

**CITY OF VINITA, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**



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**Certified Public Accountants, PLLC**  
22 S. ADAIR STREET, PRYOR, OKLAHOMA 74361  
124 SOUTH MAIN, MIAMI, OK 74354  
918-542-4401 OFFICE

CITY OF VINITA, STATE OF OKLAHOMA  
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CITY OF VINITA, STATE OF OKLAHOMA  
LIST OF PRINCIPAL OFFICIALS  
YEAR ENDED JUNE 30, 2019

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City Council

Mayor	Chuck Hoskin
Ward I	Dale Haire Stephanie Hoskin
Ward II	Dr. Danny Lankford John Swift
Ward III	Skip Briley Roger Tyler
Ward IV	Terry Young Denver Davenport
Treasurer	Edna Smith
City Clerk	Brian Prince



**OBER &  
LITTLEFIELD**  
Certified Public Accountants, PLLC  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and City Council  
City of Vinita, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Vinita, Oklahoma (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation, and fair presentation, of these financial statements in accordance with the modified cash basis of accounting, described in Note 1C; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements, in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control, relevant to the preparation, and fair presentation, of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan, and perform, the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, and disclosures, in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation, and fair presentation, of the financial statements, 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements, referred to above, present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Vinita, Oklahoma, as of June 30, 2019, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof, for the year then ended, in accordance with modified cash basis of accounting, described in Note 1C.

**Basis of Accounting**

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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.

**Other Matters**

*Required Supplementary Information*

The budgetary comparison information, on pages 32 and 33, is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is provided by the client, who considers it to be an essential part of financial reporting, for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion, or provide any assurance, on the information because the limited procedures do not provide us with sufficient evidence to express an opinion, or provide any assurance.

*Other Information*

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

The combining and individual nonmajor fund financial statements are the responsibility of management, and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are 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 June 5, 2020, on our consideration of the City of Vinita, Oklahoma's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering City of Vinita, Oklahoma's internal control over financial reporting, and compliance.



OBER & LITTLEFIELD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
June 5, 2020

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) fund
  - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
STATEMENT OF NET POSITION - GOVERNMENT-WIDE - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2019

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 2,966,139.83	\$ 555,831.97	\$ 3,521,971.80
Investments	587,070.00	-	587,070.00
<b>Total Current Assets</b>	<b>3,553,209.83</b>	<b>555,831.97</b>	<b>4,109,041.80</b>
<b>Non-Current Assets:</b>			
Cash, restricted	-	78,936.08	78,936.08
Investments, restricted	-	178,328.00	178,328.00
Capital assets, net of accumulated depreciation	11,545,057.06	6,762,221.79	18,307,278.85
<b>Total Non-Current Assets</b>	<b>11,545,057.06</b>	<b>7,019,485.87</b>	<b>18,564,542.93</b>
<b>Total Assets</b>	<b>\$ 15,098,266.89</b>	<b>\$ 7,575,317.84</b>	<b>\$ 22,673,584.73</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accrued interest payable	\$ -	\$ 5,456.15	\$ 5,456.15
Current portion of long-term debt	-	99,412.37	99,412.37
Current portion of capital lease payable	57,357.66	99,460.99	156,818.65
<b>Total Current Liabilities</b>	<b>57,357.66</b>	<b>204,329.51</b>	<b>261,687.17</b>
<b>Non-Current Liabilities:</b>			
<b>Payable from restricted assets:</b>			
Meter deposits payable	-	225,888.20	225,888.20
Notes payable	-	588,991.30	588,991.30
Capital lease payable	188,778.72	221,558.68	410,337.40
<b>Total Non-Current Liabilities</b>	<b>188,778.72</b>	<b>1,036,438.18</b>	<b>1,225,216.90</b>
<b>Total Liabilities</b>	<b>246,136.38</b>	<b>1,240,767.69</b>	<b>1,486,904.07</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	11,298,920.68	5,752,798.45	17,051,719.13
Restricted	2,072,890.57	31,375.88	2,104,266.45
Unrestricted	1,480,319.26	550,375.82	2,030,695.08
<b>Total Net Position</b>	<b>14,852,130.51</b>	<b>6,334,550.15</b>	<b>21,186,680.66</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 15,098,266.89</b>	<b>\$ 7,575,317.84</b>	<b>\$ 22,673,584.73</b>

The accompanying notes are an integral part of these financial statements.



CITY OF VINITA, STATE OF OKLAHOMA  
 STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE - MODIFIED CASH BASIS  
 PAGE 1 OF 2  
 YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)/Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
<i>General Government</i>							
Governing board	\$ 195,883.70	\$ -	\$ -	\$ -	\$ (195,883.70)		\$ (195,883.70)
General government	461,231.55	180,621.38	61,691.79	-	(218,918.38)		(218,918.38)
City clerk	296,521.71	-	-	-	(296,521.71)		(296,521.71)
City treasurer	20,407.24	-	-	-	(20,407.24)		(20,407.24)
Finance officer	12,000.00	-	-	-	(12,000.00)		(12,000.00)
Maintenance and operation	388,496.08	-	-	-	(388,496.08)		(388,496.08)
Total General Government	<u>1,374,540.28</u>	<u>180,621.38</u>	<u>61,691.79</u>	<u>-</u>	<u>(1,132,227.11)</u>		<u>(1,132,227.11)</u>
<i>Public Safety and Judiciary</i>							
Ambulance	103,680.00	-	-	-	(103,680.00)		(103,680.00)
City attorney	49,925.90	-	-	-	(49,925.90)		(49,925.90)
Code enforcement	47,541.79	-	-	-	(47,541.79)		(47,541.79)
Fire	826,047.38	83,347.28	67,527.00	-	(675,173.10)		(675,173.10)
Municipal court	21,698.57	-	-	-	(21,698.57)		(21,698.57)
Police	1,295,374.74	115,439.35	-	-	(1,179,935.39)		(1,179,935.39)
Zoning commission	-	610.00	-	-	610.00		610.00
Total Public Safety and Judiciary	<u>2,344,268.38</u>	<u>199,396.63</u>	<u>67,527.00</u>	<u>-</u>	<u>(2,077,344.75)</u>		<u>(2,077,344.75)</u>
<i>Transportation</i>							
Airport	6,621.64	7,631.00	-	353,783.00	354,792.36		354,792.36
Pelivan	41,000.00	-	-	-	(41,000.00)		(41,000.00)
Street and alley	433,549.38	-	-	-	(433,549.38)		(433,549.38)
Total Transportation	<u>481,171.02</u>	<u>7,631.00</u>	<u>-</u>	<u>353,783.00</u>	<u>(119,757.02)</u>		<u>(119,757.02)</u>
<i>Culture, Parks, and Recreation</i>							
Cemetery	184,993.77	23,009.05	15,877.75	-	(146,106.97)		(146,106.97)
Library	160,865.51	-	12,018.00	-	(148,847.51)		(148,847.51)
Parks	29,743.50	-	21,642.00	-	(8,101.50)		(8,101.50)
Senior citizens	60,670.50	-	-	-	(60,670.50)		(60,670.50)
Street lights	40,088.80	-	25,000.00	-	(15,088.80)		(15,088.80)
Swimming pool	44,428.33	12,779.00	-	-	(31,649.33)		(31,649.33)
Vinita sports complex	-	-	-	-	-		-
Total Culture, Parks, and Recreation	<u>520,790.41</u>	<u>35,788.05</u>	<u>74,537.75</u>	<u>-</u>	<u>(410,464.61)</u>		<u>(410,464.61)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
 STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE - MODIFIED CASH BASIS  
 PAGE 2 OF 2  
 YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government: continued</b>							
Hotel/Motel tax	73,885.22	-	-	-	(73,885.22)	-	(73,885.22)
Storm reimbursement	-	-	-	-	-	-	-
Sanitation and solid waste	516,131.69	866,222.27	-	-	350,090.58	-	350,090.58
Total Governmental Activities	5,310,787.00	1,289,659.33	203,756.54	353,783.00	(3,463,588.13)	-	(3,463,588.13)
Business-type activities:							
Vinita Utility Authority	1,660,153.29	2,026,520.43	-	-	-	\$ 366,367.14	366,367.14
Total Primary Government	\$ 6,970,940.29	\$ 3,316,179.76	\$ 203,756.54	\$ 353,783.00	\$ (3,463,588.13)	366,367.14	\$ (3,097,220.99)
General revenues:							
Taxes:							
Sales tax					3,123,239.91	-	3,123,239.91
Use tax					200,472.98	-	200,472.98
Alcoholic beverage tax					99,686.47	-	99,686.47
Franchise tax					174,174.66	-	174,174.66
Cigarette tax					27,342.20	-	27,342.20
Hotel/Motel tax					61,322.62	-	61,322.62
Taxes restricted for transportation purposes:							
Motor vehicle tax					38,397.41	-	38,397.41
Gasoline tax					5,904.74	-	5,904.74
Interest income					13,440.94	945.19	14,386.13
Sale and rent of property					-	33,600.00	33,600.00
Penalties					24,232.68	-	24,232.68
Reimbursements					453,763.05	-	453,763.05
Transfers - internal activities					190,978.31	(190,978.31)	-
Total general revenues, special items, and transfers					4,412,955.97	(156,433.12)	4,256,522.85
Change in net position					949,367.84	209,934.02	1,159,301.86
Net position - beginning					13,902,762.67	6,124,616.13	20,027,378.80
Net position - ending					\$ 14,852,130.51	\$ 6,334,550.15	\$ 21,186,680.66

