

**Town of Slick, Oklahoma**

**Financial Statements**  
with Independent Auditor's Report

**June 30, 2023**



# Town of Slick, Oklahoma

## Table of Contents

June 30, 2023

<b>Independent Auditor's Report</b> .....	1
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### **Basic Financial Statements**

#### *Government-wide Financial Statements*

Statement of Net Position (Modified Cash Basis).....	4
Statement of Activities (Modified Cash Basis) .....	5

#### *Governmental Funds*

Balance Sheet (Modified Cash Basis) .....	6
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	8

#### *Proprietary Funds*

Statement of Net Position (Modified Cash Basis).....	9
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis).....	10
Statement of Cash Flows (Modified Cash Basis) .....	11

<i>Notes to the Basic Financial Statements</i> .....	12
--	----

### **Reports Required by Government Auditing Standards**

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on and Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	23
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**HINKLE &  
COMPANY**

Strategic <sup>PC</sup>  
Business Advisors

## **Independent Auditor's Report**

Honorable Mayor and Board of Trustees  
Town of Slick, Oklahoma  
Slick, Oklahoma

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

#### ***Opinion***

We have audited the modified cash basis financial statements of the Town of Slick, Oklahoma (the Town), as of and for the year ended, June 30, 2023, and the related statements 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 modified cash basis financial position of the governmental activities and the business-type activities of the Town, as of June 30, 2023, and the respective changes in its financial position-modified cash basis and its cash flows for the year then ended in accordance with the modified cash basis of accounting principles described in Note 1.

#### ***Basis for Opinion***

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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter – Basis of Accounting***

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

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

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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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***

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2024 our consideration of the Town's internal control over financial reporting and on out 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 Slick, Oklahoma's internal control over financial reporting and compliance.

*Hick & Company, PC*

Tulsa, Oklahoma  
March 11, 2024



**Town of Slick, Oklahoma**  
**Statement of Net Position (Modified Cash Basis)**  
**June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 24,119	\$ 13,026	\$ 37,145
Restricted cash and cash equivalents	-	18,914	18,914
Deposits	-	3,750	3,750
Capital assets:			
Other capital assets, net of depreciation	94,849	402,549	497,398
Total assets	<u>118,968</u>	<u>438,239</u>	<u>557,207</u>
<b>Liabilities</b>			
Meter Deposit Liability	-	17,140	17,140
Long term liabilities:			
Due within one year	-	3,637	3,637
Due in more than one year	-	51,832	51,832
Total liabilities	<u>-</u>	<u>72,609</u>	<u>72,609</u>
<b>Net Position</b>			
Net investment in capital assets	94,849	347,080	441,929
Restricted for debt service	-	1,216	1,216
Unrestricted	24,119	17,334	41,453
Total Net Position	<u>\$ 118,968</u>	<u>\$ 365,630</u>	<u>\$ 484,598</u>

**Town of Slick, Oklahoma**  
**Statement of Activities (Modified Cash Basis)**  
**Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Capital Grants	Operating Grants	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
Governmental activities							
General government	\$ 39,273	\$ -	\$ -	\$ (15,969)	\$ (23,304)	\$ -	\$ (23,304)
Highways and streets	-	-	-	-	-	-	-
Total governmental activities	<u>39,273</u>	<u>-</u>	<u>-</u>	<u>(15,969)</u>	<u>(23,304)</u>	<u>-</u>	<u>(23,304)</u>
<b>Business-type activities</b>							
Water and gas	197,338	178,873	-	-	-	(18,465)	(18,465)
Sanitation	14,053	15,903	-	-	-	1,850	1,850
Total business-type activities	<u>211,391</u>	<u>194,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,615)</u>	<u>(16,615)</u>
Total Primary Government	<u>\$ 250,664</u>	<u>\$ 194,776</u>	<u>\$ -</u>	<u>\$ (15,969)</u>	<u>(23,304)</u>	<u>(16,615)</u>	<u>(39,919)</u>
General revenues:							
Taxes:							
Sales, franchise, and public service taxes					19,712	-	19,712
Transfers in (out)					(8,000)	8,000	-
Investment income					80	11	91
Miscellaneous					<u>44,075</u>	<u>(2,626)</u>	<u>41,449</u>
Total general revenues					<u>55,867</u>	<u>5,385</u>	<u>61,252</u>
Change in net position					32,563	(11,230)	21,333
Net position - <i>Beginning of year</i>					86,405	376,860	463,265
Net position - <i>End of year</i>					<u>\$ 118,968</u>	<u>\$ 365,630</u>	<u>\$ 484,598</u>

See Notes to the Financial Statements.

