

# Town of Roland, Oklahoma

## Annual Financial Report

Fiscal Year Ended June 30, 2024



**TOWN OF ROLAND, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2024**

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**“WHERE OKLAHOMA BEGINS”**

**Board of Trustees**

Blake Terrill	Ward 1
Shea Steely	Ward 2
Blake Rainwater	Ward 3
Jon Faulker	Ward 4
Bill Lee	Ward 5

**Management**

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

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



**HINKLE &  
COMPANY**

Strategic PC  
Business Advisors

## **Independent Auditor's Report**

Honorable Mayor and Town Trustees  
Town of Roland  
Roland, Oklahoma

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Roland, Oklahoma (the Town), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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



***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other benefit plan analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Roland's internal control over financial reporting and compliance.

*Hick & Company, PC*

Tulsa, Oklahoma  
March 28, 2025



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## **Management Discussion and Analysis**

The management of the Town of Roland is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the Town's financial condition and activities as of and for the year ended June 30, 2024. Management of the Town is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts.

### **FINANCIAL HIGHLIGHTS**

- The Town's total net position increased by \$695,833 and the assets of the Town exceeded its liabilities at June 30, 2024, by \$7,605,012 (net position). Of this amount, the unrestricted net position is negative \$670,330 because of funds being restricted for specific future uses.
- At June 30, 2024, the unassigned fund balance for the General Fund was negative \$266,883.

### **ABOUT THE TOWN**

The Town of Roland is a municipality with a population of approximately 3,977 located in Sequoyah County in Southeast Oklahoma. The Town is governed by a five-member Board of Trustees chaired by the Mayor and operates under Oklahoma state laws and Town ordinances.

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

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

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

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

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

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**Reporting the Town as a Whole**

***Government-wide Financial Statements***

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

***The Statement of Net Position and Statement of Activities***

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

The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

***Fund Financial Statements***

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

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

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

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

**Notes to the Financial Statements**

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

**THE TOWN AS A WHOLE**

For the year ended June 30, 2024, net position for the governmental and business-type activities increased \$695,833.

	<b>Net position at June 30,</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Beginning net position	\$ 3,121,234	\$ 3,197,237	\$ 3,787,945	\$ 3,679,157	\$ 6,909,179	\$ 6,876,394
Increase (decrease)	260,439	(76,003)	435,394	108,788	695,833	32,785
Ending net position	<u>\$ 3,381,673</u>	<u>\$ 3,121,234</u>	<u>\$ 4,223,339</u>	<u>\$ 3,787,945</u>	<u>\$ 7,605,012</u>	<u>\$ 6,909,179</u>

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

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Assets:</b>						
Current and other assets	\$ 829,712	\$ 1,209,337	\$ 1,555,061	\$ 1,697,376	\$ 2,384,773	\$ 2,906,713
Capital assets, net	3,420,653	2,988,963	11,882,520	11,684,523	15,303,173	14,673,486
Total assets	<u>4,250,365</u>	<u>4,198,300</u>	<u>13,437,581</u>	<u>13,381,899</u>	<u>17,687,946</u>	<u>17,580,199</u>
Deferred outflows	292,904	363,120	343,651	114,393	636,555	477,513
<b>Liabilities:</b>						
Short-term liabilities	431,968	718,090	1,801,159	1,151,064	2,233,127	1,869,154
Long-term liabilities	538,818	586,378	7,543,802	8,724,961	8,082,620	9,311,339
Total liabilities	<u>970,786</u>	<u>1,304,468</u>	<u>9,344,961</u>	<u>9,876,025</u>	<u>10,315,747</u>	<u>11,180,493</u>
Deferred inflows	190,810	135,718	212,932	143,662	403,742	279,380
<b>Net position:</b>						
Invested in capital assets, net	2,881,835	2,402,585	3,861,029	3,397,625	6,742,864	5,800,210
Restricted	766,721	342,408	765,757	748,520	1,532,478	1,090,928
Unrestricted	(266,883)	376,241	(403,447)	(358,200)	(670,330)	18,041
Total net position	<u>\$ 3,381,673</u>	<u>\$ 3,121,234</u>	<u>\$ 4,223,339</u>	<u>\$ 3,787,945</u>	<u>\$ 7,605,012</u>	<u>\$ 6,909,179</u>

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	<b>Changes in Net Position</b>			
	<b>Year Ended June 30,</b>			
	<b>Governmental</b>		<b>Business-type</b>	
	<b>Activities</b>		<b>Activities</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Revenues:				
Program revenues:				
Charges for services	\$ 1,955,134	\$ 1,036,780	\$ 2,878,302	\$ 2,664,956
Grants	162,443	441,814	-	86,100
General revenues:				
Sales and use tax	1,463,114	1,490,856	692,274	743,638
Other taxes	130,709	119,925	-	-
Other general revenues	262,837	179,361	30,812	19,683
Total revenues	<u>3,974,237</u>	<u>3,268,736</u>	<u>3,601,388</u>	<u>3,514,377</u>
Program expenses:				
General government	720,608	874,902	-	-
Code enforcement	102,422	134,460	-	-
Parks and recreation	62,496	83,585	-	-
Public safety	1,989,922	1,687,628	-	-
Streets and alleys	281,950	204,242	-	-
Cemetery	15,422	15,534	-	-
Utilities	-	-	3,706,972	3,749,977
Total expenses	<u>3,172,820</u>	<u>3,000,351</u>	<u>3,706,972</u>	<u>3,749,977</u>
Transfer to (from)	<u>(540,978)</u>	<u>(344,388)</u>	<u>540,978</u>	<u>344,388</u>
Increase/(decrease) net position	<u>260,439</u>	<u>(76,003)</u>	<u>435,394</u>	<u>108,788</u>
Beginning net position	<u>3,121,234</u>	<u>3,197,237</u>	<u>3,787,945</u>	<u>3,679,157</u>
Ending net position	<u>\$ 3,381,673</u>	<u>\$ 3,121,234</u>	<u>\$ 4,223,339</u>	<u>\$ 3,787,945</u>

**Governmental Activities**

The increase in net position related to governmental activities of \$260,439 is attributable to the receipt of \$790,000 of asset forfeiture funds from the State of Oklahoma, most of which is designated for future public safety capital expenditures and reduced by capital outlay expenditures for public safety and streets.

**Business-type Activities**

The increase in net position of \$435,394 for business-type activities is due primarily to an increase for charges for utility services and the transfer of funds from the general fund for the purpose of capital improvements.

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

As the Town completed its 2024 fiscal year, Governmental Funds reported total fund balances of \$567,101. For the year ended June 30, 2024, the Governmental Funds' total fund balances decreased by \$236,198 in part due to higher expenditures for capital outlay.

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**Budgetary Highlights**

The Town's general fund resources (inflows) were \$1,404,196, or 54.7% higher than budgeted reflecting higher sales and use tax, fines/forfeitures and grant revenue. General fund charges to appropriations were \$1,531,934, or 57.2% higher than budgeted due to capital outlay and to transfers to business-type activities.