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
 BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
 YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Capital Improvement Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$1,234,349.26	\$1,064,989.06	\$ 666,801.51	\$ 2,966,139.83
Investments	245,970.00	316,100.00	25,000.00	587,070.00
<b>Total Assets</b>	<u>\$1,480,319.26</u>	<u>\$1,381,089.06</u>	<u>\$ 691,801.51</u>	<u>\$ 3,553,209.83</u>
<b>Liabilities and Fund Balances</b>				
<b>Fund Balances:</b>				
Assigned to:				
Capital improvements	\$ -	\$1,381,089.06	\$ -	\$ 1,381,089.06
Other purposes	-	-	691,801.51	691,801.51
Unassigned	1,480,319.26	-	-	1,480,319.26
<b>Total Fund Balances</b>	<u>1,480,319.26</u>	<u>1,381,089.06</u>	<u>691,801.51</u>	<u>3,553,209.83</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$1,480,319.26</u>	<u>\$1,381,089.06</u>	<u>\$ 691,801.51</u>	

Reconciliation to statement of net assets - modified cash basis:

Amounts reported for governmental activities in the statement of net position - modified cash basis are different because:

Capital assets used in governmental activities of \$16,239,844.79 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$4,694,787.73. 11,545,057.06

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Capital lease payable (246,136.38)

Net Position of Governmental Activities \$ 14,852,130.51

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
PAGE 1 OF 2  
YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Capital Improvement Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
<b>Taxes:</b>				
Sales tax	\$ 2,283,179.94	\$ 840,059.97	\$ -	\$ 3,123,239.91
Use tax	200,472.98	-	-	200,472.98
Alcoholic beverage tax	99,686.47	-	-	99,686.47
Cigarette tax	27,342.20	-	-	27,342.20
Motor vehicle tax	38,397.41	-	-	38,397.41
Hotel/motel tax	-	-	61,322.62	61,322.62
Gasoline tax	5,904.74	-	-	5,904.74
Franchise tax	174,174.66	-	-	174,174.66
<b>Other:</b>				
Admissions	12,779.00	-	-	12,779.00
Donations	1,500.00	-	98,061.54	99,561.54
Penalties	24,232.68	-	-	24,232.68
Variance/zoning	610.00	-	-	610.00
Grants	-	-	458,078.00	458,078.00
Interest income	8,500.41	2,516.82	2,423.71	13,440.94
Garbage	819,637.18	-	46,585.09	866,222.27
Lot sales and leases	30,640.05	-	-	30,640.05
Miscellaneous	161,988.88	-	-	161,988.88
Police fines	96,277.56	-	19,161.79	115,439.35
Outside fire revenues	6,750.00	-	76,597.28	83,347.28
Reimbursements	341,758.09	-	112,004.96	453,763.05
Licenses and permits	18,532.50	-	-	18,532.50
Total Revenues	<u>4,352,364.75</u>	<u>842,576.79</u>	<u>874,234.99</u>	<u>6,069,176.53</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Governing board	195,883.70	-	-	195,883.70
City clerk	299,944.99	-	-	299,944.99
City treasurer	20,407.24	-	-	20,407.24
General government	129,558.89	-	-	129,558.89
Finance officer	12,000.00	-	-	12,000.00
Maintenance and operations	113,561.00	-	41,794.86	155,355.86
Capital outlay	-	22,168.55	417,252.85	439,421.40
<b>Public Safety and Judiciary:</b>				
Capital outlay	103,680.00	-	-	103,680.00
City attorney	49,925.90	-	-	49,925.90
Code enforcement	46,716.79	825.00	-	47,541.79
Fire	671,884.15	67,600.00	153,563.23	893,047.38
Municipal court	21,698.57	-	-	21,698.57
Police	1,276,474.20	2,225.70	41,076.63	1,319,776.53
Zoning commission	-	-	-	-
<b>Transportation:</b>				
Airport	4,934.14	56,410.30	-	61,344.44
Pelivan	41,000.00	-	-	41,000.00
Street and alley	409,201.54	130,261.29	-	539,462.83
<b>Culture, Parks, and Recreation:</b>				
Cemetery	170,564.27	-	14,429.50	184,993.77
Library	147,858.96	14,127.56	13,006.55	174,993.07
Parks	28,143.50	1,600.00	-	29,743.50
Senior citizens	60,670.50	-	-	60,670.50
Street lights	40,088.80	-	-	40,088.80
Swimming pool	44,428.33	7,503.08	-	51,931.41
Vinita sports complex	-	-	-	-

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
 PAGE 2 OF 2  
 YEAR ENDED JUNE 30, 2019

	<b>General Fund</b>	<b>Capital Improvement Plan Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Expenditures: continued</b>				
Other expenses	-	330,121.56	48,506.27	378,627.83
Hotel and motel tax	-	-	73,885.22	73,885.22
Sanitation and solid waste	464,911.91	19,386.39	87,934.31	572,232.61
Total Expenditures	<u>4,353,537.38</u>	<u>652,229.43</u>	<u>891,449.42</u>	<u>5,897,216.23</u>
Excess/(deficiency) of revenues over expenditures	(1,172.63)	190,347.36	(17,214.43)	171,960.30
<b>Other Financing Sources/(Uses):</b>				
Transfers in	162,606.89	-	150,000.00	312,606.89
Transfers out	-	(57,695.30)	-	(57,695.30)
Total Other Financing Sources/(Uses)	<u>162,606.89</u>	<u>(57,695.30)</u>	<u>150,000.00</u>	<u>254,911.59</u>
Net Change in Fund Balances	161,434.26	132,652.06	132,785.57	426,871.89
Fund Balances - Beginning	<u>1,318,885.00</u>	<u>1,248,437.00</u>	<u>559,015.94</u>	<u>3,126,337.94</u>
Fund Balances - Ending	<u>\$ 1,480,319.26</u>	<u>\$ 1,381,089.06</u>	<u>\$ 691,801.51</u>	<u>\$ 3,553,209.83</u>

Reconciliation to the statement of activities - modified cash basis:

Net change in fund balances - total governmental funds \$ 426,871.89

Amounts reported for governmental activities in the statement of activities - modified cash basis 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	1,044,204.27
Depreciation expense	<u>(331,672.66)</u>
	<u>712,531.61</u>

Repayment of notes payable is reported as an expenditure in governmental funds and, thus has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net position - modified cash basis and do not result in an expense in the statement of activities - modified cash basis.	
Capital lease proceeds	(265,403.17)
Principal payments made on notes payable	<u>75,367.71</u>
	<u>(190,035.46)</u>

Change in Net Position of Governmental Activities \$ 949,367.84

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
STATEMENT OF NET POSITION  
PROPRIETARY FUND – MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2019

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	<u>Utility Authority</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 555,831.97
Non-Current Assets:	
Cash, restricted	78,936.08
Investments, restricted	178,328.00
Capital assets, net of accumulated depreciation	<u>6,762,221.79</u>
Total Non-Current Assets	<u>7,019,485.87</u>
Total Assets	<u><u>\$ 7,575,317.84</u></u>
Liabilities	
Current Liabilities:	
Accrued interest payable	\$ 5,456.15
Current portion of long-term debt	99,412.37
Current portion of capital leases payable	<u>99,460.99</u>
Total Current Liabilities	<u>204,329.51</u>
Non-Current Liabilities:	
Payable from restricted assets:	
Meter deposits payable	225,888.20
Notes payable	588,991.30
Capital leases payable	<u>221,558.68</u>
Total Non-Current Liabilities	<u>1,036,438.18</u>
Total Liabilities	<u>1,240,767.69</u>
Net Position	
Invested in capital assets, net of related debt	5,752,798.45
Restricted	31,375.88
Unrestricted	<u>550,375.82</u>
Total Net Position	<u>6,334,550.15</u>
Total Liabilities and Net Position	<u><u>\$ 7,575,317.84</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND – MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2019