**Town of Slick, Oklahoma**  
Balance Sheet (Modified Cash Basis)  
Governmental Funds  
June 30, 2023

	<u>General</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 24,119
Total assets	<u>\$ 24,119</u>
<b>Fund Balance:</b>	
Unassigned	\$ 24,119
Total fund balance	<u>\$ 24,119</u>



## Town of Slick, Oklahoma

### Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) Governmental Funds Year Ended June 30, 2023

	<u>General</u>
Revenues:	
Taxes	\$ 19,712
ARPA funds	15,969
Investment income	80
Miscellaneous	<u>44,075</u>
Total revenues	<u>79,836</u>
Expenditures:	
General government	<u>63,297</u>
Total expenditures	<u>63,297</u>
Transfers in (out)	(8,000)
Change in fund balance	8,539
Fund balance - <i>Beginning of year</i>	<u>15,580</u>
Fund balance - <i>End of year</i>	<u>\$ 24,119</u>

**Town of Slick, Oklahoma**  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
June 30, 2023

**Fund Balance - Net Position Reconciliation**

Fund Balances of Governmental Funds	\$ 24,119
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities of \$150,143, net of accumulated depreciation of \$55,294 are not financial resources and, therefore, are not reported in the funds.	94,849
Net Position of governmental activities	\$ <u>118,968</u>

**Changes in Fund Balance Balances - Changes in Net Position Reconciliation:**

Net changes in fund balances - total governmental funds	\$ 8,539
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:	
Acquired capital asset	29,400
Depreciation expense	(5,376)
Change in net position of governmental activities	\$ <u>32,563</u>

**Town of Slick, Oklahoma**  
Statement of Net Position (Modified Cash Basis)  
Proprietary Funds  
June 30, 2023

	Slick Public Works Authority
<b>Assets</b>	
Current assets:	
Cash and equivalents	\$ 13,026
Deposits	3,750
Total current assets:	<u>16,776</u>
<b>Non current assets:</b>	
Restricted cash and cash equivalents	18,914
Capital assets, net of accumulated depreciation	402,549
Total non-current assets:	<u>421,463</u>
Total assets	<u>438,239</u>
<b>Liabilities</b>	
Current liabilities:	
Notes payable - current portion	3,637
Total current liabilities:	<u>3,637</u>
Non-current liabilities:	
Meter deposit liability	17,140
Note payable - long term portion	51,832
Total non-current liabilities	<u>68,972</u>
Total liabilities	<u>72,609</u>
<b>Net position</b>	
Net investment in capital assets	347,080
Restricted for:	
Debt service	1,216
Unrestricted	17,334
Total net position	\$ <u>365,630</u>

**Town of Slick, Oklahoma**  
Statement of Revenues, Expenses and Changes  
in Net Position (Modified Cash Basis)  
Proprietary Funds  
Year Ended June 30, 2023

	<u>Slick Public Works Authority</u>
<b>Operating Revenues:</b>	
Charges for sales and services:	
Water	\$ 119,414
Gas	59,459
Sanitation	15,903
Total operating revenues	<u>194,776</u>
<b>Operating expense:</b>	
Cost of sales and services:	
Water	77,761
Gas	42,519
Sanitation	14,053
Salaries and benefits	11,890
Maintenance	39,943
Depreciation	25,064
Miscellaneous	2,626
Total operating expenses	<u>213,856</u>
Operating income (loss)	<u>(19,080)</u>
<b>Non-operating revenues (expenses):</b>	
Transfers in (out)	8,000
Interest expense	(161)
Investment income	11
Total Non-operating revenues (expenses)	<u>7,850</u>
<b>Change in net position</b>	(11,230)
<b>Net Position - <i>Beginning of year</i></b>	<u>376,860</u>
<b>Net Position - <i>End of year</i></b>	<u><u>\$ 365,630</u></u>

