefighters Pension & Retirement Plan – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (OFPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OFPRS.

*B. Benefits Provided*

For volunteer firefighters hired before November 1, 2013, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service. Volunteer firefighters hired after November 1, 2013 receive a monthly retirement pension of \$165.66, vesting with 11 or more years of service.

*C. Contributions*

The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. For volunteer firefighters, the Town is required to contribute \$60 annually for each covered member. Contributions from the Town for the year ended June 30, 2023 were \$1,060.

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*D. Pension Liabilities, Pension expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2023, the Town reported a liability of \$29,914 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 liability was based on the Town's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers for the year ended June 30, 2022. Based on this information, the Town's proportion was 0.002287%.

For the year ended June 30, 2023, the Town recognized pension expense of \$6,592. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,840	\$ 151
Changes in assumptions	-	191
Net difference between projected and actual earnings on pension plan investments	13,209	9,732
Changes in proportion		-
Town contributions subsequent to the measurement date	1,060	-
Total	<u>\$ 18,109</u>	<u>\$ 10,074</u>

The \$1,060 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**Year ended June 30:**

2024	\$ 1,744
2025	1,744
2026	1,744
2027	1,743
Total	<u>\$ 6,975</u>

*E. Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3%
Salary increase	3.5% to 9.0% average, including inflation
Investment rate of return	7.5% net of pension plan investment expense

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

**TOWN OF ROLAND, OKLAHOMA**  
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	20%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

*F. 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 all 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.

*G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town's share of the net pension liability 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:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net Pension Liability	\$ 38,539	\$ 29,914	\$ 22,689

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OFPRS  
4545 N. Lincoln Blvd., Suite 265  
Oklahoma Town, OK 73105-3414

**7. Commitments and Contingencies**

*Compensated Absences:*

Full time permanent employees are awarded paid vacation leave at the rate of 5 days after one year of service, ten days upon the second through ninth employment anniversaries, 15 days upon the tenth through fourteenth anniversaries, and 20 days upon their fifteenth (or greater) anniversary. Employees may elect to be paid in cash for their unused vacation time on their employment anniversary date. Full time employees who have worked at least six months earn 2 days of personal leave the first year and 3 days of personal leave each following year, with unused personal leave being forfeited after the year in which it is earned. Each employee accrues 80 hours of sick leave per year which may be accumulated up to 240 hours, with any excess paid to the employee upon his/her anniversary date. Upon termination, employees are paid for unused vacation time but forfeit any unused personal or sick leave balances. At June 30, 2023 the Town's records were insufficient to calculate an accrual for compensated absences.

**TOWN OF ROLAND, OKLAHOMA**  
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*-Litigation:*

From time to time, the Town and its public trust may be parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations; however the town's legal counsel advises that at report date there were no pending issues. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a sinking fund for the payment of any court assessed judgment rendered against the Town. (This provision is not available to public trusts.) The Town also carries insurance that provides some degree of protection for litigation and legal proceedings.

*Federal and State Award Programs:*

The Town of Roland participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

*Subsequent events*

Management has evaluated subsequent events through the date of this report and determined no additional information needs to be added to the financial statements.

**TOWN OF ROLAND, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2023**

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**Required Supplementary Information**



**TOWN OF ROLAND, OKLAHOMA**  
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**Budgetary Comparison Schedule – Year Ended June 30, 2023 - UNAUDITED**

	GENERAL FUND*			
	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Beginning budgetary fund balance</b>	\$ 982,834	\$ 982,834	\$ 1,208,198	\$ 225,364
<b>Resources (inflows)</b>				
Taxes, net of transfers	1,273,000	1,273,000	1,610,781	337,781
Intergovernmental	86,500	86,500	94,484	7,984
Fines and forfeitures	761,000	761,000	829,886	68,886
Licenses and permits	15,000	15,000	28,303	13,303
Fire dues and services	9,000	9,000	24,029	15,029
Contract services	140,000	140,000	144,840	4,840
Grants	345,700	345,700	441,814	96,114
Investment income	-	-	43	43
Miscellaneous	43,500	43,500	92,213	48,713
<b>Total resources (inflows)</b>	<u>2,673,700</u>	<u>2,673,700</u>	<u>3,266,393</u>	<u>592,693</u>
<b>Amounts available for appropriation</b>	<u>3,656,534</u>	<u>3,656,534</u>	<u>4,474,591</u>	<u>818,057</u>
<b>Charges to appropriations (outflows):</b>				
General government	474,113	474,113	723,471	(249,358)
Public safety	1,437,070	1,437,070	1,532,381	(95,311)
Cemetery	5,900	5,900	14,641	(8,741)
Code enforcement	82,450	82,450	105,574	(23,124)
Parks and recreation	58,560	58,560	59,187	(627)
Streets and alleys	190,000	190,000	149,604	40,396
Capital outlay	368,000	368,000	742,046	(374,046)
Transfers to (from) other funds-net	(20,000)	(20,000)	344,388	(364,388)
<b>Total charges to appropriations</b>	<u>2,596,093</u>	<u>2,596,093</u>	<u>3,671,292</u>	<u>(1,075,199)</u>
<b>Ending budgetary fund balance</b>	<u>\$ 1,060,441</u>	<u>\$ 1,060,441</u>	<u>\$ 803,299</u>	<u>\$ (257,142)</u>

