

**THE TOWN OF DEPEW,
OKLAHOMA
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORTS**

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

TABLE OF CONTENTS

Independent Auditor's Report on Financial Statements.....	4-5
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position (Modified Cash Basis).....	8
Statement of Activities (Modified Cash Basis).....	9
Governmental Fund Financial Statements:	
Balance Sheet (Modified Cash Basis).....	12
Statement of Revenues, Expenditures and Change in Fund Balance (Modified Cash Basis)..	13
Reconciliation of Governmental Funds and Government-Wide Financial Statements.....	14
Proprietary Fund Financial Statements:	
Statement of Net Position (Modified Cash Basis)	16
Statement of Revenues, Expenses and Change in Net Position (Modified Cash Basis).....	17
Statement of Cash Flows (Modified Cash Basis).....	18
Footnotes to the Basic Financial Statements	20-29
Other Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule (Modified Cash Basis)– General Fund.....	32
Footnotes to Budgetary Comparison Schedules.....	32
Internal Control and Compliance over Financial Reporting	
Independent Auditor's Report on Internal Control and Compliance.....	34-35

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

Board of Trustees

Dionna Marker	Mayor
Nichole Bjerke	Trustee
Jayne Stedman	Trustee
Nacole Parrick	Trustee
Kevin Lane	Trustee

Management

Brandy Hunt	Town Clerk/Treasurer
Brandon Cooper	Chief of Police
Jeff Taylor	Utility Superintendent

City Hall
407 East Main
PO Box 357
Depew, Oklahoma 74028
(918) 324-5251

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

INDEPENDENT AUDITOR'S REPORT

-

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Board of Trustees
Town of Depew, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Depew, Oklahoma ("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 financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Town as of June 30, 2024, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note B.

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.

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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.

Other Matters

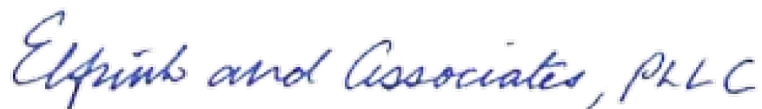
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the Town of Depew, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Depew, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Elfrink and Associates, PLLC". The signature is written in a cursive, flowing style.

Elfrink and Associates, PLLC

Tulsa, Oklahoma
October 30, 2024

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND
ACTIVITIES

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

Statement of Net Position (Modified Cash Basis) – June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 66,698	71,334	\$ 138,032
Restricted cash and cash equivalents	-	50,085	50,085
Due from DPWA	635	-	635
Capital assets:			
Land	3,800	251,547	255,347
Construction in progress	-	37,008	37,008
Other capital assets, net of depreciation	493,962	1,902,322	2,396,284
Total assets	565,095	2,312,296	2,877,391
Liabilities:			
Contract payable	-	-	-
Due to general fund	-	635	635
Meter deposit liability	-	28,226	28,226
Long term liabilities:			
Due within one year	-	12,660	12,660
Due in more than one year	-	675,158	675,158
Total liabilities	-	716,679	716,679
Net Position:			
Net investment in capital assets	497,762	1,503,059	2,000,821
Restricted for debt service	-	26,489	26,489
Unrestricted	67,333	66,069	133,402
Total net position	\$ 565,095	1,595,617	\$ 2,160,712

See accompanying notes to the basic financial statements.