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	<u>Utility Authority</u>
Operating Revenues:	
Sales - water	\$ 1,364,744.25
Sales - sewer	579,316.59
Fees	71,775.91
Tap fees	1,850.00
Reimbursements	8,833.68
Total Operating Revenues	<u>2,026,520.43</u>
Operating Expenses:	
Personal Services	539,167.99
Chemicals	166,914.44
Engineering fees	10,495.39
Gasoline	18,242.62
Maintenance and operations	467,186.74
Other expenses	12,131.86
Utilities	132,473.12
Workers compensation	11,175.00
Depreciation	281,078.09
Total Operating Expenses	<u>1,638,865.25</u>
Operating Income/(Loss)	<u>387,655.18</u>
Non-Operating Revenues/(Expenses):	
Rent revenue	33,600.00
Interest revenue	945.19
Interest expense	(21,288.04)
Total Non-Operating Revenues/(Expenses)	<u>13,257.15</u>
Net Income/(Loss) Before Transfers	400,912.33
Transfers in/(out) - City of Vinita	<u>(190,978.31)</u>
Change in Net Position	209,934.02
Total Net Position - Beginning	<u>6,124,616.13</u>
Total Net Position - Ending	<u><u>\$ 6,334,550.15</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND – MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2019

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	<b>Utility Authority</b>
Cash flows from operating activities:	
Cash received from operations	\$ 2,031,810.43
Cash paid to employees for services	(539,167.99)
Cash paid to suppliers for goods and services	(819,178.32)
Net cash provided/(used) by operating activities	<u>673,464.12</u>
Cash flows from non-capital financing activities:	
Rent revenue received	33,600.00
Transfers to City of Vinita	(190,978.31)
Net cash provided/(used) in non-capital financing activities	<u>(157,378.31)</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(172,490.15)
Principal payments on capital debt	(195,088.26)
Interest paid on capital debt	(21,288.04)
Net cash provided/(used) by capital and related financing activities	<u>(388,866.45)</u>
Cash flows from investing activities:	
Interest	945.19
Net increase/(decrease) in cash and cash equivalents	<u>128,164.55</u>
Beginning cash and cash equivalents	684,931.50
Ending cash and cash equivalents	<u>\$ 813,096.05</u>
Reconciliation of net income to net cash provided/(used) by operating activities:	
Operating income/(loss)	\$ 387,655.18
Adjustments to reconcile net income to net cash provided/(used) by operating activities:	
Depreciation	281,078.09
Change in assets and liabilities:	
Increase/(decrease) in:	
Accrued compensated absences	(559.15)
Meter deposits payable	5,290.00
Net cash provided/(used) by operating activities	<u>\$ 673,464.12</u>
Reconciliation to statement of net position - modified cash basis:	
Cash and cash equivalents	\$ 555,831.97
Cash, restricted	78,936.08
Investments, restricted	178,328.00
Total cash and cash equivalents	<u>\$ 813,096.05</u>

The accompanying notes are an integral part of these financial statements.



CITY OF VINITA, STATE OF OKLAHOMA  
 STATEMENT OF FIDUCIARY NET POSITION  
 MODIFIED CASH BASIS  
 YEAR ENDED JUNE 30, 2019

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	<b>Agency Type Funds</b>			<b>Total</b>
	<b>Kornegay Land Fund</b>	<b>Leforce Bequest</b>	<b>Vinita Civic Center</b>	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 51,471.11	\$ 6,029.27	\$ 529.43	\$ 58,029.81
Investments	207,890.00	92,440.00	-	300,330.00
<b>Total Assets</b>	<b>259,361.11</b>	<b>98,469.27</b>	<b>529.43</b>	<b>358,359.81</b>
<b>Net Position</b>				
Reserved	259,361.11	98,469.27	529.43	358,359.81
<b>Total Net Position</b>	<b>\$ 259,361.11</b>	<b>\$ 98,469.27</b>	<b>\$ 529.43</b>	<b>\$ 358,359.81</b>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 MODIFIED CASH BASIS  
 YEAR ENDED JUNE 30, 2019

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	<b>Agency Type Funds</b>			<b>Total</b>
	<b>Kornegay Land Fund</b>	<b>LeForce Bequest</b>	<b>Vinita Civic Center</b>	
Additions:				
Interest income	\$ 2,390.74	\$ 1,338.91	\$ -	\$ 3,729.65
Deductions:				
Maintenance and operations	-	-	-	-
Change in Net Position	2,390.74	1,338.91	-	3,729.65
Net Position - July 1, 2018	256,970.37	97,130.36	529.43	354,630.16
Net Position - June 30, 2019	<u>\$ 259,361.11</u>	<u>\$ 98,469.27</u>	<u>\$ 529.43</u>	<u>\$ 358,359.81</u>

The accompanying notes are an integral part of these financial statements.

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

- A. Financial Reporting Entity
- B. Basis of Presentation
- C. Measurement Focus and Basis of Accounting
- D. Assets, Liabilities, and Equity
- E. Revenues, Expenditures, and Expenses
- F. Interfund Transfers
- G. Use of Estimates

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

- A. Fund Accounting Requirements
- B. Deposit and Investment Laws and Regulations
- C. Budgetary Accounting and Control
- D. Revenue Restrictions
- E. Debt Restrictions and Covenants
- F. Fund Equity Restrictions

**NOTE 3. DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS**

- A. Cash and Investments
- B. Restricted Assets
- C. Capital Assets
- D. Long-Term Debt

**NOTE 4. OTHER NOTES**

- A. Risk Management
- B. Employee Retirement System and Pension Plan
- C. Subsequent Events

Note 1. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the City of Vinita, Oklahoma (the “City”)’s financial statements.

As discussed further in Note 1C, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation, and disclosure, requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements, and the constraints of the measurements and recognition criteria of the modified cash basis of accounting.

1.A. Financial Reporting Entity

The City’s financial reporting entity is comprised of the following:

Primary Government:	City of Vinita, State of Oklahoma
Blended Component Unit:	Vinita Utilities Authority

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity,” and includes all component units of which the City appointed a voting majority of the units’ board, and the City is either able to impose its will on the unit, or a financial benefit, or burden, relationship exists.

*Blended Component Units*

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

**Blended Component Units**

Component units that are blended into the reporting activity types of the City’s reports are presented below:

<b>Component Unit</b>	<b>Brief Description/Inclusive Criteria</b>	<b>Reporting</b>
Vinita Utilities Authority	Created to finance, develop, and operate the utility services activities. The current City Council serves as the governing body (Trustees). Any issuance of debt would require a two-thirds approval of the City Council.	Enterprise Fund

*Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria, described above, but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

Note 1. Summary of Significant Accounting Policies: continued

1.B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position – modified cash basis and statement of activities – modified cash basis display information about the reporting government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Eliminations have been made to minimize the double-accounting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed, in whole, or in part, by fees charged to external parties for goods and services.

The statement of activities – modified cash basis presents a comparison between direct expenses and program revenues for the different business-type activities of the City, and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City, or meets the following criteria:

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund

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

Special Revenues Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes, or designated to finance particular functions or activities of the City.

Capital Projects Funds

Capital projects funds are used to account for resources restricted for the acquisition, or construction, of specific capital projects or items.

Note 1. Summary of Significant Accounting Policies: continued

1.B. Basis of Presentation: continued

**Proprietary Funds**

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement, similar to the private sector. The reporting entity includes the following enterprise fund:

<u>Fund</u>	<u>Brief Description</u>
Vinita Utility Authority	Accounts for the activities of the public trust in providing water and sewer to the public.

**Fiduciary Funds**

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes the Konegay Land Fund, the LeForce Bequest, and the Vinita Civic Center for agency funds. Since agency funds are custodial in nature, they do not involve the measurement of results of operations.

**Major and Non-Major Funds**

<i>Major:</i>	General Fund Capital Projects Fund: Capital Improvements Plan Fund	Accounts for <sup>3</sup> / <sub>4</sub> cent sales tax approved by the voters, and restricted for capital projects.
	Proprietary Fund: Vinita Utility Authority	Accounts for activities of the public trust in providing water and sewer services to the public
<i>Non-Major:</i>	Capital Projects Fund: Capital Improvement Fund	See above for description
	Special Revenue Funds: 1993 Sales Tax Interest Fund AB Southern Library Airport Grant Fund Bachman Bequest Boling Bequest Cemetery Care Fund Economic Development Fund Fire Equipment Fund Flag Fund Hotel/Motel Tax Fund Library Grant Fund Library Karr Bequest	

Note 1. Summary of Significant Accounting Policies: continued

1.B. Basis of Presentation: continued

<i>Non-Major: continued</i>	Logan Family Library Fund
	Municipal Court Fund
	Police Drug Fund
	Police Equipment Fund
	Police Training Fund
	Property Sales Fund
	Revolving Fund
	Safer Grant Management
	Solid Waste Capital Fund
	Storm Reimbursement Fund
	Street Department Capital Fund
	Vinita Lake Park Fund
	Vinita Sports Complex Fund

1.C. Measurement Focus and Basis of Accounting

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

**Measurement Focus**

In the government-wide statement of net position – modified cash basis and the statement of activities – modified cash basis, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus, or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used, as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus, within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources, and uses, of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent, financial or nonfinancial) associated with their activities are generally reported, within the limitations of the modified cash basis of accounting. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results or operations, therefore, measurement focus is not applied to them.