**Town of Slick, Oklahoma**  
Statement of Cash Flows (Modified Cash Basis)  
Proprietary Funds  
Year Ended June 30, 2023

	<u>Slick Public Works Authority</u>
Cash flows from operating activities:	
Receipts from customers	\$ 194,776
Payments to suppliers, including employees	(218,881)
Net cash provided by (used in) operating activities	<u>(24,105)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital	29,400
Principal paid on capital debt	(7,315)
Interest paid on capital debt	(150)
Transfers from other funds	8,000
Net cash provided by (used in) for capital and related financing activities	<u>29,935</u>
Net increase (decrease) in cash & cash equivalents	5,830
Cash and cash equivalents - <i>Beginning of year</i>	<u>26,110</u>
Cash and cash equivalents - <i>End of year</i>	<u>\$ 31,940</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ (19,080)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	(4,336)
Change in assets and liabilities:	
Increase (decrease) in accounts payable	(689)
Total adjustments	<u>\$ (5,025)</u>
Net cash provided by (used in) operating activities	<u>\$ (24,105)</u>

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

This annual report includes all activities for which the Town of Slick, Oklahoma (the Town) is financially accountable. These activities, defined as the Town's financial reporting entity, are operated within separate legal entities.

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

- **The Town** - operates the streets, parks and administrative activities of the Town. The Town is governed under the statutory town board of trustees form of government. The governing body is an elected three-member Board of Trustees with the Mayor serving as president of the Board.
- **The Slick Public Works Authority (SPWA)** - a trust created pursuant to 60 O.S. Section 176 to operate the water and gas services for the Town. The Town is the beneficiary of SPWA; there are three trustees for the SPWA.

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Council Statement No. 14, as amended by Statement No. 61, *The financial Reporting Entity*, and includes all component units for which the Town is financially accountable.

The blended component unit is a Public Trust pursuant to Title 60 of Oklahoma State law. 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 Board of Trustees to delegate certain functions to the governing body of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority-generated resources. The Town, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

**Basis of Presentation**

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

- Capital assets and the depreciation of those assets, where applicable
- Long-term debt
- Cash-based inter-fund receivables and payables
- Other cash-based receivables/payables
- Investments

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**  
(Continued)

- Utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

- General government: Sales and Franchise taxes
- Streets and highways: Gas excise and commercial vehicle taxes

*Governmental Funds:*

The Town accounts for all governmental activities through the general fund. The general fund is reported on a modified cash basis of accounting and current financial resources measurement focus. Only current financial assets and liabilities resulting from cash transactions are included on the fund balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund financial statement uses fund balance as its measure of available spendable financial resources at the end of the period. The reconciliation of the governmental fund financial statement to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus at the government-wide level.

*Proprietary Funds:*

The Town accounts for all proprietary activities through the Slick Public Works Authority fund. 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 general fund is legally required to adopt an annual budget or appropriations. The public trust (SPWA) 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.

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**  
(Continued)

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, demand deposits with banks and other financial institutions and liquid investments with original maturities of three months or less.

**Capital Assets and Depreciation**

Reported capital assets are limited to those acquired with cash and cash equivalents consistent with the modified cash basis of accounting. 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 buildings and building improvements, construction in progress, utility systems, machinery and equipment, and furniture. A capitalization threshold of \$500 is used to report capital assets.

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives by type of asset are as follows:

Buildings	60 years
Utility Systems	40 years
Improvements other than Buildings	40 years
Mobile equipment	10 years
Furniture, machinery and equipment	5-10 years



**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**  
(Continued)

**Long-Term Debt**

Reported long-term debt is limited to debt arising from cash transactions consistent with the modified cash basis of accounting. 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 resulting from cash transactions to be repaid from governmental and business-type resources are 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.