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

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Capital Grants	Operating Grants	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 260,361	\$ 32,866	\$ 59,209	\$14,580	\$ (153,706)	-	\$ (153,706)
Public safety	110,945	60,191	-	20,000	(30,754)	-	(30,754)
Highways and streets	10,856	-	-	-	(10,856)	-	(10,856)
Total governmental activities	382,162	93,057	59,209	34,580	(195,316)	-	(195,316)
Business-type activities							
Water	86,073	85,386	13,433	-	-	12,746	12,746
Sewer	113,855	81,650	-	-	-	(32,205)	(32,205)
Sanitation	77,562	62,212	-	-	-	(15,350)	(15,350)
	277,490	229,248	13,433	-	-	(34,809)	(34,809)
Total primary government	\$ 659,652	\$ 322,305	\$ 72,642	\$34,580	(195,316)	(34,809)	(230,125)
General revenues:							
Taxes:							
Sales and use tax					193,113	-	193,113
Franchise and public service taxes					17,584	-	17,584
Intergovernmental revenue					12,141	-	12,141
Donations and fundraising					1,046	-	1,046
Investment income					-	171	171
Insurance reimbursements					12,845	-	12,845
Miscellaneous					5,650	-	5,650
Transfers, net					(84,005)	84,005	-
Total general revenues					158,374	84,176	242,550
Change in net position					(36,942)	49,367	12,425
Net position - beginning					602,037	1,546,250	2,148,287
Net position - ending					\$ 565,095	1,595,617	\$ 2,160,712

See accompanying notes to the basic financial statements.

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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

Governmental Fund Balance Sheet (Modified Cash Basis) – June 30, 2024

	General Fund
Assets:	
Cash and cash equivalents	\$ 66,698
Due from DPWA	635
	<hr/>
Total assets	<u>67,333</u>
Fund Balance:	
Unrestricted:	
Unassigned	67,333
	<hr/>
Total fund balance	<u>\$ 67,333</u>

See accompanying notes to the basic financial statements.

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

Governmental Fund Statement of Revenues, Expenditures and Change in Fund Balance (Modified Cash Basis) – Year Ended June 30, 2024

	General Fund
Revenues:	
Taxes	\$ 210,697
Intergovernmental	12,141
Fire runs and policies	19,370
Grant revenue	93,789
Fines and forfeitures	40,821
Licenses and permits	2,042
Rental income and event fees	30,824
Donations	1,046
Miscellaneous	18,495
Total revenues	<u>429,225</u>
Expenditures:	
General government	248,481
Public safety	78,193
Highways and streets	6,962
Capital outlay:	
General government	18,406
Public safety	4,120
Total expenditures	<u>356,162</u>
 Change in fund balance before transfers	 73,063
Transfers to DPWA, net	<u>(84,005)</u>
Net change in fund balance	(10,942)
 Fund balance - beginning	 78,275
Fund balance - ending	<u><u>\$ 67,333</u></u>

See accompanying notes to the basic financial statements.

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

Reconciliation of Governmental Fund and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Fund balance of governmental fund	\$ 67,333
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities of \$948,334, net of accumulated depreciation of \$450,572 are not financial resources and, therefore, are not reported in the funds.	497,762
Net position of governmental activities	<u>\$ 565,095</u>

Changes in Fund Balance – Changes in Net Position Reconciliation:

Net change in fund balance - governmental fund	\$ (10,942)
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:	
Cash purchases of capital assets	22,526
Depreciation expense	<u>(48,526)</u>
	<u>(26,000)</u>
Change in net position of governmental activities	<u>\$ (36,942)</u>

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

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

Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2024

	<u>Depew Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 71,334
Noncurrent assets:	
Restricted cash and cash equivalents	50,085
Capital assets, net of accumulated depreciation	<u>2,190,877</u>
Total noncurrent assets	<u>2,240,962</u>
Total assets	<u>2,312,296</u>
LIABILITIES	
Current Liabilities:	
Due to general fund	635
Note payable - current portion	<u>12,660</u>
Total current liabilities	<u>13,295</u>
Noncurrent Liabilities:	
Meter deposit liability	28,226
Note payable - long term portion	<u>675,158</u>
Total noncurrent liabilities	<u>703,384</u>
Total liabilities	<u>716,679</u>
NET POSITION	
Net investment in capital assets	1,503,059
Restricted for:	
Debt service	26,489
Unrestricted	<u>66,069</u>
Total net position	<u>\$ 1,595,617</u>

See accompanying notes to the basic financial statements.