**CAPITAL ASSETS & DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2024, the Town had approximately \$15.3 million in capital assets (net of accumulated depreciation). Below are details regarding the Town's capital assets for the year ended June 30, 2024:

<b>Capital Assets</b>						
<b>June 30,</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Land	\$ 40,000	\$ 40,000	\$ 151,061	\$ -	\$ 191,061	\$ 40,000
Construction in progress	696,261	696,261	86,100	86,100	782,361	782,361
Buildings and improvements	2,429,055	2,375,452	2,859,637	2,859,637	5,288,692	5,235,089
Equipment and vehicles	5,498,943	4,964,258	1,533,174	1,124,732	7,032,117	6,088,990
Utility systems	-	-	19,536,220	19,413,795	19,536,220	19,413,795
Infrastructure	4,626,513	4,400,249	-	-	4,626,513	4,400,249
Totals	<u>13,290,772</u>	<u>12,476,220</u>	<u>24,166,192</u>	<u>23,484,264</u>	<u>37,456,964</u>	<u>35,960,484</u>
Less accumulated depreciation	<u>(9,870,119)</u>	<u>(9,487,257)</u>	<u>(12,283,672)</u>	<u>(11,799,741)</u>	<u>(22,153,791)</u>	<u>(21,286,998)</u>
Totals, net	<u>\$ 3,420,653</u>	<u>\$ 2,988,963</u>	<u>\$ 11,882,520</u>	<u>\$ 11,684,523</u>	<u>\$ 15,303,173</u>	<u>\$ 14,673,486</u>

This year's capital asset additions include the following:

- Remodel of the Waylon Jones Center
- Fire department safety equipment
- Purchase of 2 vehicles for the police department, including upgrades, 2 vehicles for the street department and a vehicle for code enforcement
- Road resurfacing
- Purchase of sewer jetter trailer
- Purchase of new sanitation truck

**Debt Administration**

The following is a summary of debt activity:

	Balance			Balance	Amount Due
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>	<u>Within One Year</u>
Governmental:					
Leases payable	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable	586,378	-	47,560	538,818	538,818
Total governmental	<u>\$ 586,378</u>	<u>\$ -</u>	<u>\$ 47,560</u>	<u>\$ 538,818</u>	<u>\$ 538,818</u>
Business-type:					
Lease payable	\$ -	\$ 336,600	\$ 7,638	\$ 328,962	\$ 38,622
Notes payable	8,362,039	125,375	779,249	7,708,165	803,644
Total business-type	<u>\$ 8,362,039</u>	<u>\$ 461,975</u>	<u>\$ 786,887</u>	<u>\$ 8,037,127</u>	<u>\$ 842,266</u>

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**Contacting the Town's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's office at P.O. Box 49, Roland, Oklahoma, 74954 or telephone at 918-427-6829.

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

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**Statement of Net Position – June 30, 2024**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 354,794	\$ 57,499	\$ 412,293
Prepaid insurance	23,233	23,232	46,465
Restricted - cash and cash equivalents	-	814,011	814,011
Receivables	451,685	660,319	1,112,004
Capital assets, net	3,420,653	11,882,520	15,303,173
Total assets	4,250,365	13,437,581	17,687,946
<b>Deferred Outflows of Resources</b>			
Deferred amounts related to pensions	292,904	343,651	636,555
<b>Liabilities:</b>			
Accounts payable	65,237	102,289	167,526
Payroll payable	193,536	372,738	566,274
Bonds payable	3,840	-	3,840
Accrued interest payable	-	69,966	69,966
Unearned revenue	-	413,900	413,900
Meter deposits	-	141,017	141,017
Notes payable:			
Due within one year	538,818	842,266	1,381,084
Due in more than one year	-	7,194,861	7,194,861
Net pension liability	169,355	207,924	377,279
Total liabilities	970,786	9,344,961	10,315,747
<b>Deferred Inflows of Resources</b>			
Deferred amounts related to pensions	190,810	212,932	403,742
<b>Net Position:</b>			
Net investment in capital assets	2,881,835	3,861,029	6,742,864
Restricted for:			
Streets and alleys	96,264	-	96,264
Public safety	670,457	-	670,457
Capital outlay and improvements	-	105,006	105,006
Debt service	-	660,751	660,751
Unrestricted	(266,883)	(403,447)	(670,330)
Total net position	\$ 3,381,673	\$ 4,223,339	\$ 7,605,012

See accompanying notes to the basic financial statements.

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**Statement of Activities – Year Ended June 30, 2024**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>			<b><u>Net (Expense) Revenue and Change in Net Position</u></b>		
		<b><u>Charges for</u></b>	<b><u>Capital</u></b>	<b><u>Operating</u></b>	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	<b><u>Total</u></b>
		<b><u>Services</u></b>	<b><u>Grants</u></b>	<b><u>Grants</u></b>	<b><u>Activities</u></b>	<b><u>Activities</u></b>	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 720,608	\$ -	\$ 40,000	\$ 1,629	\$ (678,979)	\$ -	\$ (678,979)
Code enforcement	102,422	53,251	-	-	(49,171)	-	(49,171)
Parks and recreation	62,496	2,680	-	-	(59,816)	-	(59,816)
Public safety	1,989,922	1,889,903	100,000	20,814	20,795	-	20,795
Streets and alleys	281,950	-	-	-	(281,950)	-	(281,950)
Cemetery	15,422	9,300	-	-	(6,122)	-	(6,122)
Total governmental activities	3,172,820	1,955,134	140,000	22,443	(1,055,243)	-	(1,055,243)
Business-type activities							
Utility services	3,706,972	2,878,302	-	-	-	(828,670)	(828,670)
<b>Total primary government</b>	<b>\$6,879,792</b>	<b>\$4,833,436</b>	<b>\$ 140,000</b>	<b>\$ 22,443</b>	<b>(1,055,243)</b>	<b>(828,670)</b>	<b>(1,883,913)</b>
General revenues:							
Taxes:							
Sales and use tax					1,463,114	692,274	2,155,388
Franchise and public service taxes					130,709	-	130,709
Intergovernmental revenue					79,252	-	79,252
Investment income					65	30,812	30,877
Miscellaneous					183,520	-	183,520
Transfer					(540,978)	540,978	-
Total general revenues					1,315,682	1,264,064	2,579,746
Change in net position					260,439	435,394	695,833
Net position - beginning					3,121,234	3,787,945	6,909,179
Net position - ending					\$ 3,381,673	\$ 4,223,339	\$ 7,605,012

See accompanying notes to the basic financial statements.