Note 1. Summary of Significant Accounting Policies: continued

1.C. Measurement Focus and Basis of Accounting: continued

**Basis of Accounting**

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP, as established by GASB. This basis of accounting involves modification to the cash basis of accounting, to report in the statements of net position or balance sheets, cash transactions, or events, that provide a benefit, or result in an obligation, that covers a period greater than the period in which the cash transaction, or event, occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions, or events.

This modified cash basis of accounting differs from GAAP primarily because certain other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction, or event, are not reported, and the measurement of reported assets and liabilities does not involve adjustments to fair value.

If the City utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

1.D. Assets, Liabilities, and Equity

Cash and Cash Equivalents

For the purpose of statement of net position – modified cash basis, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposit of the City. For the purposes of the proprietary fund statement of cash flows – modified cash basis, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit, or short-term investments, with an original maturity of three months or less.

Capital Assets

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

*Government-Wide Statements*

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities – modified cash basis, with accumulated depreciation reflected in the statement of net position – modified cash basis. Depreciation is provided over the assets’ estimated useful lives, using the straight-line method of depreciation.



Note 1. Summary of Significant Accounting Policies: continued

1.D. Assets, Liabilities, and Equity: continued

Capital Assets: continued

The range of estimated useful lives, by type of asset, is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20 to 60 years
Improvements	20 to 60 years
Utility System	20 to 80 years
Infrastructure	20 to 80 years
Machinery and Equipment	3 to 20 years

*Fund Financial Statements*

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

Restricted Position

Restricted position includes cash, and investments, of the proprietary fund that are legally restricted as to their use. Restricted position includes funds on deposit, representing utility customer meter deposits, which are refundable to the customer, and funds on deposit required to be reserved by terms of promissory notes.

Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and capitalized lease obligations.

Long-term debt arising from cash transactions 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 are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Equity Classification

*Government-Wide and Proprietary Statements:*

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Note 1. Summary of Significant Accounting Policies: continued  
Equity Classification: continued

- b. Restricted – Consists of net position with constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions, or enabling legislation.
- c. Unrestricted – All other net position that do not meet the definition of “restricted,” or “invested in capital assets, net of related debt.”

*Fund Financial Statements:*

In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form, or because they are legally, or contractually, required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors, require them to be.
- c. Committed – Amounts that can be used only for specific purposes, determined by a formal action by City Council ordinance, or resolution.
- d. Assigned – Amounts that are designated by the City’s intent to be used for specific purposes,
- e. Unassigned – All amounts not included in other spendable classifications.

1.E. Revenues, Expenditures, and Expenses

Sales Tax

The City presently levies a sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Oklahoma Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund. Sales taxes collected by the State in June and July, (which represent sales for May and June) are received by the City in July and August, have been accrued, and are included under the caption, “due from other governments”.

Use Tax

The City levies a use tax on personal property purchased outside the City limits, but stored, used, or consumed within the City. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one month after the tax is received by the vendors. The use taxes are allocated entirely to the General Fund. Use taxes collected by the State in June and July, and received by the City in July and August, are included under the caption, “due from other governments”.

Operating Revenues and Expenses

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

Note 1. Summary of Significant Accounting Policies: continued

1.E. Revenues, Expenditures and Expenses: continued

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the accrual basis, and are classified by function, for both governmental and business-type activities.

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

Governmental Funds – By Character:	Current (further classified by activity)
	Capital Outlay
	Debt Service

Proprietary Fund – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

1.F. Interfund Transfers

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

1.G. Use of Estimates

The preparation of financial statements, in conformity with the modified cash basis of accounting, allows management to make estimates, and assumptions, that affect reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance, and Accountability

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

2.A. Fund Accounting Requirements

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

<u>Fund</u>	<u>Required By</u>
Vinita Utilities Authority Fund	Trust Indenture
Airport Fund	State Law
Cemetery Care Fund	State Law

Note 2. Stewardship, Compliance, and Accountability: continued

2.B. Deposit and Investment Laws and Regulations

In accordance with State law, all uninsured deposits of municipal funds, in financial institutions, must be secured with acceptable collateral, valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement, approved by the board of directors, or loan committee. As reflected in Note 3.A., all deposits were fully insured, or collateralized, for the fiscal year ended June 30, 2019.

Investments of the City (excluding Public Trusts), whose population exceeds 3,000, according to the latest census information, are limited by state law to the following:

1. Direct obligations of the U.S. Government, its agencies, or instrumentalities, to the payment of which the full faith and credit of the Government of the United States is pledged, or obligations to the payment of which the full faith and credit of this state is pledged;
2. Certificates of deposit, or savings accounts, that are either insured, or secured, with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit, or savings accounts, in out-of-state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptance, prime commercial paper, and repurchase agreements;
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;
5. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligation of national mortgage associations;
6. Money market funds regulated by the SEC, and in which investments consist of the investments mentioned in the previous paragraphs 1., 2., 3., and 4.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations, and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2019, the City and its public trusts complied, in all material respects, with these investment restrictions.

2.C. Budgetary Accounting and Control

The City operates under the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"), as amended in 1991. The budget, as adopted by the City council, is filed with the State of Oklahoma office of the Auditor and Inspector, and with the County Excise Board. Budget supplements made during the year are recommended by the City Administrator, and must be approved by the City council. Amendments are then filed with the two agencies mentioned above. The budget and actual comparisons presented in the financial statements include the legally amended budgets for the respective funds .

Prior to June 1, the Mayor and City Administrator submit to the City council a proposed operating budget for the fiscal year commencing the following July 1, based on previous year's revenue, at 90%. The operating budget includes proposed expenditures and the means of financing them.

Formal budgetary integration is employed as a management control device, during the year, for all governmental funds.

Note 2. Stewardship, Compliance and Accountability: continued

2.C. Budgetary Accounting and Control: continued

Once the legal budget is adopted by the governing body, all budget amendments, including supplemental, decrease or transfer of appropriations, to the legal level of control as defined below, requires governing body approval.

The level of control at which expenditures may not legally exceed appropriations is at the account category level, by department, within a fund, for each legally adopted fiscal operating budget.

2.D. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes
Hotel/Motel Tax	Convention and Tourism
Utility Revenue	Debt Service and Utility Operations

For the year ended June 30, 2019, the City complied, in all material respects, with those revenue restrictions.

2.E. Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution, limits the amount of outstanding general obligation bonded debt of the municipality, for non-utility or non-street purposes, to no more than 10% of net assessed valuation. For the year ended June 30, 2019, the City had no outstanding general obligation debt.

Other Long-Term Debt

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2019, the City incurred no such indebtedness.

2.F. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City complied with this statute, in all material respects, for the year ended June 30, 2019.

CITY OF VINITA, STATE OF OKLAHOMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

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Note 3. Detail Notes – Transaction Classes/Accounts

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

3.A. Cash and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City’s cash deposits, including interest-bearing certificates of deposit, are maintained in financial institutions. The City does not have a deposit policy for custodial credit risk. As of June 30, 2019, none of the City’s investments were exposed to custodial credit risk.

3.B. Restricted Assets

The amounts reported as restricted assets are comprised of cash held in trust, on behalf of the Vinita Utilities Authority, for customer utility meter deposits.

The restricted assets, as of June 30, 2019, are \$257,264.08 in meter deposits.