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

Proprietary Fund Statement of Revenues, Expenses and Change in Net Position (Modified Cash Basis)
– Year Ended June 30, 2024

	<u>Depew Public Works Authority</u>
Operating revenues:	
Charges for sales and services:	
Water	\$ 81,485
Sewer	81,350
Sanitation	61,983
Rent	3,600
Penalties, taps, and other	830
Total operating revenues	<u>229,248</u>
Operating expenses:	
Costs of sales and services:	
Maintenance and operations	39,488
Sewer	-
Contract sanitation services	52,607
Personal services expense	71,276
Administration	28,545
Depreciation	66,475
Total operating expenses	<u>258,391</u>
Operating loss	<u>(29,143)</u>
Nonoperating revenue (expense) and transfers:	
Interest expense	(19,099)
Investment income	171
Grant revenue	13,433
Transfers from Town	84,005
Total nonoperating revenue (expense)	<u>78,510</u>
Change in net position	49,367
Net position - beginning	1,546,250
Net position - ending	<u><u>\$ 1,595,617</u></u>

See accompanying notes to the basic financial statements.

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

Proprietary Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2024

	Depew Public Works Authority
Cash flows from operating activities:	
Receipts from customers	\$ 229,248
Payments to suppliers	(120,640)
Payments to employees (including benefits)	(71,276)
Utility deposits received, net of refunds	(642)
Net cash provided by operating activities	<u>36,690</u>
Changes from non-capital financing activities:	
Transfer from Town, net	4,586
Net cash provided by non-capital financing activities	<u>4,586</u>
Cash flows from capital and related financial activities:	
Purchase of capital assets	(112,854)
Principal paid on capital debt	(12,317)
Interest paid on capital debt	(19,099)
Capital grant receipts	13,433
Purchases of capital assets by town for the DPWA	79,419
Net cash used by capital and related financing activities	<u>(51,418)</u>
Cash flows from investing activities:	
Investment income	171
Net cash provided by investing activities	<u>171</u>
Net decrease in cash and cash equivalents	(9,971)
Cash and equivalents - beginning of year	131,390
Cash and equivalents - end of year	<u><u>\$ 121,419</u></u>
Reconciliation to the Statement of Net Position:	
Cash and cash equivalents	\$ 71,334
Restricted cash and cash equivalents	50,085
Total cash and cash equivalents	<u><u>\$ 121,419</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (29,143)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	66,475
Decrease in meter deposit liability	(642)
Net cash provided by operating activities	<u><u>\$ 36,690</u></u>

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

See accompanying notes to the basic financial statements.

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements

1. Summary of Significant Accounting Policies

A. Town's Financial Reporting Entity

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

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

- **The Town of Depew** – 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. The governing body is an elected five-member Board of Trustees with the Mayor serving as president of the Board.
- **The Depew Public Works Authority (DPWA)** – a trust created August 11, 1997 pursuant to 60 O.S. Section 176 to operate the water, wastewater, and sanitation services of the Town. The Town of Depew is the beneficiary of DPWA. The five trustees of the Town also serve as trustees for the DPWA.

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

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

Blended Component Units

The DPWA is blended into the Town's by appropriate fund categories to comprise the primary government presentation. 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 or the component unit provides services entirely to the Town. The Town has operational responsibility for the DPWA.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

- capital assets and the depreciation of those assets, where applicable
- long-term debt
- cash-based inter-fund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

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

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

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

Governmental Funds:

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

Proprietary Funds:

The Town accounts for all proprietary activities through the Depew Public Water Authority fund. For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

The general fund is legally required to adopt an annual budget or appropriations. The public trust (DPWA) 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. Capital Assets and Depreciation

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

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

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$1,000 is used to report capital assets. Prior to July 1, 2004, the Town did not maintain capital asset records. Since that time, cash expenditures for capital assets have been recorded at cost but management has not estimated or otherwise valued assets acquired prior to that date. On July 1, 2009, the Town added assets shown on its insurance records to improve disclosure to its citizens. The assets were valued at replacement cost as shown by the insurer, deflated to estimated acquisition date (for equipment) or effective age (for buildings) using the Consumer Price Index.