**TOWN OF ROLAND, OKLAHOMA**  
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**Basic Financial Statements – Governmental Funds**

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**Governmental Funds Balance Sheet – June 30, 2024**

	Special Revenue					
	General Fund	Police Fund	State Forfeiture Fund	Street Fund	Fire Sales Tax	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ (388,178)	\$ -	\$ 692,807	\$ 50,165	\$ -	\$ 354,794
Prepaid Expense	23,233	-	-	-	-	23,233
Receivables	385,763	-	-	46,099	19,825	451,687
Total Assets	<u>\$ 20,818</u>	<u>\$ -</u>	<u>\$ 692,807</u>	<u>\$ 96,264</u>	<u>\$ 19,825</u>	<u>\$ 829,714</u>
<b>Liabilities and fund balances:</b>						
<b>Liabilities</b>						
Accounts payable	\$ 29,137	\$ 27,405	\$ -	\$ -	\$ 8,695	\$ 65,237
Bonds Payable	3,840	-	-	-	-	3,840
Payroll payable	3,533	6,075	-	-	-	9,608
Accrued payroll liabilities	183,928	-	-	-	-	183,928
Total liabilities	<u>220,438</u>	<u>33,480</u>	<u>-</u>	<u>-</u>	<u>8,695</u>	<u>262,613</u>
<b>Fund Balances</b>						
Restricted - sales tax levy	-	-	-	96,264	11,130	107,394
Restricted - police equipment	-	-	692,807	-	-	692,807
Unrestricted						
Committed - police equipment	-	-	-	-	-	-
Unassigned	(199,620)	(33,480)	-	-	-	(233,100)
Total fund balances	<u>(199,620)</u>	<u>(33,480)</u>	<u>692,807</u>	<u>96,264</u>	<u>11,130</u>	<u>567,101</u>
<b>Total liabilities and fund balances</b>	<u>\$ 20,818</u>	<u>\$ -</u>	<u>\$ 692,807</u>	<u>\$ 96,264</u>	<u>\$ 19,825</u>	<u>\$ 829,714</u>

See accompanying notes to the basic financial statements.

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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Year Ended June 30, 2024**

	Special Revenue					Total Governmental Funds
	General Fund	Police Fund	State Forfeiture Fund	Street Fund	Fire Sales Tax	
<b>Revenues:</b>						
Taxes	\$ 1,247,686	\$ -	\$ -	\$ 230,758	\$ 115,379	\$ 1,593,823
Intergovernmental	54,569	-	-	22,842	-	77,411
Fire runs and contracts	-	-	-	-	63,602	63,602
Contract services	178,680	-	-	-	-	178,680
Licenses and permits	53,251	-	-	-	-	53,251
Cemetery sales	9,300	-	-	-	-	9,300
Fines and forfeitures	-	858,057	789,564	-	-	1,647,621
Grants	41,629	59,204	-	-	61,610	162,443
Rental income	2,680	-	-	-	-	2,680
Investment income	65	-	-	-	-	65
Miscellaneous	183,520	-	-	-	-	183,520
Total Revenues	<u>1,771,380</u>	<u>917,261</u>	<u>789,564</u>	<u>253,600</u>	<u>240,591</u>	<u>3,972,396</u>
<b>Expenditures:</b>						
General government	685,856	-	-	-	-	685,856
Code enforcement	103,431	-	-	-	-	103,431
Parks and recreation	35,348	-	-	-	-	35,348
Public safety	83,740	1,384,908	12,691	-	236,789	1,718,128
Streets and alleys	20	-	-	201,529	-	201,549
Cemetery	14,529	-	-	-	-	14,529
Capital outlay	119,419	36,982	164,637	315,792	177,721	814,551
Total expenditures	<u>1,042,343</u>	<u>1,421,890</u>	<u>177,328</u>	<u>517,321</u>	<u>414,510</u>	<u>3,573,392</u>
Excess (deficit) of revenues over expenditures	729,037	(504,629)	612,236	(263,721)	(173,919)	399,004
<b>Other financing sources (uses):</b>						
Transfer (to) from other fund	(1,389,548)	516,932	-	68,612	263,026	(540,978)
Principal and interest paid on debt	-	-	-	-	(94,224)	(94,224)
Total other financing sources (uses)	<u>(1,389,548)</u>	<u>516,932</u>	<u>-</u>	<u>68,612</u>	<u>168,802</u>	<u>(635,202)</u>
<b>Net change in fund balance</b>	(660,511)	12,303	612,236	(195,109)	(5,117)	(236,198)
<b>Fund balance - beginning</b>	460,891	(45,783)	80,571	291,373	16,247	803,299
<b>Fund balance - ending</b>	<u>\$ (199,620)</u>	<u>\$ (33,480)</u>	<u>\$ 692,807</u>	<u>\$ 96,264</u>	<u>\$ 11,130</u>	<u>\$ 567,101</u>

See accompanying notes to the basic financial statements.

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

**Fund Balance – Net Position Reconciliation:**

Fund balances of governmental funds	\$ 567,101
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities of \$13,290,772 net of accumulated depreciation of \$9,870,119 are not financial resources and, therefore, are not reported in the funds.	3,420,653
Deferred outflows of resources are not available to pay for current fund liabilities and, therefore, are not reported in the funds:	
Pension related deferred outflows	292,902
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Notes payable	(538,818)
Net pension liability	(169,355)
Pension related deferred inflows	(190,810)
Net position of governmental activities	<u><u>\$ 3,381,673</u></u>

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

Net changes in fund balances - total governmental funds	\$ (236,198)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	814,551
Depreciation expense	<u>(382,862)</u>
	<u>431,689</u>
In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures.	
This amount represents the difference between pension contributions and calculated pension expense	17,388
Governmental funds report debt payments as an other financing use while governmental activities record a reduction in the liability	
Principal portion of note and lease payments	47,560
Change in net position of governmental activities	<u><u>\$ 260,439</u></u>

See accompanying notes to the basic financial statements.

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**Basic Financial Statements – Proprietary Funds**

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**Proprietary Funds Statement of Net Position – June 30, 2024**

	Roland Utility Authority				
	Enterprise	Capital Projects			
		Lake Project		Roland	Total
	RUA Operating	Fund	Total RUA	Development Authority	Proprietary Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 29,011	\$ -	\$ 29,011	\$ 28,488	\$ 57,499
Prepaid expense	23,232	-	23,232	-	23,232
Restricted cash	662,033	25,707	687,740	126,271	814,011
Receivables, net	517,262	-	517,262	24,108	541,370
Taxes Receivable	39,650	79,299	118,949	-	118,949
Total current assets	1,271,188	105,006	1,376,194	178,867	1,555,061
Noncurrent assets:					
Capital assets, net of accumulated depreciation	9,211,730	-	9,211,730	2,670,790	11,882,520
Total assets	10,482,918	105,006	10,587,924	2,849,657	13,437,581
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	343,651	-	343,651	-	343,651
LIABILITIES					
Current liabilities:					
Accounts payable	93,956	-	93,956	8,333	102,289
Payroll payable	11,521	-	11,521	-	11,521
Accrued payroll liabilities	361,217	-	361,217	-	361,217
Unearned revenue	413,900	-	413,900	-	413,900
Accrued interest payable	46,831	-	46,831	23,135	69,966
Long term debt, current portion	584,052	-	584,052	258,214	842,266
Total current liabilities	1,511,477	-	1,511,477	289,682	1,801,159
Noncurrent Liabilities:					
Meter deposits payable	141,017	-	141,017	-	141,017
Net pension liability	207,924	-	207,924	-	207,924
Long term debt	5,199,700	-	5,199,700	1,995,161	7,194,861
Total noncurrent liabilities	5,548,641	-	5,548,641	1,995,161	7,543,802
Total liabilities	7,060,118	-	7,060,118	2,284,843	9,344,961
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	212,932	-	212,932	-	212,932
Net investment in capital assets	3,427,978	-	3,427,978	433,051	3,861,029
Restricted for:					
Debt service	550,116	-	550,116	110,635	660,751
Capital projects	-	105,006	105,006	-	105,006
Unrestricted	(424,575)	-	(424,575)	21,128	(403,447)
Total net position	\$ 3,553,519	\$ 105,006	\$ 3,658,525	\$ 564,814	\$ 4,223,339