**Fund Balances and Net Position**

***Fund Statements:***

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

*Nonspendable* - amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

*Restricted* - amounts constrained for a specific purpose by creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation.

*Committed* - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. The Town's highest level of decision-making authority is made by ordinance.

*Assigned* - includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by the Town Board of Trustees action or management decision when the Town's Board has delegated the authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.

*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.

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**  
(Continued)

The Town has no formal minimum fund balance policies or any formal stabilization arrangements in place.

**Net position**

Net position is displayed in three components:

*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.

*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.

*Unrestricted net position* - all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Internal and Inter-fund Balances and Transfers**

The Town's policy is to eliminate inter-fund transfers and balances in the statements 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.

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**  
(Continued)

**Revenue and Support**

Contributions are recorded when assets are received or when an unconditional promise to give has been made. Allowances are provided if amounts are estimated to be uncollectible. Such contributions are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Gifts of cash and other assets received with donor stipulations that limit the use of the donation are recorded as restricted, when applicable, unless the time restriction ends, or a purpose restriction is accomplished within the same reporting period. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period in which they are received are recorded as net assets without donor restrictions. Revenues from events and fund-raising projects are recorded when earned, which is generally when received, unless the revenues are received in advance. Such receipts for future events and projects are recorded as deferred revenue in the statement of financial position. These receipts are reclassified as revenue at the time that the event or project has occurred. Membership dues are maintained on a self-billing basis and are recognized as revenue when received.

**Expense Classification**

Expenses classified as program services are the direct costs of the activities that fulfill the major purposes, events, and projects, of the Town. Expenses that are not directly identifiable with the Town's primary functions but are indispensable to the conduct of the program service and existence, are classified as management and general. Expenses incurred to solicit donations or general marketing that are not direct costs of the Town's events and projects are classified as fundraising.

**Subsequent Events**

Management has evaluated subsequent events for required disclosure through March 11, 2024, the date these financial were available to be issued.

**Note 2: Deposits and Investments**

For the year ended June 30, 2023, the Town recognized \$80 of investment income.

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 2: Deposits and Investments (Continued)**

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

<u>Type</u>	<u>Financial Institutions</u>	<u>Carrying Value</u>
Demand Deposits	Spirit Bank	\$ 56,059
 <b><u>Reconciliation to the statement of net assets:</u></b>		
Cash and Cash Equivalents		37,145
Restricted Cash and Cash Equivalents		18,914
Total		\$ 56,059

*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.

As of June 30, 2023, all deposits were covered by FDIC insurance and the Town was not exposed to custodial credit risk as defined above.

*Investment Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town has no investment policy that limits investments based on maturity. As of June 30, 2023, the Town had no investments other than insured cash deposits.

*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.

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 2: Deposits and Investments (Continued)**

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town has no investment policy regarding concentration of credit risk.

At June 30, 2023, the Town had no investment interest rate risk, investment credit risk, or concentration of credit risk as defined above.

**Note 3: Sales Tax Revenue**

Sales tax revenue represents a 3.0 cent local tax on each dollar of sales within the Town to be used for general operations of the Town.

**Note 4: Property Tax Levy**

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

**Note 5: Capital Assets and Depreciation**

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

	Balance 6/30/2022	Additions	Disposals	Balance 6/30/2023
<b>Governmental Activities:</b>				
Depreciable assets:				
Buildings and improvements	\$ 39,202	\$ 29,400	\$ -	\$ 68,602
Furniture, fixtures and equipment	8,286	-	-	8,286
Infrastructure	73,255	-	-	73,255
Total depreciable assets	<u>120,743</u>	<u>29,400</u>	<u>-</u>	<u>150,143</u>
Less accumulated depreciation:				
Buildings and improvements	8,078	3,156	-	11,234
Furniture, fixtures and equipment	12,857	139	-	12,996
Infrastructure	28,983	2,081	-	31,064
Total accumulated depreciation	<u>49,918</u>	<u>5,376</u>	<u>-</u>	<u>55,294</u>
Net governmental activities capital assets	<u>\$ 70,825</u>	<u>\$ 24,024</u>	<u>\$ -</u>	<u>\$ 94,849</u>