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

- | | |
|--------------------------------------|----------|
| • Buildings | 20 years |
| • Machinery, furniture and equipment | 10 years |
| • Utility property and improvements | 50 years |
| • Infrastructure | 50 years |

E. Long-Term Debt

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

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid.

G. Fund Balances and Net Position

Fund Statements:

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

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

- a. Nonspendable* – amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact
- b. Restricted* – amounts constrained for a specific purpose by creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation
- c. Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. The Town’s highest level of decision-making authority is made by ordinance.
- d. Assigned* – includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town Board of Trustees action or management decision when the Town’s Board has delegated the authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. 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.

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

Net position:

Net position is displayed in three components:

- 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 “invested in capital assets, net of related debt.”

H. Internal and Inter-fund Balances and Transfers

The Town’s policy is to eliminate inter-fund 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.

I. 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.

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

2. Deposits and Investments

For the year ended June 30, 2024, the Town recognized \$171 of investment income

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

<u>Type</u>	<u>Financial Institution</u>	<u>Carrying Value</u>
Demand deposits	Spirit Bank	\$ 188,117
Reconciliation to the statement of net assets:		
Cash and cash equivalents		\$ 138,032
Restricted cash and cash equivalents		50,085
Total		<u>\$ 188,117</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.

As of June 30, 2024 all deposits were covered by FDIC insurance and the Town was not exposed to custodial credit risk as defined above. Spirit Bank has not pledged collateral to the Town.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town has no investment policy that limits investments based on maturity. The Town discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments, where applicable.

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.

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

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

At June 30, 2024, the Town had no investment interest rate risk, investment credit risk, or concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the proprietary fund statement of net position are comprised of amounts restricted for debt service and for utility deposits of the Depew Public Works Authority. The restricted assets as of June 30, 2024, are as follows:

<u>Type</u>	<u>Carrying Value</u>
Debt service	\$ 26,489
Utility deposits	23,596
Total	<u>\$ 50,085</u>

3. Sales Tax Revenue

Sales tax revenue represents a 4.0 cent local tax on each dollar of sales within the Town to be used for general operations of the Town.

4. Property Tax Levy

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

5. Rental Income

Effective June 1, 2007 the Town entered into a lease agreement with Cellco partnership d/b/a Verizon Wireless to allow Cellco to place equipment on the Town's water tower. Effective December 1, 2012, the Town agreed to an amendment providing for an increase in the annual rental rate from \$12,000 to \$18,600 and extension term renewals each 5 years at 115% of the previous annual rental amount. The lease provides for cancellation on the annual anniversary with a 90-day notification from Cellco. The revenue generated by the lease agreement is deposited into the General Fund.

On May 31, 2024 Verizon offered to purchase a 40 year cell site lease for a lump sum payment of \$437,000 which the Town agreed to accept. The payment had not been received as of June 30, 2024 and consequently is not included in the financial statement presentation under a modified cash basis of reporting.