\* Includes the following funds: General, Police, State Forfeiture, Street and Fire Sales Tax

**Footnotes to the Budgetary Comparison Schedule:**

1. The budgetary comparison schedule is reported on a modified accrual basis which is the same measurement focus as the governmental funds.
2. The legal level of appropriation control is at the fund level. Transfer appropriations require the Mayor's approval and supplemental appropriations require the Board of Trustee's approval.
3. For the fiscal year ended June 30, 2023, the Town's expenditures exceeded its appropriations by \$1,075,199.

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**Required Supplementary Information**  
**Oklahoma Municipal Retirement Fund**

**Schedule of Changes in Net Pension Liability and Related Ratios**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 81,317	\$ 86,244	\$ 75,992	\$ 91,171	\$ 84,580	\$ 77,188	\$ 66,383	\$ 67,234	\$ 61,962
Interest	127,618	117,757	104,207	96,884	84,352	72,156	58,518	56,780	55,717
Changes of benefit terms	-	-	-	-	-	-	164,348	-	-
Differences between expected and actual experience	293,175	(25,971)	37,675	(81,206)	24,396	18,576	(82,211)	(55,105)	-
Changes of assumptions	(48,552)	-	-	27,782	-	45,871	-	-	-
Benefit changes due to plan amendments	365,918	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(50,741)	(42,510)	(32,095)	(41,704)	(11,317)	(28,639)	(33,419)	(59,061)	(25,558)
<b>Net change in total pension liability</b>	<b>768,735</b>	<b>135,520</b>	<b>185,779</b>	<b>92,927</b>	<b>182,011</b>	<b>185,152</b>	<b>173,619</b>	<b>9,848</b>	<b>92,121</b>
<b>Total pension liability - beginning</b>	<b>1,726,483</b>	<b>1,590,963</b>	<b>1,405,184</b>	<b>1,312,257</b>	<b>1,130,246</b>	<b>945,094</b>	<b>771,475</b>	<b>761,627</b>	<b>669,506</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 2,495,218</b>	<b>\$ 1,726,483</b>	<b>\$ 1,590,963</b>	<b>\$ 1,405,184</b>	<b>\$ 1,312,257</b>	<b>\$ 1,130,246</b>	<b>\$ 945,094</b>	<b>\$ 771,475</b>	<b>\$ 761,627</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 97,229	\$ 82,852	\$ 65,037	\$ 67,464	\$ 69,046	\$ 66,749	\$ 42,547	\$ 45,763	\$ 51,922
Contributions - member	64,259	40,819	39,022	39,957	41,428	40,022	27,912	29,912	28,843
Net investment income	(254,532)	419,404	57,766	87,627	78,104	109,080	8,441	22,379	104,205
Benefit payments, including refunds of member contributions	(50,741)	(42,510)	(32,095)	(41,704)	(11,317)	(28,639)	(33,419)	(59,061)	(25,558)
Administrative expense	(3,447)	(3,095)	(2,879)	(2,569)	(2,238)	(1,893)	(1,652)	(1,643)	(1,552)
<b>Net change in plan fiduciary net position</b>	<b>(147,232)</b>	<b>497,470</b>	<b>126,851</b>	<b>150,775</b>	<b>175,023</b>	<b>185,319</b>	<b>43,829</b>	<b>37,350</b>	<b>157,860</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,997,390</b>	<b>1,499,920</b>	<b>1,373,069</b>	<b>1,222,294</b>	<b>1,047,271</b>	<b>861,952</b>	<b>818,123</b>	<b>780,773</b>	<b>622,913</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,850,158</b>	<b>\$ 1,997,390</b>	<b>\$ 1,499,920</b>	<b>\$ 1,373,069</b>	<b>\$ 1,222,294</b>	<b>\$ 1,047,271</b>	<b>\$ 861,952</b>	<b>\$ 818,123</b>	<b>\$ 780,773</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 645,060</b>	<b>\$ (270,907)</b>	<b>\$ 91,043</b>	<b>\$ 32,115</b>	<b>\$ 89,963</b>	<b>\$ 82,975</b>	<b>\$ 83,142</b>	<b>\$ (46,648)</b>	<b>\$ (19,146)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>74.15%</b>	<b>115.69%</b>	<b>94.28%</b>	<b>97.71%</b>	<b>93.14%</b>	<b>92.66%</b>	<b>91.20%</b>	<b>106.05%</b>	<b>102.51%</b>
<b>Covered employee payroll</b>	<b>\$ 1,611,805</b>	<b>\$ 1,035,210</b>	<b>\$ 1,084,400</b>	<b>\$ 966,494</b>	<b>\$ 1,140,291</b>	<b>\$ 1,015,331</b>	<b>\$ 909,326</b>	<b>\$ 964,236</b>	<b>\$ 948,785</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>40.02%</b>	<b>-26.17%</b>	<b>8.40%</b>	<b>3.32%</b>	<b>7.89%</b>	<b>8.17%</b>	<b>9.14%</b>	<b>-4.84%</b>	<b>-2.02%</b>

**Notes to Schedule:**

Only nine fiscal years are presented because 10-year data is not yet available.