3.C. Capital Assets

Capital asset activity, for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1	Additions	Retirements	Transfers	Balance June 30
<i>Governmental Activities:</i>					
Non-depreciable assets					
Land	\$ 2,337,920.81	\$ -	\$ -	\$ -	\$ 2,337,920.81
Construction in progress	27,480.68	180,863.91	-	(124,800.48)	83,544.11
Total non-depreciable assets	<u>2,365,401.49</u>	<u>180,863.91</u>	<u>-</u>	<u>(124,800.48)</u>	<u>2,421,464.92</u>
Depreciable assets					
Buildings and improvements	1,924,003.69	42,137.18	-	-	1,966,140.87
Infrastructure	5,068,550.20	446,532.27	-	124,800.48	5,639,882.95
Trucks	1,978,290.73	67,000.00	-	-	2,045,290.73
Vehicles	728,991.29	56,700.00	-	-	785,691.29
Machinery, furniture and equipment	3,130,403.12	250,970.91	-	-	3,381,374.03
Total capital assets being depreciated	<u>12,830,239.03</u>	<u>863,340.36</u>	<u>-</u>	<u>124,800.48</u>	<u>13,818,379.87</u>
Less: accumulated depreciation for:					
Buildings and improvements	589,295.13	35,161.45	-	-	624,456.58
Infrastructure	571,294.80	65,150.69	-	-	636,445.49
Trucks	1,268,626.65	73,810.69	-	-	1,342,437.34
Vehicles	476,234.13	26,155.67	-	-	502,389.80
Machinery, furniture and equipment	1,457,664.36	131,394.16	-	-	1,589,058.52
Total accumulated depreciation	<u>4,363,115.07</u>	<u>331,672.66</u>	<u>-</u>	<u>-</u>	<u>4,694,787.73</u>
Governmental activities capital assets, net	<u>\$ 10,832,525.45</u>	<u>\$ 712,531.61</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,545,057.06</u>

CITY OF VINITA, STATE OF OKLAHOMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

Note 3. Detail Notes – Transaction Classes/Accounts: continued

3.C. Capital Assets: continued

	Balance July 1	Additions	Retirements	Transfers	Balance June 30
<i>Business-type Activities:</i>					
Depreciable assets					
Utility system	\$ 9,119,292.83	\$ 92,409.01	\$ -	\$ -	\$ 9,211,701.84
Buildings	602,837.76	-	-	-	602,837.76
Vehicles	124,185.00	64,600.00	-	-	188,785.00
Machinery, furniture and equipment	2,426,609.59	15,481.14	-	-	2,442,090.73
Total capital assets being depreciated	<u>12,272,925.18</u>	<u>172,490.15</u>	<u>-</u>	<u>-</u>	<u>12,445,415.33</u>
Less: accumulated depreciation:					
Utility system	3,281,288.33	175,225.48	-	-	3,456,513.81
Buildings	292,041.60	10,047.30	-	-	302,088.90
Vehicles	99,955.06	5,741.67	-	-	105,696.73
Machinery, furniture and equipment	1,728,830.46	90,063.64	-	-	1,818,894.10
Total accumulated depreciation	<u>5,402,115.45</u>	<u>281,078.09</u>	<u>-</u>	<u>-</u>	<u>5,683,193.54</u>
Business-type activities capital assets, net	<u>\$ 6,870,809.73</u>	<u>\$ (108,587.94)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,762,221.79</u>

Depreciation expense was charged to governmental activities, as follows:

Primary Government:	
Governmental Activities:	
General governmental	<u>\$ 331,672.66</u>

3.D. Long-Term Debt

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

Governmental Activities

Capital Equipment Lease

The City entered into a capital equipment lease purchase agreement on July 18, 2018, with Oklahoma State Bank, for the purchase of a 2015 Ford Explorer, in the amount of \$56,700.00. Annual payments of \$19,501.75 began on September 15, 2018, and include interest of 2.75%. The final lease payment is due on September 15, 2020.

The lease, to maturity, is as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 18,471.87	\$ 1,029.88	\$ 19,501.75
2021	18,961.34	523.33	19,484.67
	<u>\$ 37,433.21</u>	<u>\$ 1,553.21</u>	<u>\$ 38,986.42</u>

Note 3. Detail Notes – Transaction Classes/Accounts: continued

3.D. Long-Term Debt: continued

The City entered into a capital equipment lease purchase agreement on June 21, 2019, with Oklahoma State Bank, for the purchase of a 2019 Schwarze Street Sweeper, in the amount of \$208,703.17. Monthly payments of \$3,794.31 began on July 21, 2019, and include interest of 3.47%. The final lease payment is due on June 21, 2024.

The lease, to maturity, is as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 38,885.79	\$ 6,645.93	\$ 45,531.72
2021	43,699.17	5,626.86	49,326.03
2022	41,813.22	3,718.52	45,531.74
2023	43,287.40	2,244.32	45,531.72
2024	41,017.59	719.80	41,737.39
	<u>\$ 208,703.17</u>	<u>\$ 18,955.43</u>	<u>\$ 227,658.60</u>

Business-Type Activities

2005 Clean Water State Revolving Fund Loan

The Utility Authority issued a promissory note, dated August 31, 2005, payable in the aggregate principal amount not to exceed \$1,290,000.00, under the Oklahoma Water Resources Board Small Community SRF Program, to finance the costs of acquiring and constructing improvements to the municipal sanitary sewer system. The note is secured by a pledge of revenues, derived from the Authority's water and sanitary sewer systems.

The note will mature on the earlier of (i) the March 15 or September 15 next preceding the date, which is twenty (20) years after completion of construction of the Project, or (ii) March 15, 2026. The outstanding principal balance of the note, together with all accrued but unpaid interest and administrative fees, shall be due and payable, in full, on said maturity date.

The Authority will pay the OWRB interest on the loan, at a variable rate of interest per annum until September 15, 2023 at which time the interest rate will change to 0%, plus an administrative fee, at the rate of 0.5% per annum, on the outstanding balance of disbursed loan proceeds. Interest and the administrative fee payments shall be made on a semi-annual basis, commencing on September 15, 2006, and continuing each March 15 and September 15, thereafter, for the term of the loan.

The note matures as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fees</u>	<u>Total</u>
2020	\$ 67,504.90	\$ 9,380.92	\$ 2,308.61	\$ 79,194.43
2021	69,579.64	7,640.74	1,968.53	79,188.91
2022	71,679.98	5,879.13	1,618.01	79,177.12
2023	73,846.85	4,061.72	1,256.90	79,165.47
2024	77,555.96	710.52	883.26	79,149.74
2025 - 2026	118,283.23	-	592.80	118,876.03
	<u>\$ 478,450.56</u>	<u>\$ 27,673.03</u>	<u>\$ 8,628.11</u>	<u>\$ 514,751.70</u>



Note 3. Detail Notes – Transaction Classes/Accounts: continued

3.D. Long-Term Debt: continued

2005 Drinking Water State Revolving Fund Loan

The Utility Authority issued a promissory note, dated August 31, 2005, payable in the aggregate principal amount not to exceed \$610,000.00, under the Oklahoma Water Resources Board Small Community SRF Program, to finance the costs of acquiring and constructing improvements to the municipal sanitary. The note is secured by a pledge of revenues, derived from the Authority’s water and sanitary sewer systems.

The note will mature on the earlier of (i) the March 15 or September 15 next preceding the date, which is twenty (20) years after the completion of the construction of the Project, or (ii) September 15, 2025. The outstanding principal balance of the note, together with all accrued but unpaid interest and administrative fees, shall be due and payable, in full, on said maturity date.

The Authority will pay the OWRB interest on the loan, at a variable rate of interest per annum until March 15, 2019 at which time the interest rate will change to 0%, plus an administrative fee, at the rate of 0.5% per annum, on the outstanding balance of disbursed loan proceeds. Interest and the administrative fee payments shall be made on a semi-annual basis, commencing on March 15, 2006, and continuing each March 15 and September 15, thereafter, for the term of the loan.

The note matures as follows:

Year Ending June 30	Principal	Interest	Administrative Fees	Total
2020	\$ 31,907.47	\$ -	\$ 1,009.93	\$ 32,917.40
2021	32,044.61	-	850.22	32,894.83
2022	32,184.23	-	689.82	32,874.05
2023	32,328.85	-	528.72	32,857.57
2024	32,477.76	-	366.89	32,844.65
2025 - 2026	49,010.19	-	245.25	49,255.44
	<u>\$ 209,953.11</u>	<u>\$ -</u>	<u>\$ 3,690.83</u>	<u>\$ 213,643.94</u>

Water Meter Equipment Capital Lease

The Utility Authority executed a sublease agreement with the Community Communications Authority of Oklahoma, and First Security Leasing, Inc., to purchase wireless internet equipment, communication system, and new water meter reading equipment, on September 12, 2006. The equipment was purchased for \$1,557,296.00, with interest in the amount of \$32,698.00 being capitalized, for a total lease of \$1,589,994.00. The interest rate is 5.326%, and payments of \$12,575.00 are due monthly. The first payment was March 1, 2007, and the final payment will be due August 1, 2022.

On February 26, 2013, this note was refinanced in the amount of \$904,531.43. The interest rate is 1.75%, and payments of \$8,690.30 are due monthly. The first payment was April 1, 2013, and the final payment will be due August 1, 2022.