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position – Year Ended June 30, 2024**

	Roland Utility Authority				
	Enterprise	Capital Projects			
		Lake Project			
	RUA Operating	Fund	Total RUA	Roland Development Authority	Total Proprietary Funds
Operating revenues:					
Charges for sales and services:					
Water	\$ 1,175,901	\$ -	\$ 1,175,901	\$ -	\$ 1,175,901
Sewer	845,625	-	845,625	-	845,625
Sanitation	618,009	-	618,009	-	618,009
Natural gas	-	-	-	238,592	238,592
Miscellaneous	175	-	175	-	175
Total operating revenues	2,639,710	-	2,639,710	238,592	2,878,302
Operating expenses:					
Costs of sales and services:					
Water	524,002	-	524,002	-	524,002
Sewer	324,177	-	324,177	-	324,177
Sanitation	330,619	-	330,619	-	330,619
Public works	924,355	-	924,355	-	924,355
Utility administration	501,908	-	501,908	-	501,908
Natural gas	-	-	-	373,788	373,788
Depreciation	415,477	-	415,477	68,454	483,931
Total operating expenses	3,020,538	-	3,020,538	442,242	3,462,780
Operating loss	(380,828)	-	(380,828)	(203,650)	(584,478)
Nonoperating revenue (expense):					
Taxes	230,758	461,516	692,274	-	692,274
Grant revenue	-	-	-	-	-
Intrafund transfer	232,581	(232,581)	-	-	-
Transfers to (from) other funds, net	251,218	(232,581)	18,637	522,341	540,978
Interest expense	(167,700)	-	(167,700)	(76,492)	(244,192)
Investment income	24,571	346	24,917	5,895	30,812
Total nonoperating revenue (expense)	571,428	(3,300)	568,128	451,744	1,019,872
Change in net position	190,600	(3,300)	187,300	248,094	435,394
Net position - beginning	3,362,919	108,306	3,471,225	316,720	3,787,945
Net position - ending	\$ 3,553,519	\$ 105,006	\$ 3,658,525	\$ 564,814	\$ 4,223,339

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows – Year Ended June 30, 2024**

	<u>Enterprise</u>	<u>Capital Projects</u>		
	<u>RUA Operating</u>	<u>Lake Project Fund</u>	<u>Roland Utilities Authority</u>	<u>Roland Development Authority</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 2,556,551	\$ -	\$ 2,556,551	\$ 239,412
Payments to suppliers	(1,351,032)	-	(1,351,032)	(365,892)
Payments to employees	(1,320,387)	-	(1,320,387)	-
Receipt of meter deposits, net of repayments	(945)	-	(945)	-
Net cash provided by (used in) operating activities	<u>(115,813)</u>	<u>-</u>	<u>(115,813)</u>	<u>(126,480)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from Town of Roland	<u>251,218</u>	<u>289,760</u>	<u>540,978</u>	<u>-</u>
<b>Cash flows from capital and related financial activities:</b>				
Receipt of sales tax dedicated to capital projects	232,581	465,163	697,744	-
Proceeds from debt issuance	-	-	-	125,375
Principal paid on capital debt	(201,287)	-	(201,287)	(249,000)
Interest paid on capital debt	(171,563)	-	(171,563)	(78,170)
Purchase of capital assets	(397,521)	-	(397,521)	(284,407)
Transfers between RUA and RDA	-	(522,341)	(522,341)	522,341
Intrafund transfers	<u>232,581</u>	<u>(232,581)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(305,209)</u>	<u>(289,759)</u>	<u>(594,968)</u>	<u>36,139</u>
<b>Cash flows from investing activities</b>				
Interest and dividends	<u>24,571</u>	<u>346</u>	<u>24,917</u>	<u>5,895</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(145,233)</u>	<u>347</u>	<u>(144,886)</u>	<u>(84,446)</u>
<b>Cash and equivalents - beginning of year</b>	<u>836,277</u>	<u>25,360</u>	<u>861,637</u>	<u>239,205</u>
<b>Cash and equivalents - end of year</b>	<u>\$ 691,044</u>	<u>\$ 25,707</u>	<u>\$ 716,751</u>	<u>\$ 154,759</u>
<b>Reconciliation to the statement of net assets:</b>				
Cash and cash equivalents	\$ 29,011	\$ -	\$ 29,011	\$ 28,488
Restricted cash	662,033	25,707	687,740	126,271
Total cash and cash equivalents	<u>\$ 691,044</u>	<u>\$ 25,707</u>	<u>\$ 716,751</u>	<u>\$ 154,759</u>
<b>Reconciliation to statement of net position:</b>				
Operating loss	(380,828)	-	(380,828)	(203,650)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Increase (decrease) in meter deposits payable	(945)	-	(945)	-
(Increase) decrease in accounts receivable	(83,159)	-	(83,159)	820
(Increase) decrease in prepaid insurance	(10,148)	-	(10,148)	-
Increase (decrease) in accounts payable	(4,229)	-	(4,229)	7,896
Increase (decrease) in payroll payable	(48,335)	-	(48,335)	-
Increase (decrease) in pension carrying values, net	(3,646)	-	(3,646)	-
Depreciation expense	415,477	-	415,477	68,454
Net cash provided by (used in) operating activities	<u>\$ (115,813)</u>	<u>\$ -</u>	<u>\$ (115,813)</u>	<u>\$ (126,480)</u>

See accompanying notes to the basic financial statements.

**Footnotes to the Basic Financial Statements**

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

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

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

*Primary Government:*

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

*Component Units:*

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

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

#### **BLENDED COMPONENT UNITS**

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

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

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

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

*Government-Wide Financial Statements:*

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

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

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

*Governmental Funds:*

The Town's governmental funds include:

Major Funds:

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

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

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

*Proprietary Funds:*

The Town's proprietary funds include:

Major Enterprise Funds:

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

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

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

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

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

**D. Receivables and Payables**

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

**E. Capital Assets and Depreciation**

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

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$2,500 is used to report capital assets. Prior to July 1, 2009, the Town did not maintain capital asset records. In the year prior to July 1, 2009, the Town underwent a detailed inventory and analysis of the condition of its capital assets and adopted a policy for capitalization of its assets. The remaining useful lives, combined with the estimated useful life for each asset classification were used to determine an estimated effective age. The current replacement value was discounted to the estimated effective date using the Consumer Price Index (CPI). Assets acquired after July 1, 2009 have been recorded at cost.