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

6. Capital Assets and Depreciation

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

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2024</u>
Governmental:				
Capital assets not being depreciated:				
Land	\$ 3,800	\$ -	\$ -	\$ 3,800
Total capital assets not depreciated	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>3,800</u>
Capital assets being depreciated:				
Building	321,246	-	-	321,246
Infrastructure	92,628	-	-	92,628
Equipment	511,078	22,526	2,944	530,660
Total capital assets being depreciated	<u>924,952</u>	<u>22,526</u>	<u>2,944</u>	<u>944,534</u>
Less accumulated depreciation:				
Buildings	178,332	10,468	-	188,800
Infrastructure	17,726	1,497	-	19,223
Equipment	208,932	36,561	2,944	242,549
Total accumulated depreciation	<u>404,990</u>	<u>48,526</u>	<u>2,944</u>	<u>450,572</u>
Governmental, net capital assets	<u>\$ 523,762</u>	<u>\$ (26,000)</u>	<u>\$ -</u>	<u>\$ 497,762</u>
Business-type				
Capital assets not being depreciated:				
Land	\$ 251,547	\$ -	\$ -	\$ 251,547
Construction in progress	35,495	1,513	-	37,008
Total capital assets not depreciated	<u>287,042</u>	<u>1,513</u>	<u>-</u>	<u>288,555</u>
Capital assets being depreciated:				
Sewer system and equipment	2,031,885	62,061	-	2,093,946
Water system and equipment	447,985	28,182	-	476,167
Total capital assets being depreciated	<u>2,479,870</u>	<u>90,243</u>	<u>-</u>	<u>2,570,113</u>
Less accumulated depreciation				
Sewer system and equipment	451,616	44,845	-	496,461
Water system and equipment	149,700	21,630	-	171,330
Total accumulated depreciation	<u>601,316</u>	<u>66,475</u>	<u>-</u>	<u>667,791</u>
Business-type, net capital assets	<u>\$ 2,165,596</u>	<u>\$ 25,281</u>	<u>\$ -</u>	<u>\$ 2,190,877</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:

Governmental activities:		Business-type activities:	
General government	\$ 11,880	Sewer	\$ 44,845
Public safety	32,752	Water	21,630
Highways and streets	3,894		
Total depreciation	<u>\$ 48,526</u>	Total depreciation	<u>\$ 66,475</u>

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

7. Long-Term Debt and Debt Service Requirements

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Amount Due</u> <u>Within One Year</u>
Business-type:					
Note payable	\$ 700,135	-	\$ 12,317	\$ 687,818	\$ 12,660
Total business-type	<u>\$ 700,135</u>	<u>\$ -</u>	<u>\$ 12,317</u>	<u>\$ 687,818</u>	<u>\$ 12,660</u>

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

Note payable to USDA, Rural Development for sewer improvements, in the amount of \$761,000, payable in monthly installments of \$2,618, including principal and interest at 2.75%, final payment due February 2058. \$687,818

Payment Requirements to Maturity:

	<u>Business-type Activities</u>	
	<u>Note payable</u>	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	12,660	18,756
2026	13,012	18,404
2027	13,375	18,041
2028	13,747	17,669
2029	14,130	17,286
2030 to 2034	76,777	80,303
2035 to 2039	88,080	69,000
2040 to 2044	101,047	56,033
2045 to 2049	115,923	41,156
2050 to 2054	132,990	24,090
2055 to 2059	108,077	5,381
Total	<u>\$ 689,818</u>	<u>\$ 366,119</u>

8. 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

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

The Town participated in the Oklahoma Municipal Assurance Group's (OMAG) Workmen's 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.

9. Employee Retirement Plan Participation

The Town of Depew does not provide retirement benefits to its employees, but, as employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the Town must participate in the plan if they employ full-time or volunteer firefighters.

Eligibility to participate	All full-time or voluntary firefighters of a participating municipality hired before age 45 (the Town only has volunteer firefighters)
Authority establishing contribution obligations and benefit provisions	State Statute
Plan members' contribution rate	None
City's contribution rate	\$60 per volunteer
Period required to vest	10 years
Benefits and eligibility for distribution (volunteer)	20 years credited service equal to \$5.46 per month per year of service with a maximum of 30 years considered
Deferred retirement option	Yes, 20 years credited service with continued service for 30 or more years
Provisions for:	
Cost of living adjustments (normal retirement)	Yes, if vested by May, 1983
Death (duty, non-duty, post retirement)	Yes
Disability	Yes
Cost of living allowances	Yes

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

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

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

OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The City is required by state law to contribute \$60 per year for each volunteer firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2024	\$360	\$360
2023	\$120	\$120
2022	\$360	\$360

10. Commitments, Contingencies, and Subsequent Events

Compensated Absences:

As a result of the Town's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) earned but unpaid at year-end are not reflected in the basic financial statements. It is the practice of the current Town's management to require that leave is taken in the same fiscal year in which it is earned. Consequently, there were no unused leave balances as of June 30, 2024.