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 5: Capital Assets and Depreciation (Continued)**

	<u>Balance 6/30/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/2023</u>
<b>Business-Type Activities:</b>				
Depreciable assets:				
Buildings and improvements	\$ 9,120	\$ -	\$ -	\$ 9,120
Water - Gas system and equipment	946,520	-	-	946,520
Equipment	5,287	-	-	5,287
Total depreciable assets	<u>960,927</u>	<u>-</u>	<u>-</u>	<u>960,927</u>
Less accumulated depreciation:				
Buildings and improvements	2,812	152	-	2,964
Water - Gas system and equipment	525,357	24,769	-	550,126
Equipment	5,145	143	-	5,288
Total accumulated depreciation	<u>533,314</u>	<u>25,064</u>	<u>-</u>	<u>558,378</u>
Net business activities capital assets	<u>\$ 427,613</u>	<u>\$ (25,064)</u>	<u>\$ -</u>	<u>\$ 402,549</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 expenses have been allocated as follows.

<b>Governmental activities:</b>		<b>Business-type activities:</b>	
General government	\$ 3,295	Water and gas	\$ <u>25,064</u>
Highways and streets	<u>2,081</u>		
Total depreciation	<u>\$ 5,376</u>	Total depreciation	<u>\$ 25,064</u>

**Note 6: Long-Term Debt and Debt Service Requirements**

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

	<u>Balance 6/30/2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2023</u>	<u>Amount Due Within One Year</u>
Business -type:					
Note payable	\$ 62,784	\$ -	\$ (7,315)	\$ 55,469	\$ 3,637

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 6: Long-Term Debt and Debt Service Requirements** (Continued)

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

Note payable to Department of Transportation, dated May 3, 2016, loan amount of \$72,747, payable in monthly installments of \$303, term of 20 years, bearing no interest, payments began June 1, 2018.

\$ 55,469

Future maturities of long-term debt are as follows:

June 30,	Business-type activities		
	Principal	Interest	Totals
2024	\$ 3,637	\$ -	\$ 3,637
2025	3,637	-	3,637
2026	3,637	-	3,637
2027	3,637	-	3,637
2028	3,637	-	3,637
2029-2033	18,185	-	18,185
2034-2038	18,185	-	18,185
Thereafter	914		914
Total	<u>\$ 55,469</u>	<u>\$ -</u>	<u>\$ 55,469</u>

**Note 7: 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.

**Note 8: Commitments and Contingencies**

*Contracts:*

The Town has entered into a water purchase contract with the Municipal Authority of the City of Bristow, Oklahoma to provide water for resale. This contract provides for the sole source of water for the Town. An interruption of this source would adversely affect the Town.

In March, 2017, the Town entered into a contract with a local company to begin offering trash hauling services for the citizens of the Town.

**Town of Slick, Oklahoma**  
Notes to Financial Statements  
June 30, 2023

**Note 8:      Commitments and Contingencies (Continued)**

*Ice Storm Additional Gas Charges:*

In February 2021, the Town experienced historic low temperatures that created a spike in regional natural gas prices resulting in an additional \$115,423 in charges. The Town has hired an attorney who is working with other Towns and Cities to negate the claim set forth by Symmetry. As of May 1, 2023 the Town's contract with Symmetry was canceled. Oklahoma Natural Gas now provides the natural gas resource to the Town. Symmetry has been unable to provide the Town with a breakdown of the money paid by Symmetry for the gas, therefore the attorney feels the Town will not owe the listed amount. As of the issuance of the June 30, 2023 audit, the issue has been resolved.

*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 participates in various federal or state grant/loan programs from year to year. In 2023, the Town's involvement in federal and state award programs was not significant. 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. The Town has not been notified of any noncompliance with federal or state award requirements.



## ***Reports Required by Government Auditing Standards***



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

Honorable Mayor and Board of Trustees  
Town of Slick, Oklahoma  
Slick, 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 Slick (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 March 11, 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 Town of Slick, Oklahoma's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hick & Company, PC*

Tulsa, Oklahoma  
March 11, 2024