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

- |                                      |             |
|--------------------------------------|-------------|
| • Buildings and improvements         | 10-40 years |
| • Machinery, furniture and equipment | 5-20 years  |
| • Utility property and improvements  | 40 years    |
| • Infrastructure                     | 40 years    |

**F. Long-Term Debt**

Accounting treatment of long-term debt varies depending upon whether source of repayment is from governmental fund types or proprietary fund type resources and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

**G. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation, personal leave, and sick pay benefits. As of June 30, 2024, the Town did not maintain accrue any compensated absences.

**H. Fund Balances and Net position**

*Fund Balances:*

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

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

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

*Net position:*

Net position is displayed in three components:

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

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

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

**J. Use of Estimates**

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

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**2. Deposits and Investments**

For the year ended June 30, 2024, the Town recognized \$30,877 of investment income. The Town's deposits are in demand deposits and restricted funds are held in US Treasury Money Market funds.

At June 30, 2024, the primary government held the following deposits and investments:

<u>Type</u>	<u>Financial Institution</u>	<u>Governmental Funds</u>	<u>Business-type Funds</u>	<u>Total</u>
Demand deposits	Firststar Bank	\$ 354,794	\$ 195,123	\$ 549,917
US Treasury MMF	BancFirst	-	491,574	491,574
US Treasury MMF	Bank of Oklahoma	-	184,813	184,813
Total		<u>\$ 354,794</u>	<u>\$ 871,510</u>	<u>\$ 1,226,304</u>
<b>Reconciliation to the statement of net assets:</b>				
Cash and cash equivalents		\$ 354,794	\$ 57,499	\$ 412,293
Restricted cash and cash equivalents		-	814,011	814,011
Total		<u>\$ 354,794</u>	<u>\$ 871,510</u>	<u>\$ 1,226,304</u>

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The Town is governed by the State Public Deposit Act which requires that the Town obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by a counterparty or a counterparty's trust, department or agent, but not in the government's name. At June 30, 2024, all of the Town's deposits were either insured or collateralized.

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

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

As of June 30, 2024, the Town did not hold any securities with credit ratings since they are all demand deposits or US Treasury Money Market funds.

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

*Restricted Cash and Investments* – The Town's RUA and RDA maintained restricted cash balances for debt service in the amount of \$660,751, restrictions for capital projects of \$110,635, and \$111,917 for refundable meter deposits at June 30, 2024.

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**3. Capital Assets and Depreciation**

For the year ended June 30, 2024, capital asset balances changed as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
<b>Governmental:</b>				
Capital assets not being depreciated:				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress	696,261	-	-	696,261
Total capital assets not depreciated	736,261	-	-	736,261
Capital assets being depreciated:				
Buildings and improvements	2,375,452	53,603	-	2,429,055
Infrastructure	4,400,249	226,264	-	4,626,513
Equipment and vehicles	4,964,258	534,685	-	5,498,943
Total capital assets being depreciated	11,739,959	814,552	-	12,554,511
Less accumulated depreciation:				
Buildings and improvements	1,842,812	48,210	-	1,891,022
Infrastructure	3,822,490	65,515	-	3,888,005
Equipment and vehicles	3,821,955	269,137	-	4,091,092
Total accumulated depreciation	9,487,257	382,862	-	9,870,119
Governmental, net capital assets	<u>\$ 2,988,963</u>	<u>\$ 431,690</u>	<u>\$ -</u>	<u>\$ 3,420,653</u>
<b>Business-type:</b>				
Capital assets not being depreciated:				
Land	\$ -	\$ 151,061	\$ -	\$ 151,061
Construction in progress	86,100	-	-	86,100
	86,100	151,061	-	237,161
Capital assets being depreciated:				
Buildings and improvements	2,859,637	-	-	2,859,637
Equipment and vehicles	1,124,732	408,442	-	1,533,174
Gas system	2,575,860	122,425	-	2,698,285
Sewer system	8,624,905	-	-	8,624,905
Water system	8,213,030	-	-	8,213,030
Total capital assets being depreciated	23,398,164	530,867	-	23,929,031
Less accumulated depreciation:				
Buildings and improvements	2,096,781	40,290	-	2,137,071
Equipment and vehicles	722,760	90,459	-	813,219
Gas system	127,284	66,831	-	194,115
Sewer system	3,931,089	175,991	-	4,107,080
Water system	4,921,827	110,360	-	5,032,187
Total accumulated depreciation	11,799,741	483,931	-	12,283,672
Business-type, net capital assets	<u>\$ 11,684,523</u>	<u>\$ 197,997</u>	<u>\$ -</u>	<u>\$ 11,882,520</u>

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

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<b>Governmental activities:</b>		<b>Business-type activities:</b>	
General government	\$ 37,026	Gas	\$ 64,311
Public safety	237,394	Sewer	200,493
Streets and alleys	80,401	Water	170,952
Parks and recreation	27,148	Sanitation	48,175
Cemetery	893	Total depreciation	<u>\$ 483,931</u>
Total depreciation	<u>\$ 382,862</u>		

#### 4. Long-Term Debt

For the year ended June 30, 2024, the Town's long-term debt changed as follows:

	Balance <u>June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2024</u>	Amount Due <u>Within One Year</u>
Governmental:					
Notes payable	\$ 586,378	\$ -	\$ 47,560	\$ 538,818	\$ 538,818
Total governmental	<u>\$ 586,378</u>	<u>\$ -</u>	<u>\$ 47,560</u>	<u>\$ 538,818</u>	<u>\$ 538,818</u>
Business-type:					
Lease payable	\$ -	\$ 336,600	\$ 7,638	\$ 328,962	\$ 38,622
Notes payable	8,362,039	125,375	779,249	7,708,165	803,644
Total business-type	<u>\$ 8,362,039</u>	<u>\$ 461,975</u>	<u>\$ 786,887</u>	<u>\$ 8,037,127</u>	<u>\$ 842,266</u>

At June 30, 2024, the Town had the following debt outstanding to be repaid from governmental activities:

##### Capital Lease Obligations

Firstar Bank lease for a pumper truck in the original amount of \$600,000. The remaining balance of \$538,818 is due in 11 monthly installments of \$7,259 and a final payment of the balance due on June 30, 2025, for the remaining balance plus accrued interest (estimated at \$499,658), with an interest rate of Wall Street U.S. Prime plus 0.75% with a floor of 4.00%; secured by a Pierce Saber pumper truck

\$ 538,818

**Capital leases outstanding payable from governmental activities** **\$ 538,818**

At June 30, 2024 the Town had the following debt outstanding to be repaid from business-type activities:

##### Capital Lease Obligations

NCL Government Capital lease for a sewer jetter trailer in the original amount of \$88,820 due in 84 monthly installments of \$1,304 with an interest rate of 6.3%; final payment is due September 1, 2020; secured by a sewer jetter trailer

80,582

RUA Firstar Bank lease for a sanitation truck in the original amount of \$248,350 dated June 17, 2024, with an interest rate of 7.75% payable in 59 monthly installments of \$3,845 with a final payment of \$89,627 due June 14, 2029, secured by a 2025 Freightliner with high compaction rear loader