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 Depew participates in various federal or state grant/loan programs from year to year. In 2024, the Town's involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The Town has not been notified of any noncompliance with federal or state award requirements.

Subsequent Events

Management has considered subsequent events through the date of this report and determined that no additional items require disclosure.

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

OTHER INFORMATION

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

Budgetary Comparison Schedule (Budgetary Basis) – 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>
Beginning budgetary fund balance	\$ 121,179	\$ 121,179	\$ 78,275	\$ (42,904)
Resources (inflows)				
Taxes	151,383	151,383	210,697	59,314
Intergovernmental	9,270	9,270	12,141	2,871
Fines and forfeitures	3,620	3,620	40,821	37,201
Licenses and permits	1,171	1,171	2,042	871
Fire policies	9,491	9,491	19,370	9,879
Grant revenue	46,550	46,550	93,789	47,239
Donations and fundraiser	-	-	1,046	1,046
Rental income	37,126	37,126	30,824	(6,302)
Miscellaneous	8,862	8,862	18,495	9,633
Total resources (inflows)	<u>267,473</u>	<u>267,473</u>	<u>429,225</u>	<u>161,752</u>
Amounts available for appropriation	<u>388,652</u>	<u>388,652</u>	<u>507,500</u>	<u>118,848</u>
Charges to appropriations (outflows):				
General and streets	231,226	199,275	273,849	(74,574)
Police and Municipal Court	100,000	100,000	52,520	47,480
Fire	50,000	50,000	29,793	20,207
Net transfers to DPWA	-	-	84,005	(84,005)
Total charges to appropriations	<u>381,226</u>	<u>349,275</u>	<u>440,167</u>	<u>(90,892)</u>
Ending budgetary fund balance	<u>\$ 7,426</u>	<u>\$ 39,377</u>	<u>\$ 67,333</u>	<u>\$ 27,956</u>

Footnotes to Budgetary Comparison Schedule:

1. The Town prepares its annual budget under the Estimate of Needs laws (Oklahoma Statutes 68 section 3001-33 and 62 section 461) which is applicable to all municipalities that have not opted, by resolution, to come under the Municipal Budget Act in Title 11. Budgets are only required for the General Fund and, if applicable the Sinking Fund, and “cash fund” budgets for certain other funds only as cash is received. These statutes require:
 - a. Preparation of financial statements for close of prior year by the first Monday in August
 - b. Preparation of the estimate of needs forms and submission to county excise board by August 22
 - c. An affidavit of publication must be filed with the county excise board no later than 5 days after filing the estimate of needs
2. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
3. The legal level of appropriation control is the fund level. Supplemental appropriations require the Board of Trustees’ approval.

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

Honorable Mayor and Members of the Town Board of Trustees
Town of Depew, 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 modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Depew, Oklahoma as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Depew, Oklahoma's basic financial statements, and have issued our report thereon dated October 30, 2024. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

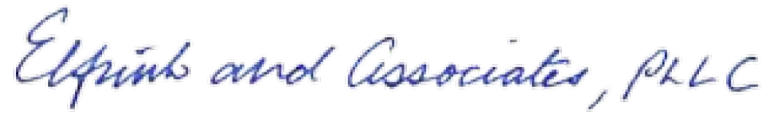
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Elfrink and Associates, PLLC". The script is cursive and fluid.

Elfrink and Associates, PLLC

Tulsa, Oklahoma
October 30, 2024