CITY OF VINITA, STATE OF OKLAHOMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

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Note 3. Detail Notes – Transaction Classes/Accounts: continued

3.D. Long-Term Debt: continued

Water Meter Equipment Capital Lease

The future payments are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 99,460.99	\$ 4,822.61	\$ 104,283.60
2021	101,215.59	3,068.01	104,283.60
2022	103,001.15	1,282.45	104,283.60
2023	17,341.94	37.94	17,379.88
	<u>\$ 321,019.67</u>	<u>\$ 9,211.01</u>	<u>\$ 330,230.68</u>

Debt service requirements for all business-type activities are as follows:

Year Ending June 30	Principal	Interest	Fees	Total
2020	\$ 198,873.36	\$ 14,203.53	\$ 3,318.54	\$ 216,395.43
2021	202,839.84	10,708.75	2,818.75	216,367.34
2022	206,865.36	7,161.58	2,307.83	216,334.77
2023	123,517.64	4,099.66	1,785.62	129,402.92
2024	110,033.72	710.52	1,250.15	111,994.39
2025 - 2026	167,293.42	-	838.05	168,131.47
	<u>\$ 1,009,423.34</u>	<u>\$ 36,884.04</u>	<u>\$ 12,318.94</u>	<u>\$ 1,058,626.32</u>

Changes in Long-Term Debt

The following is a summary of the changes in general long-term debt, for the fiscal year ended June 30, 2019:

	Amount Outstanding June 30, 2018	Issued	Retired	Amount Outstanding June 30, 2019
<i>Governmental Activities</i>				
Lease Obligations	\$ 56,100.92	\$ 265,403.17	\$ (75,367.71)	\$ 246,136.38
<i>Business-Type Activities</i>				
Notes Payable	\$ 785,755.11	\$ -	\$ (97,351.44)	\$ 688,403.67
Lease Obligations	418,756.49	-	(97,736.82)	321,019.67
	<u>\$ 1,204,511.60</u>	<u>\$ -</u>	<u>\$ (195,088.26)</u>	<u>\$ 1,009,423.34</u>

Note 4. Other Notes

4.A. Risk Management

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

4.B. Employee Retirement System and Pension Plan

Description of the Plan

The City provides pension benefits for substantially all of its full time employees (excluding firemen who are covered under a separate state retirement system), through a defined benefit cost-sharing plan with the Oklahoma Municipal Retirement Fund (OMRF), an agent multiple employer defined benefit plan. An employee includes any person who, if last hired after July 1, 1971, had not reached his 60<sup>th</sup> birthday at the time of hiring. An employee is eligible to participate in the Plan on the employee's employment commencement date, which means the first day of the first pay period during which the employee receives wages, as an employee, from which federal taxes are withheld. An employee becomes fully vested after ten years. The Oklahoma Municipal Retirement Fund issues a publicly available financial report that includes financial statements, and required supplementary information, for the fund. The report may be obtained by writing to Oklahoma Municipal Retirement Fund, OK-1-4030, P.O. Box 25848, Oklahoma City, OK 73125, or by calling 1-888-394-6673.

Funding Policy

The required contribution rate for the 2018-2019 plan year was 22.62% of each participant's payroll. This consisted of 5.25% contributed by the employee, and 17.37% contributed by the City. The required contribution rate changes each year, reflecting the investment earnings of the OMRF fund, and the demographic experience of the participant group. Since the employee contribution rate is fixed by the terms of the plan, the City's required contribution rate is the amount necessary to bring the total contribution rate to at least the total required contribution rate. The total salary, as reported on the Form W-2, paid to the employee during the year, is used in computing the costs.

Annual Pension Cost

The City's annual pension cost was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2019 actuarial valuation. The liabilities and costs were determined using the aggregate entry age normal cost method, considering the unfunded past service requirements to be the excess of the present value of all benefits, over the present value of future normal costs, and current assets. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), and (b) projected salary increases of 5% per year. The actuarial value of OMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments by factoring the individual period adjustments, if any, for the current period, and each of the nine preceding periods. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls.

The required contribution, from the City, for this plan was \$208,356, \$337,325, and \$336,165 for 2019, 2018, and 2017, respectively.

Note 4. Other Notes: continued

Firefighters Pension and Retirement System

All full-time, or volunteer, firefighters hired before age 45 are covered by a statewide cost-sharing multi-employer defined benefit plan, adopted under Oklahoma Statutes. The plan is operated, and administered, by the Oklahoma Firefighters Pension and Retirement System (OFPRS). Under this plan, fire department personnel contribute 8% of base salary, and the City contributes an additional 13% (\$60 for volunteer firemen). The OFPRS issues a publicly available financial report that includes financial statements, and required supplementary information, for the fund. That report may be obtained by writing to Oklahoma Firefighters Pension and Retirement System, 4545 N. Lincoln Blvd, Suite 265, Oklahoma City, OK 73105-3414, or by calling 1-800-525-7461.

Police Officers Pension Plan

All police officers covered by the Oklahoma Police Pension and Retirement System (OPPRS), which is a cost-sharing multiple-employer PERS, must be 21, but not more than 45, years of age at the time of initiation of participation in the system. They are required to complete a physical-medical exam, be approved for membership by the Board, and work more than 25 hours per week. Under this plan, police department personnel contribute 8% of base salary, and the City contributes an additional 13%. The OPPRS issues a publicly available financial report that includes financial statements, and required supplementary information, for the fund. That report may be obtained by writing to Oklahoma Police Pension and Retirement System, 1001 Northwest 63rd St., Suite 305, Oklahoma City, OK 73116-7335, or by calling 1-800-347-6552.

4.C. Subsequent Events

Management has evaluated subsequent events up to, and including, June 8, 2020, which is the date the financial statements were available for issuance, and no additional disclosures are required.

## **VOLUNTARY SUPPLEMENTARY INFORMATION**

Voluntary supplementary information includes financial information, and disclosures, that are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Notes to Voluntary Supplementary Information – Budgetary Comparison Schedule

CITY OF VINITA, STATE OF OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Budget Variance	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Charges for services	\$ 1,229,562.11	\$ 1,229,562.11	\$ 1,183,633.63	\$ -	\$ (45,928.48)
Local sources	105,461.96	105,461.96	138,083.88	-	32,621.92
State sources	2,235,283.32	2,235,283.32	2,516,899.86	-	281,616.54
Miscellaneous	230,522.41	230,522.41	676,354.27	-	445,831.86
Total Revenues	<u>3,800,829.80</u>	<u>3,800,829.80</u>	<u>4,514,971.64</u>	<u>-</u>	<u>714,141.84</u>
<b>Expenditures:</b>					
Governing Board	168,000.00	200,000.00	195,883.70	32,000.00	4,116.30
City Clerk	310,342.00	310,342.00	299,944.99	-	10,397.01
City Treasurer	20,500.00	20,500.00	20,407.24	-	92.76
City Attorney	45,000.00	45,000.00	45,000.00	-	-
Municipal Court	16,500.00	22,500.00	21,698.57	6,000.00	801.43
Library	155,066.27	155,066.27	147,858.96	-	7,207.31
Street Lights	45,000.00	45,000.00	40,088.80	-	4,911.20
Airport	5,500.00	5,500.00	4,934.14	-	565.86
General Government	1,081,294.15	957,594.15	360,529.81	(123,700.00)	597,064.34
Street and Alley	423,121.06	423,121.06	409,201.54	-	13,919.52
Finance Officer	19,000.00	19,000.00	12,000.00	-	7,000.00
Cemetery	160,719.75	170,719.75	170,564.27	10,000.00	155.48
Compliance Officer	63,300.00	63,300.00	46,716.79	-	16,583.21
Parks	30,500.00	30,500.00	28,143.50	-	2,356.50
Senior Citizens	51,866.48	51,866.48	51,866.48	-	0.00
Solid Waste	406,839.18	475,039.18	464,911.91	68,200.00	10,127.27
Pelivan	41,000.00	41,000.00	41,000.00	-	-
Police Department	1,320,065.00	1,320,065.00	1,276,474.20	-	43,590.80
Fire Department	714,100.91	714,100.91	671,884.15	-	42,216.76
Swimming Pool	41,000.00	48,500.00	44,428.33	7,500.00	4,071.67
Zoning Commission	1,000.00	1,000.00	-	-	1,000.00
Total Expenditures	<u>5,119,714.80</u>	<u>5,119,714.80</u>	<u>4,353,537.38</u>	<u>0.00</u>	<u>766,177.42</u>
Excess of Revenues over/(under) expenditures Before Other Sources/(Uses)	(1,318,885.00)	(1,318,885.00)	161,434.26	0.00	1,480,319.26
Fund Balance, beginning of year	<u>1,318,885.00</u>	<u>1,318,885.00</u>	<u>1,318,885.00</u>	<u>-</u>	<u>-</u>
Fund Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,480,319.26</u>	<u>\$ 0.00</u>	<u>\$ 1,480,319.26</u>

CITY OF VINITA, STATE OF OKLAHOMA  
NOTES TO THE VOLUNTARY SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2019

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Budgetary Accounting

The City prepares its budget for the General Fund on the cash basis of accounting. This differs from the modified cash basis of accounting used in presenting the General Fund in the basic financial statements. All unexpended appropriations lapse at year-end.