248,380

**Capital leases outstanding payable from business-type activities** **\$ 328,962**

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**Note Obligations**

Oklahoma Water Resources Board note, dated December 8, 2008, secured by water and sewer revenues, system assets, and pledged sales tax receipts, in the original amount of \$3,855,000 with a variable interest rate, payable in semi-annual installments with a final payment due September 15, 2030	\$ 1,567,667
Oklahoma Water Resources Board note, dated March 28, 2012, in the original amount of \$3,360,000 with a variable interest rate, payable in semi-annual installments with a final payment due September 15, 2029	1,365,000
Less unamortized original discount of \$9,908, plus unamortized premium of \$25,865	<u>15,956</u>
Carrying value of 2012 OWRB note	1,380,956
Oklahoma Water Resources Board Series 2020A DWSRF Promissory Note, dated January 30, 2022, to refinance the USDA notes issued in 2010, in the original amount of \$2,359,000 with an interest rate of 1.66% and an administrative fee at the rate of 0.5% per annum, payable in semi-annual installments with a final payment due September 15, 2048	2,098,985
Oklahoma Water Resources Board Series 2020B CWSRF Promissory Note, dated January 30, 2020, to fund automated metering infrastructure, in the original amount of \$740,000 (\$604,810 advanced to date) with an interest rate of 1.13% and an administrative fee at the rate of 0.5% per annum, payable in semi-annual installments with a final payment due September 15, 2035	407,182
RDA Gas System and Sales Tax Revenue Note, Series 2018A dated March 7, 2018, payable to Branch Banking and Trust Company, secured by revenues generated by the natural gas transmission and distribution system and certain sales tax receipts, in the original amount of \$636,000 with a fixed interest rate of 2.67%, payable in semi-annual installments, with a final payment due June 1, 2027	218,000
RDA Gas System and Sales Tax Revenue Note, Series 2018B dated March 7, 2022, payable to Branch Banking and Trust Company, secured by revenues generated by the natural gas transmission and distribution system and certain sales tax receipts, in the original amount of \$2,745,000 with a fixed interest rate of 3.47%, payable in semi-annual installments, with a final payment due March 1, 2033	1,910,000
RDA mortgage note payable to Firststar Bank dated June 10, 2024, in the amount of \$125,375, secured by undeveloped real property, payable in 240 monthly installments of \$1,061, with a final payment due June 25, 2044, and an interest rate of Wall Street U.S. Prime less 0.50% with a floor of 4.50%	<u>125,375</u>
<b>Long term debt outstanding payable from business-type activities</b>	<b><u>\$ 7,708,165</u></b>

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*Payment Requirements to Maturity:*

<b>Year ended June 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 538,818	\$ 40,493	\$ 842,266	\$ 256,621
2026	-	-	865,989	226,997
2027	-	-	902,020	196,562
2028	-	-	852,510	165,711
2029	-	-	967,679	134,644
2030 to 2034	-	-	2,147,656	312,811
2035 to 2039	-	-	460,833	158,606
2040 to 2044	-	-	527,190	92,250
2045 to 2049	-	-	470,984	19,999
	<u>\$ 538,818</u>	<u>\$ 40,493</u>	<u>\$ 8,037,127</u>	<u>\$ 1,564,201</u>

## 5. Risk Management

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

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

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

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

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

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

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CompSource Oklahoma indicates that CompSource Oklahoma is presently financially sound and will be able to meet its contractual obligations.

**6. Employee Retirement Plan Participation**

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

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

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

*A. Plan Description*

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

*B. Summary of Significant Accounting Policies*

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

*C. Eligibility Factors and Benefit Provisions*

<u>Provision</u>	<u>As of 07/01/23</u> <u>OkMRF Plan</u>
a. Eligible to participate	All regular, full-time employees except police, firefighters, and other employees who are covered under an approved system
b. Period Required to Vest	5 years of vesting service
c. Eligibility for Distribution	-Normal retirement at age 65 with 5 years of service -Early retirement at age 55 with 5 years of service -Disability retirement upon disability with 5 years of service -Death benefit 50% with 5 years of service for spouse until death or remarriage
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods: Normal Retirement	-2.25% of final average salary multiplied by credited years of service

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Early Retirement	-Accrued benefit reduced 5% per year for commencement before normal retirement age
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 5 Years Service	-Return of employee contributions with interest
f. Benefit Authorization	-Benefits are established and amended by Town Board adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	5 years certain and life thereafter basis.

**D. Employees Covered by Benefit Terms**

Active Employees	34
Deferred Vested Former Employees	4
Disabled participants	1
Retirees or Retiree Beneficiaries	<u>6</u>
Total	<u>45</u>

**E. Contribution Requirements**

The Town Board has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate was 12.32% (including employee contribution of 4.50%) of covered payroll as of 7/1/23. For the year ended June 30, 2024, the Town Board authorized a contribution rate of 8% and recognized \$152,708 of employer contributions to the plan which was equal to the approved contribution rate of 8% based on covered payroll of \$1,901,350. Employees cannot contribute additional amounts to the plan in accordance with the plan provisions adopted by the Town Board.

**F. Actuarial Assumptions**

Date of Last Actuarial Valuation	July 1, 2023
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Post Retirement cost-of-Living Increase	None
e. Inflation Rate	2.75%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%

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h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1:225 Year 2:140 Year 3:100 Year 4: 70 Year 5: 40
j. Date of last experience study	September 2022 for fiscal years 2017 thru 2021

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2023, are summarized in the following table:

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	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	4.55%	1.14%
Small/mid cap stocks Russell 2500	10%	5.00%	0.50%
Int'l developed mkts equity MSCI EAFE	20%	6.20%	1.24%
Int'l emerging mkts equity MSCI EM net div	5%	6.40%	0.32%
Private equity MSCI ACWI net div	5%	6.05%	0.30%
US fixed income bonds Barclay's US	20%	2.55%	0.51%
Real estate NCREIF	15%	4.95%	0.74%
Cash equivalents 3 month Treasury	0%	15.00%	0.00%
TOTAL	<u>100%</u>		
Average Real Return			4.75%
Inflation			<u>2.75%</u>
Long-term expected return			<u>7.50%</u>

- H. Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2023 which is also the measurement date and reflects updated mortality assumptions. Effective July 1, 2022, the Town adopted an amended plan that increased the pension benefit from average salary times 1.875% per year of employment to 2.25%. There were no changes between the measurement date of July 1, 2023 and the Town's report ending date of June 30, 2024, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

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**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances Beginning of Year</b>	\$ 2,495,218	\$ 1,850,158	\$ 645,060
<b>Changes for the Year:</b>			
Service cost	155,554	-	155,554
Interest expense	185,293	-	185,293
Differences between expected and actual experience	(232,027)	-	(232,027)
Assumption changes	-	-	-
Contributions--Town	-	145,762	(145,762)
Contributions--members	-	80,869	(80,869)
Net investment income	-	175,539	(175,539)
Benefits paid	(50,195)	(50,195)	-
Benefits changes due to plan amendments	-	-	-
Plan administrative expense	-	(4,787)	4,787
<b>Net Changes</b>	58,625	347,188	(288,563)
<b>Balances End of Year</b>	\$ 2,553,843	\$ 2,197,346	\$ 356,497

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability (Asset)	\$ 717,092	\$ 356,497	\$ 61,862

The Town reported \$137,393 in pension expense for the year ended June 30, 2024. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 213,777	\$ 219,919
Changes in assumptions	5,449	32,368
Net difference between projected and actual earnings on pension plan investments	254,523	145,980
Town contributions subsequent to the measurement date	152,708	-
Total	<u>\$ 626,457</u>	<u>\$ 398,267</u>

The \$137,121 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2025	\$ 20,206
2026	13,873
2027	74,284
2028	(6,917)
2029	(25,964)
Thereafter	-
	<u>\$ 75,482</u>

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

*A. Plan Description*

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

*B. Benefits Provided*

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

*C. Contributions*

The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. For volunteer firefighters, the Town is required to contribute \$60 annually for each covered member Contributions from the Town for the year ended June 30, 2024 were \$840.