**TOWN OF ROLAND, OKLAHOMA**  
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**Required Supplementary Information**  
**Oklahoma Municipal Retirement Fund**

**Schedule of Employer Contributions**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 137,121	\$ 97,229	\$ 82,852	\$ 65,037	\$ 67,464	\$ 69,046	\$ 66,759	\$ 42,547	\$ 45,763	\$ 51,922
Contributions in relation to the actuarially determined contribution	137,121	97,229	82,852	65,037	67,464	69,046	66,759	42,547	45,763	51,922
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,978,644	\$ 1,611,805	\$ 1,035,210	\$ 1,084,400	\$ 966,494	\$ 1,140,291	\$ 1,015,331	\$ 909,326	\$ 964,236	\$ 948,785
Contributions as a percentage of covered-employee payroll	6.93%	6.03%	8.00%	6.00%	6.98%	6.06%	6.58%	4.68%	4.75%	5.47%

**Notes to Schedule:**

1. Latest Valuation Date: July 1, 2022
2. Actuarially determined contribution rate is calculated as of July 1, 2022  
July 2022 through June 2023 employer contributions were at a rate of 6.93%.
3. Methods and assumptions used to determine contribution rates:
  - Actuarial cost method - Entry age normal
  - Amortization method - Level percent of payroll, closed
  - Salary increases - 4.50% to 7.50% (varies by attained age)
  - Investment rate of return - 7.50%

**TOWN OF ROLAND, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2023**

**SCHEDULE OF THE TOWN OF ROLAND'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

	2022	2021	2020**	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.002287%	0.002023%	0.000000%	0.001940%	0.002450%	0.002111%	0.002145%	0.002510%	0.002600%
Town's proportionate share of the net pension liability	\$ 29,914	\$ 13,322	\$ -	\$ 20,502	\$ 27,574	\$ 26,549	\$ 26,206	\$ 26,638	\$ 26,414
Town's covered-employee payroll	N/A	N/A	N/A	N/A	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	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.49%	84.24%	69.98%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%

\*The amounts present for each fiscal year were determined as of 6/30

\*\*The Town did not make any contributions in FY2020, so no cost share proportion was calculated by the plan

**Notes to Schedule:**

Only nine fiscal years are presented because 10-year data is not yet available.

**TOWN OF ROLAND, OKLAHOMA**  
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**SCHEDULE OF TOWN CONTRIBUTIONS**  
**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorially required contribution	\$ 1,060	\$ 920	\$ -	\$ 784	\$ 840	\$ 900	\$ 780	\$ 840	\$ 960
Contributions in relation to the statutorially required contribution	1,060	920	-	784	840	900	780	840	960
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered- employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

Only nine fiscal years are presented because 10-year data is not yet available.

**TOWN OF ROLAND, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2023**

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**Other Information**

**TOWN OF ROLAND, OKLAHOMA**  
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**Roland Utilities Authority**  
**Schedule of Revenue Debt Coverage – year ended June 30, 2023**

Gross Revenue Available for Debt Service:

Operating revenues	\$ 2,404,653
Interest revenues	14,463
Sales tax revenues (1)	<u>1,487,276</u>
Total Gross Revenues Available	3,906,392
Authority Operating Expenses (2)	<u>2,804,394</u>
Net Revenues Available for Debt Service	<u><u>\$ 1,101,998</u></u>

Annual Debt Service Requirements:

2011 Wastewater system	\$ 274,332
2012 OWRB Note	252,074
2020A OWRB Note	111,412
2020B OWRB Note	57,513
2017 Freightliner Lease Purchase	<u>28,428</u>
Total Debt Service Requirements	<u><u>\$ 723,759</u></u>

Computed coverage	<u>1.52</u>
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Debt service coverage requirement	<u>1.25</u>
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(1) 2% Sales tax is pledged, although the Town's ordinance only requires a 1% transfer

(2) Excludes amortization and depreciation.

**TOWN OF ROLAND, OKLAHOMA**  
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**Independent Auditor's Reports on Internal Control and Compliance**





**HINKLE &  
COMPANY** PC  
Strategic  
Business Advisors

**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on an Audit of  
the Financial Statements Performed in Accordance with *Government  
Auditing Standards***

Honorable Mayor and Town Trustees  
Town of Roland  
Roland, 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, each major fund, and the aggregate remaining fund information of the Town of Roland (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 9, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 may exist that have not been identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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.

*Hick & Company, PC*

Tulsa, Oklahoma  
August 9, 2024