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules that are not a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – Non-Major Governmental Funds
- Schedule of Federal and State Financial Assistance



CITY OF VINITA, STATE OF OKLAHOMA  
 COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS – MODIFIED CASH BASIS  
 PAGE 1 OF 4  
 YEAR ENDED JUNE 30, 2019

	<b>1993 Sales Tax Interest Fund</b>	<b>AB Southern Library Fund</b>	<b>Airport Grant Fund</b>	<b>Bachman Bequest</b>	<b>Boling Bequest</b>	<b>Cemetery Care Fund</b>	<b>Economic Development Fund</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 20,703.13	\$ 7,406.22	\$ 17,416.67	\$ 9,272.52	\$ 5,793.03	\$ 19,287.72	\$ 133,937.27
Investments	-	-	-	-	-	-	-
Total Assets	<u>\$ 20,703.13</u>	<u>\$ 7,406.22</u>	<u>\$ 17,416.67</u>	<u>\$ 9,272.52</u>	<u>\$ 5,793.03</u>	<u>\$ 19,287.72</u>	<u>\$ 133,937.27</u>
<b>Fund Balances</b>							
Reserved	\$ 20,703.13	\$ 7,406.22	\$ 17,416.67	\$ 9,272.52	\$ 5,793.03	\$ 19,287.72	\$ 133,937.27
Unreserved	-	-	-	-	-	-	-
Total Fund Balances	<u>\$ 20,703.13</u>	<u>\$ 7,406.22</u>	<u>\$ 17,416.67</u>	<u>\$ 9,272.52</u>	<u>\$ 5,793.03</u>	<u>\$ 19,287.72</u>	<u>\$ 133,937.27</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
 COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS – MODIFIED CASH BASIS  
 PAGE 2 OF 4  
 YEAR ENDED JUNE 30, 2019

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	<u>Fire Equipment Fund</u>	<u>Flag Fund</u>	<u>Hotel and Motel Tax Fund</u>	<u>Library Cresap Family Fund</u>	<u>Library Grant Fund</u>	<u>Library Karr Bequest</u>	<u>Logan Family Library Fund</u>
Assets							
Cash and cash equivalents	\$ 69,016.77	\$ 150.00	\$ 62,142.67	\$ -	\$ 2,761.45	\$ 4,527.28	\$ 250.00
Investments	-	-	-	-	-	-	25,000.00
Total Assets	<u>\$ 69,016.77</u>	<u>\$ 150.00</u>	<u>\$ 62,142.67</u>	<u>\$ -</u>	<u>\$ 2,761.45</u>	<u>\$ 4,527.28</u>	<u>\$ 25,250.00</u>
Fund Balances							
Reserved	\$ 69,016.77	\$ 150.00	\$ 62,142.67	\$ -	\$ 2,761.45	\$ 4,527.28	\$ 25,250.00
Unreserved	-	-	-	-	-	-	-
Total Fund Balances	<u>\$ 69,016.77</u>	<u>\$ 150.00</u>	<u>\$ 62,142.67</u>	<u>\$ -</u>	<u>\$ 2,761.45</u>	<u>\$ 4,527.28</u>	<u>\$ 25,250.00</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
 COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS – MODIFIED CASH BASIS  
 PAGE 3 OF 4  
 YEAR ENDED JUNE 30, 2019

	<b>Municipal Court Fund</b>	<b>Police Drug Fund</b>	<b>Police Equipment Fund</b>	<b>Police Training Fund</b>	<b>Property Sales Fund</b>	<b>Revolving Fund</b>	<b>Safer Grant Management</b>
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ 26,517.18	\$ 12,368.22	\$ 559.50	\$ 7,020.83	\$ 21,225.03	\$ -
Investments	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 26,517.18</u>	<u>\$ 12,368.22</u>	<u>\$ 559.50</u>	<u>\$ 7,020.83</u>	<u>\$ 21,225.03</u>	<u>\$ -</u>
<b>Fund Balances</b>							
Reserved	\$ -	\$ 26,517.18	\$ 12,368.22	\$ 559.50	\$ 7,020.83	\$ 21,225.03	\$ (0.00)
Unreserved	-	-	-	-	-	-	-
Total Fund Balances	<u>\$ -</u>	<u>\$ 26,517.18</u>	<u>\$ 12,368.22</u>	<u>\$ 559.50</u>	<u>\$ 7,020.83</u>	<u>\$ 21,225.03</u>	<u>\$ (0.00)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
 COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS – MODIFIED CASH BASIS  
 PAGE 4 OF 4  
 YEAR ENDED JUNE 30, 2019

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	<b>Solid Waste Capital Fund</b>	<b>Storm Reimbursement Fund</b>	<b>Street Department Capital</b>	<b>Vinita Lake Park Fund</b>	<b>Vinita Sports Complex Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 18,059.99	\$ 39,651.83	\$ 110,599.22	\$ 78,134.98	\$ -	\$ 666,801.51
Investments	-	-	-	-	-	25,000.00
<b>Total Assets</b>	<b>\$ 18,059.99</b>	<b>\$ 39,651.83</b>	<b>\$ 110,599.22</b>	<b>\$ 78,134.98</b>	<b>\$ -</b>	<b>\$ 691,801.51</b>
<b>Fund Balances</b>						
Reserved	\$ 18,059.99	\$ 39,651.83	\$ 110,599.22	\$ 78,134.98	\$ -	\$ 691,801.51
Unreserved	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>\$ 18,059.99</b>	<b>\$ 39,651.83</b>	<b>\$ 110,599.22</b>	<b>\$ 78,134.98</b>	<b>\$ -</b>	<b>\$ 691,801.51</b>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS –  
MODIFIED CASH BASIS  
PAGE 1 OF 4  
YEAR ENDED JUNE 30, 2019

	1993 Sales Tax Interest Fund	AB Southern Library Fund	Airport Grant Fund	Bachman Bequest	Boling Bequest	Cemetery Care Fund	Economic Development Fund
<b>Revenues:</b>							
<b>Taxes:</b>							
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other:</b>							
Donations	-	-	-	-	-	15,877.75	60,191.79
Grants	-	-	353,783.00	-	-	-	-
Interest income	2,423.71	-	-	-	-	-	-
Garbage	-	-	-	-	-	-	-
Police fines	-	-	-	-	-	-	-
Outside fire revenues	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-
Total Revenues	<u>2,423.71</u>	<u>-</u>	<u>353,783.00</u>	<u>-</u>	<u>-</u>	<u>15,877.75</u>	<u>60,191.79</u>
<b>Expenditures:</b>							
General Government:							
Maintenance and operations	-	-	-	-	-	-	10,957.29
Capital outlays	-	-	336,367.00	-	-	-	-
Public Safety and Judiciary:							
Fire	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-
Culture, Parks and Recreation:							
Cemetery	-	-	-	-	-	14,429.50	-
Library	-	1,500.00	-	-	-	-	-
Vinita sports complex	-	-	-	-	-	-	-
Other expenses	14,387.56	-	-	16,279.00	-	-	-
Hotel and motel tax	-	-	-	-	-	-	-
Sanitation and solid waste	-	-	-	-	-	-	-
Total Expenditures	<u>14,387.56</u>	<u>1,500.00</u>	<u>336,367.00</u>	<u>16,279.00</u>	<u>-</u>	<u>14,429.50</u>	<u>10,957.29</u>
Excess (deficiency) of revenues over expenditures	(11,963.85)	(1,500.00)	17,416.00	(16,279.00)	-	1,448.25	49,234.50
<b>Other Financing Sources (Uses):</b>							
Transfers in (out)	-	-	-	-	-	-	-
Net Change in Fund Balances	(11,963.85)	(1,500.00)	17,416.00	(16,279.00)	-	1,448.25	49,234.50
Fund Balances - Beginning	32,666.98	8,906.22	0.67	25,551.52	5,793.03	17,839.47	84,702.77
Fund Balances - Ending	<u>\$ 20,703.13</u>	<u>\$ 7,406.22</u>	<u>\$ 17,416.67</u>	<u>\$ 9,272.52</u>	<u>\$ 5,793.03</u>	<u>\$ 19,287.72</u>	<u>\$ 133,937.27</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS –  
MODIFIED CASH BASIS  
PAGE 2 OF 4  
YEAR ENDED JUNE 30, 2019