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

At June 30, 2024, the Town reported a liability of \$20,782 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the

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net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town's proportion of the net pension liability was based on the Town's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers for the year ended June 30, 2022. Based on this information, the Town's proportion was 0.001611%.

For the year ended June 30, 2024, the Town recognized a credit to pension expense of \$2,799 after adjusting to the net pension liability as of that date. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,472	\$ 26
Changes in assumptions	-	33
Net difference between projected and actual earnings on pension plan investments	6,786	5,416
Changes in proportion		-
Town contributions subsequent to the measurement date	840	-
Total	<u>\$ 10,098</u>	<u>\$ 5,475</u>

The \$1,080 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**Year ended June 30:**

2025	\$ 946
2026	946
2027	946
2028	945
	<u>\$ 3,783</u>

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2023 using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

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<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Fixed income	21%	5.86%
Domestic equity	48%	8.78%
International equity	15%	10.68%
Real estate	9%	9.68%
Other assets	7%	6.44%

*F. Discount Rate*

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

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

The following presents the Town's share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	\$ 27,085	\$ 20,782	\$ 15,518

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

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

**7. Commitments and Contingencies**

*Compensated Absences:*

Full time permanent employees are awarded paid vacation leave at the rate of 5 days after one year of service, ten days upon the second through ninth employment anniversaries, 15 days upon the tenth through fourteenth anniversaries, and 20 days upon their fifteenth (or greater) anniversary. Employees may elect to be paid in cash for their unused vacation time on their employment anniversary date. Full time employees who have worked at least six months earn 2 days of personal leave the first year and 3 days of personal leave each following year, with unused personal leave being forfeited after the year in which it is earned. Each employee accrues 80 hours of sick leave per year which may be accumulated up to 240 hours, with any excess paid to the employee upon his/her anniversary date. Upon termination, employees are paid for unused vacation time but forfeit any unused personal or sick leave balances. At June 30, 2024 the Town did not accrue any compensated absences..

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*Litigation:*

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

*Federal and State Award Programs:*

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

*Subsequent events*

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

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**Required Supplementary Information**

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**Budgetary Comparison Schedule – Year Ended June 30, 2024 - UNAUDITED**

	GENERAL FUND*			
	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
<b>Beginning budgetary fund balance</b>	\$ 982,834	\$ 982,834	\$ 803,299	\$ (179,535)
<b>Resources (inflows)</b>				
Taxes, net of transfers	1,273,000	1,273,000	1,593,823	320,823
Intergovernmental	82,000	82,000	77,411	(4,589)
Fines and forfeitures	850,000	850,000	1,647,621	797,621
Licenses and permits	15,000	15,000	53,251	38,251
Fire dues and services	9,000	9,000	63,602	54,602
Contract services	234,700	234,700	178,680	(56,020)
Grants	28,500	28,500	162,443	133,943
Investment income	-	-	65	65
Miscellaneous	76,000	76,000	195,500	119,500
<b>Total resources (inflows)</b>	<u>2,568,200</u>	<u>2,568,200</u>	<u>3,972,396</u>	<u>1,404,196</u>
<b>Amounts available for appropriation</b>	<u><b>3,551,034</b></u>	<u><b>3,551,034</b></u>	<u><b>4,775,695</b></u>	<u><b>1,224,661</b></u>
<b>Charges to appropriations (outflows):</b>				
General government	451,860	451,860	685,856	(233,996)
Public safety	1,871,300	1,871,300	1,812,352	58,948
Cemetery	12,300	12,300	14,529	(2,229)
Code enforcement	80,750	80,750	103,431	(22,681)
Parks and recreation	40,450	40,450	35,348	5,102
Streets and alleys	235,000	235,000	201,549	33,451
Capital outlay	-	-	814,551	(814,551)
Transfers to (from) other funds-net	(15,000)	(15,000)	540,978	(555,978)
<b>Total charges to appropriations</b>	<u>2,676,660</u>	<u>2,676,660</u>	<u>4,208,594</u>	<u>(1,531,934)</u>
<b>Ending budgetary fund balance</b>	<u><b>\$ 874,374</b></u>	<u><b>\$ 874,374</b></u>	<u><b>\$ 567,101</b></u>	<u><b>\$ (307,273)</b></u>

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

**Footnotes to the Budgetary Comparison Schedule:**

1. The budgetary comparison schedule is reported on a modified accrual basis which is the same measurement focus as the governmental funds.
2. The legal level of appropriation control is at the fund level. Transfer appropriations require the Mayor's approval and supplemental appropriations require the Board of Trustee's approval.
3. For the fiscal year ended June 30, 2024, the Town's expenditures exceeded its appropriations by \$1,531,934.

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**Required Supplementary Information**  
**Oklahoma Municipal Retirement Fund**  
**Schedule of Changes in Net Pension Liability and Related Ratios**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 155,554	\$ 81,317	\$ 86,244	\$ 75,992	\$ 91,171	\$ 84,580	\$ 77,188	\$ 66,383	\$ 67,234	\$ 61,962
Interest	185,293	127,618	117,757	104,207	96,884	84,352	72,156	58,518	56,780	55,717
Changes of benefit terms	-	-	-	-	-	-	-	164,348	-	-
Differences between expected and actual experience	(232,027)	293,175	(25,971)	37,675	(81,206)	24,396	18,576	(82,211)	(55,105)	-
Changes of assumptions	-	(48,552)	-	-	27,782	-	45,871	-	-	-
Benefit changes due to plan amendments	-	365,918	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(50,195)	(50,741)	(42,510)	(32,095)	(41,704)	(11,317)	(28,639)	(33,419)	(59,061)	(25,558)
<b>Net change in total pension liability</b>	<b>58,625</b>	<b>768,735</b>	<b>135,520</b>	<b>185,779</b>	<b>92,927</b>	<b>182,011</b>	<b>185,152</b>	<b>173,619</b>	<b>9,848</b>	<b>92,121</b>
<b>Total pension liability - beginning</b>	<b>2,495,218</b>	<b>1,726,483</b>	<b>1,590,963</b>	<b>1,405,184</b>	<b>1,312,257</b>	<b>1,130,246</b>	<b>945,094</b>	<b>771,475</b>	<b>761,627</b>	<b>669,506</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 2,553,843</b>	<b>\$ 2,495,218</b>	<b>\$ 1,726,483</b>	<b>\$ 1,590,963</b>	<b>\$ 1,405,184</b>	<b>\$ 1,312,257</b>	<b>\$ 1,130,246</b>	<b>\$ 945,094</b>	<b>\$ 771,475</b>	<b>\$ 761,627</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 145,762	\$ 97,229	\$ 82,852	\$ 65,037	\$ 67,464	\$ 69,046	\$ 66,749	\$ 42,547	\$ 45,763	\$ 51,922
Contributions - member	80,869	64,259	40,819	39,022	39,957	41,428	40,022	27,912	29,912	28,843
Net investment income	175,539	(254,532)	419,404	57,766	87,627	78,104	109,080	8,441	22,379	104,205
Benefit payments, including refunds of member contributions	(50,195)	(50,741)	(42,510)	(32,095)	(41,704)	(11,317)	(28,639)	(33,419)	(59,061)	(25,558)
Administrative expense	(4,787)	(3,447)	(3,095)	(2,879)	(2,569)	(2,238)	(1,893)	(1,652)	(1,643)	(1,552)
<b>Net change in plan fiduciary net position</b>	<b>347,188</b>	<b>(147,232)</b>	<b>497,470</b>	<b>126,851</b>	<b>150,775</b>	<b>175,023</b>	<b>185,319</b>	<b>43,829</b>	<b>37,350</b>	<b>157,860</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,850,158</b>	<b>1,997,390</b>	<b>1,499,920</b>	<b>1,373,069</b>	<b>1,222,294</b>	<b>1,047,271</b>	<b>861,952</b>	<b>818,123</b>	<b>780,773</b>	<b>622,913</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,197,346</b>	<b>\$ 1,850,158</b>	<b>\$ 1,997,390</b>	<b>\$ 1,499,920</b>	<b>\$ 1,373,069</b>	<b>\$ 1,222,294</b>	<b>\$ 1,047,271</b>	<b>\$ 861,952</b>	<b>\$ 818,123</b>	<b>\$ 780,773</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 356,497</b>	<b>\$ 645,060</b>	<b>\$ (270,907)</b>	<b>\$ 91,043</b>	<b>\$ 32,115</b>	<b>\$ 89,963</b>	<b>\$ 82,975</b>	<b>\$ 83,142</b>	<b>\$ (46,648)</b>	<b>\$ (19,146)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.04%</b>	<b>74.15%</b>	<b>115.69%</b>	<b>94.28%</b>	<b>97.71%</b>	<b>93.14%</b>	<b>92.66%</b>	<b>91.20%</b>	<b>106.05%</b>	<b>102.51%</b>
<b>Covered employee payroll</b>	<b>\$ 1,757,139</b>	<b>\$ 1,611,805</b>	<b>\$ 1,035,210</b>	<b>\$ 1,084,400</b>	<b>\$ 966,494</b>	<b>\$ 1,140,291</b>	<b>\$ 1,015,331</b>	<b>\$ 909,326</b>	<b>\$ 964,236</b>	<b>\$ 948,785</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>20.29%</b>	<b>40.02%</b>	<b>-26.17%</b>	<b>8.40%</b>	<b>3.32%</b>	<b>7.89%</b>	<b>8.17%</b>	<b>9.14%</b>	<b>-4.84%</b>	<b>-2.02%</b>

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**Required Supplementary Information**  
**Oklahoma Municipal Retirement Fund**  
**Schedule of Employer Contributions**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 134,302	\$ 68,880	\$ 97,229	\$ 82,852	\$ 65,037	\$ 67,464	\$ 69,046	\$ 66,759	\$ 42,547	\$ 45,763
Contributions in relation to the actuarially determined contribution	137,393	145,762	97,229	82,852	65,037	67,464	69,046	66,759	42,547	45,763
Contribution deficiency (excess)	<u>\$ (3,091)</u>	<u>\$ (76,882)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,717,413	\$ 1,757,139	\$ 1,611,805	\$ 1,035,210	\$ 1,084,400	\$ 966,494	\$ 1,140,291	\$ 1,015,331	\$ 909,326	\$ 964,236
Contributions as a percentage of covered-employee payroll	7.82%	3.92%	6.03%	8.00%	6.00%	6.98%	6.06%	6.58%	4.68%	4.75%

**Notes to Schedule:**

1. Latest Valuation Date: July 1, 2023
2. Actuarially determined contribution rate is calculated as of July 1, 2023  
July 2023 through June 2024 employer contributions were at a rate of 8.00%; actuarially determined rate was 7.82%.
3. Methods and assumptions used to determine contribution rates:  
Actuarial cost method - Entry age normal  
Amortization method - Level percent of payroll, closed  
Salary increases - 4.50% to 7.50% (varies by attained age)  
Investment rate of return - 7.50%

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

	2023	2022	2021	2020**	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.001611%	0.002287%	0.002023%	0.000000%	0.001940%	0.002450%	0.002111%	0.002145%	0.002510%	0.002600%
Town's proportionate share of the net pension liability	\$ 20,782	\$ 29,914	\$ 13,322	\$ -	\$ 20,502	\$ 27,574	\$ 26,549	\$ 26,206	\$ 26,638	\$ 26,414
Town's covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.85%	69.49%	84.24%	69.98%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%

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

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 840	\$ 1,060	\$ 920	\$ -	\$ 784	\$ 840	\$ 900	\$ 780	\$ 840	\$ 960
Contributions in relation to the statutorily required contribution	840	1,060	920	-	784	840	900	780	840	960
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered- employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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**Other information**

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**Roland Utilities Authority**  
**Schedule of Revenue Debt Coverage – year ended June 30, 2024**

Gross Revenue Available for Debt Service:

Operating revenues	\$ 2,639,710
Interest revenues	24,917
Sales tax revenues (1)	<u>1,384,548</u>
Total Gross Revenues Available	4,049,175
Authority Operating Expenses (2)	<u>2,605,061</u>
Net Revenues Available for Debt Service	<u><u>\$ 1,444,114</u></u>

Annual Debt Service Requirements:

2011 Wastewater system	\$ 274,332
2012 OWRB Note	255,508
2020A OWRB Note	111,150
2020B OWRB Note	56,722
PipeHunter Trailer Jetter Lease Purchase	<u>11,737</u>
Total Debt Service Requirements	<u><u>\$ 709,449</u></u>

Computed coverage	<u><u>2.04</u></u>
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Debt service coverage requirement	<u><u>1.25</u></u>
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(1) 2% Sales tax is pledged, although the Town's ordinance only requires a 1% transfer

(2) Excludes amortization and depreciation.

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**Independent Auditor's Reports on Internal Control and Compliance**



**HINKLE &  
COMPANY** PC  
Strategic  
Business Advisors

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

Honorable Mayor and Town Trustees  
Town of Roland  
Roland, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Roland (the Town), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 28, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tulsa, Oklahoma  
March 28, 2025

*Hick & Company, PC*