	Fire Equipment Fund	Flag Fund	Hotel and Motel Tax Fund	Library Cresap Family Fund	Library Grant Fund	Library Karr Bequest	Logan Family Library Fund
<b>Revenues:</b>							
<b>Taxes:</b>							
Hotel/Motel tax	\$ -	\$ -	\$ 61,322.62	\$ -	\$ -	\$ -	\$ -
<b>Other:</b>							
Donations	-	100.00	-	-	-	-	250.00
Grants	-	-	-	-	11,768.00	-	-
Interest income	-	-	-	-	-	-	-
Garbage	-	-	-	-	-	-	-
Police fines	-	-	-	-	-	-	-
Outside fire revenues	76,597.28	-	-	-	-	-	-
Reimbursements	67,000.00	-	-	-	-	-	-
Total Revenues	<u>143,597.28</u>	<u>100.00</u>	<u>61,322.62</u>	<u>-</u>	<u>11,768.00</u>	<u>-</u>	<u>250.00</u>
<b>Expenditures:</b>							
General Government:							
Maintenance and operations	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Public Safety and Judiciary:							
Fire	85,668.71	-	-	-	-	-	-
Police	-	-	-	-	-	-	-
Culture, Parks and Recreation:							
Cemetery	-	-	-	-	-	-	-
Library	-	-	-	-	11,506.55	-	-
Vinita sports complex	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Hotel and motel tax	-	-	73,885.22	-	-	-	-
Sanitation and solid waste	-	-	-	-	-	-	-
Total Expenditures	<u>85,668.71</u>	<u>-</u>	<u>73,885.22</u>	<u>-</u>	<u>11,506.55</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	57,928.57	100.00	(12,562.60)	-	261.45	-	250.00
<b>Other Financing Sources (Uses):</b>							
Transfers in (out)	-	-	-	-	-	-	-
Net Change in Fund Balances	<u>57,928.57</u>	<u>100.00</u>	<u>(12,562.60)</u>	<u>-</u>	<u>261.45</u>	<u>-</u>	<u>250.00</u>
Fund Balances - Beginning	<u>11,088.20</u>	<u>50.00</u>	<u>74,705.27</u>	<u>-</u>	<u>2,500.00</u>	<u>4,527.28</u>	<u>25,000.00</u>
Fund Balances - Ending	<u>\$ 69,016.77</u>	<u>\$ 150.00</u>	<u>\$ 62,142.67</u>	<u>\$ -</u>	<u>\$ 2,761.45</u>	<u>\$ 4,527.28</u>	<u>\$ 25,250.00</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS –  
 MODIFIED CASH BASIS  
 PAGE 3 OF 4  
 YEAR ENDED JUNE 30, 2019

	<b>Municipal Court Fund</b>	<b>Police Drug Fund</b>	<b>Police Equipment Fund</b>	<b>Police Training Fund</b>	<b>Property Sales Fund</b>	<b>Revolving Fund</b>	<b>Safer Grant Management</b>
<b>Revenues:</b>							
<b>Taxes:</b>							
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other:</b>							
Donations	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	67,527.00
Interest income	-	-	-	-	-	-	-
Garbage	-	-	-	-	-	-	-
Police fines	-	235.00	6,747.45	12,179.34	-	-	-
Outside fire revenues	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	45,004.96	-
Total Revenues	-	235.00	6,747.45	12,179.34	-	45,004.96	67,527.00
<b>Expenditures:</b>							
General Government:							
Maintenance and operations	-	-	-	-	-	30,837.57	-
Capital outlays	-	-	-	-	-	-	-
Public Safety and Judiciary:							
Fire	-	-	-	-	-	-	67,894.52
Police	-	13,848.34	12,572.97	14,655.32	-	-	-
Culture, Parks and Recreation:							
Cemetery	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Vinita sports complex	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Hotel and motel tax	-	-	-	-	-	-	-
Sanitation and solid waste	-	-	-	-	-	-	-
Total Expenditures	-	13,848.34	12,572.97	14,655.32	-	30,837.57	67,894.52
Excess (deficiency) of revenues over expenditures	-	(13,613.34)	(5,825.52)	(2,475.98)	-	14,167.39	(367.52)
<b>Other Financing Sources (Uses):</b>							
Transfers in (out)	-	-	-	-	-	-	-
Net Change in Fund Balances	-	(13,613.34)	(5,825.52)	(2,475.98)	-	14,167.39	(367.52)
Fund Balances - Beginning	-	40,130.52	18,193.74	3,035.48	7,020.83	7,057.64	367.52
Fund Balances - Ending	\$ -	\$ 26,517.18	\$ 12,368.22	\$ 559.50	\$ 7,020.83	\$ 21,225.03	\$ (0.00)

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, STATE OF OKLAHOMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS –  
MODIFIED CASH BASIS

PAGE 4 OF 4

YEAR ENDED JUNE 30, 2019

	Solid Waste Capital Fund	Storm Reimbursement Fund	Street Department Capital	Vinita Lake Park Fund	Vinita Sports Complex Fund	Total Governmental Funds
<b>Revenues:</b>						
<b>Taxes:</b>						
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,322.62
<b>Other:</b>						
Donations	-	-	-	21,642.00	-	98,061.54
Grants	-	-	25,000.00	-	-	458,078.00
Interest income	-	-	-	-	-	2,423.71
Garbage	46,585.09	-	-	-	-	46,585.09
Police fines	-	-	-	-	-	19,161.79
Outside fire revenues	-	-	-	-	-	76,597.28
Reimbursements	-	-	-	-	-	112,004.96
Total Revenues	<u>46,585.09</u>	<u>-</u>	<u>25,000.00</u>	<u>21,642.00</u>	<u>-</u>	<u>874,234.99</u>
<b>Expenditures:</b>						
General Government:						
Maintenance and operations	-	-	-	-	-	41,794.86
Capital outlays	-	-	74,950.46	5,935.39	-	417,252.85
Public Safety and Judiciary:						
Fire	-	-	-	-	-	153,563.23
Police	-	-	-	-	-	41,076.63
Culture, Parks and Recreation:						
Cemetery	-	-	-	-	-	14,429.50
Library	-	-	-	-	-	13,006.55
Vinita sports complex	-	-	-	-	-	-
Other expenses	-	17,839.71	-	-	-	48,506.27
Hotel and motel tax	-	-	-	-	-	73,885.22
Sanitation and solid waste	87,934.31	-	-	-	-	87,934.31
Total Expenditures	<u>87,934.31</u>	<u>17,839.71</u>	<u>74,950.46</u>	<u>5,935.39</u>	<u>-</u>	<u>891,449.42</u>
Excess (deficiency) of revenues over expenditures	(41,349.22)	(17,839.71)	(49,950.46)	15,706.61	-	(17,214.43)
<b>Other Financing Sources (Uses):</b>						
Transfers in (out)	-	-	150,000.00	-	-	150,000.00
Net Change in Fund Balances	(41,349.22)	(17,839.71)	100,049.54	15,706.61	-	132,785.57
Fund Balances - Beginning	59,409.21	57,491.54	10,549.68	62,428.37	-	559,015.94
Fund Balances - Ending	<u>\$ 18,059.99</u>	<u>\$ 39,651.83</u>	<u>\$ 110,599.22</u>	<u>\$ 78,134.98</u>	<u>\$ -</u>	<u>\$ 691,801.51</u>

The accompanying notes are an integral part of these financial statements.



CITY OF VINITA, STATE OF OKLAHOMA  
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
 YEAR ENDED JUNE 30, 2019

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<u>Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>
<b>Federal Awards:</b>				
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<u>Federal Emergency Management Agency</u>				
FY 2013 Staffing for Adequate Fire and Emergency Response	97.083	\$ 848,792.00	\$ 67,527.00	\$ 67,894.52
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<u>Federal Aviation Administration</u>				
AIP Grant - Vinita Municipal Airport	20.106	342,586.00	<u>336,367.00</u>	<u>336,367.00</u>
Total FEDERAL FINANCIAL ASSISTANCE			<u>\$ 403,894.00</u>	<u>\$ 404,261.52</u>
<b>State of Oklahoma Programs:</b>				
Passed through the Oklahoma Department of Libraries				
State Aid Grants		8,668.00	<u>\$ 8,668.00</u>	<u>\$ 8,668.00</u>
Total STATE FINANCIAL ASSISTANCE			<u>\$ 8,668.00</u>	<u>\$ 8,668.00</u>

The accompanying notes are an integral part of these financial statements.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



**Certified Public Accountants, PLLC**  
22 S. ADAIR STREET, PRYOR, OKLAHOMA 74361  
124 SOUTH MAIN, MIAMI, OK 74354  
918-542-4401 OFFICE

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

To the Mayor and City Council  
City of Vinita, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits, contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Vinita, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Vinita, Oklahoma's basic financial statements, and have issued our report thereon, dated June 5, 2020.

**Internal Control over Financial Reporting**

In planning, and performing, our audit of the financial statements, we considered City of Vinita, Oklahoma's internal control over financial reporting (internal control) to determine the 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 City of Vinita, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Vinita, Oklahoma's internal control.

A *deficiency* in internal control exists when the design, or operation, of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**Compliance and Other Matters**

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

To the Mayor and City Council  
City of Vinita, Oklahoma  
Page 2

**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.

A handwritten signature in cursive script that reads "Ober & Littlefield, PLLC".

OBER & LITTLEFIELD  
CERTIFIED PUBLIC ACCOUNTANTS, PLLC  
June 5, 2020