

City of

**WALTERS | OK**

**ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024**

**THE CITY OF WALTERS,  
OKLAHOMA**

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

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

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

---

**This page intentionally left blank**

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

---

**TABLE OF CONTENTS**

<b>Independent Auditor's Report on Financial Statements.....</b>	<b>5-7</b>
<b>Other Information - Management's Discussion and Analysis.....</b>	<b>9-15</b>
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position (Modified Cash Basis).....	17
Statement of Activities (Modified Cash Basis).....	18
<b>Governmental Funds Financial Statements:</b>	
Balance Sheet (Modified Cash Basis).....	20
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	21
<b>Proprietary Funds Financial Statements:</b>	
Statement of Net Position (Modified Cash Basis) .....	23
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis)...	24
Statement of Cash Flows (Modified Cash Basis).....	25
<b>Footnotes to the Basic Financial Statements .....</b>	<b>27-37</b>
<b>Supplemental and Other Information:</b>	
<b>Budgetary Comparison Information</b>	
Budgetary Comparison Schedule (Modified Cash Basis)– General Fund.....	39
Footnotes to Budgetary Comparison Schedules.....	39-40
<b>Combining Non-Major Governmental Fund Statements</b>	
Combining Balance Sheet (Modified Cash Basis).....	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	42
<b>Combining General Fund Accounts Schedules</b>	
Combining Schedule of Balance Sheet Accounts (Modified Cash Basis).....	43
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	44

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

---

**Federal and State Awards Information**

Schedule of Expenditures of Federal and State Awards .....	45
--	----

**Debt Service Coverage Information**

Schedule of Debt Service Coverage Requirement.....	46
--	----

**Internal Control and Compliance over Financial Reporting**

Independent Auditor's Report on Internal Control and Compliance.....	49-50
Schedule of Findings and Recommendations.....	51



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of Walters, Oklahoma

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Walters, Oklahoma (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City'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, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024, and the respective changes in the modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in Note 1.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter - Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The basic 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 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's 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 and *Government 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 City'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 City'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***

#### ***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplemental combining schedules – modified cash basis, federal and state awards information – modified cash basis, and debt service coverage, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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

schedules, federal and state awards information, and debt service coverage, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other information*

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and 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 February 19, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*HSPG & Associates, P.C.*

February 19, 2025



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

---

**This page intentionally left blank**

**CITY OF WALTERS, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2024**

---

The management of the City of Walters is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2024. Management of the City 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. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

### **FINANCIAL HIGHLIGHTS**

- As reported on a modified cash basis, the City's total net position decreased by \$346,694, and the assets of the City exceed its liabilities at June 30, 2024, by \$2,030,554 (net position). Of this amount, \$716,779 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2024, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$1,557,761.
- At the end of fiscal year 2024, unassigned fund balance on a modified cash basis for the General Fund reported a \$24,061 deficit.

### **ABOUT THE CITY**

The City of Walters is an incorporated municipality with a population of approximately 2,551 located in Cotton County in southwestern Oklahoma. The City is a Council/Manager form of government and operates under home-rule charter that provides for three branches of government:

- Legislative – the City Council is a five-member governing body; four elected by ward and one elected at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a non-attorney appointed by the City Manager

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority and Industrial Authority, certain utility services including electric, water, wastewater, and sanitation, along with industrial development.

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

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

The City's financial reporting entity includes the following separate legal entities.

- **The City of Walters** – an incorporated City that operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City
- **The Walters Public Works Authority (WPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the electric, water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees
- **The Walters Industrial Development Authority (WIDA)** - public trust created pursuant to 60 O.S. § 176 that promotes, develops and secures industrial development within the City, with the City Council members serving as the trustees

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

#### ***Basis of Accounting and Presentation***

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:

- cash-based interfund receivables/payables
- assets that normally convert to cash or cash equivalents (certificates of deposit, marketable investments, and receivables resulting from cash)
- liabilities for cash (or cash equivalents) held on behalf of others or held in escrow

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.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Walters (the “City”), the Walters Public Works Authority (the “Public Works Authority”), and the Walters Industrial Development Authority (the “Industrial Development Authority”). 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 City from the modified cash basis of accounting. They present governmental and business-type 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 also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

### **Reporting the City as a Whole**

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

One of the most important questions to ask about the City's finances is, “Has the City's overall financial condition improved, declined or remained steady as a result of the year's activities?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base, the condition of the City's roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting described above and include only those City assets and liabilities resulting from cash transactions.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities: *Governmental activities* - Most of the City'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 City typically charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's electric, water, wastewater, sanitation utilities and industrial development activities are reported as business-type activities.

### **Reporting the City's Most Significant Funds - Fund Financial Statements**

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

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City uses two kinds of funds – *governmental and proprietary*.

**CITY OF WALTERS, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2024**

---

*Governmental funds* - All of the City'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. Governmental funds report their activities on a modified cash basis of accounting. 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 City'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 City's programs.

*Proprietary funds* - The City operates two proprietary funds, the Walters Public Works Authority (major fund), and the Walters Industrial Development Authority (non-major fund). When the City, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are also reported on the modified cash basis of accounting. The City's proprietary funds are the Walters Public Works Authority that accounts for the operation of the electric, water, wastewater, and sanitation activities, and the Walters Industrial Authority, which accounts for industrial development activity.

### **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 27-39 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund, combining and individual fund financial statements and schedules, a federal and state award schedule, and a debt service coverage requirement schedule.

## **THE CITY AS A WHOLE**

For the year ended June 30, 2024, net position on a modified cash basis for the governmental and business-type activities decreased \$346,694.

Following is a summary of net position reported on a modified cash basis for the City of Walters.

**CITY OF WALTERS, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2024**

**The City of Walters' Net Position (Modified Cash Basis)**  
**June 30, 2024**

**TABLE 1**  
**NET POSITION (In Thousands)**

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Total assets	\$ 1,560	\$ 1,517	3%	\$ 718	\$ 1,106	-35%	\$ 2,278	\$ 2,623	-13%
Total liabilities	2	3	0%	245	243	1%	247	246	1%
Net position									
Restricted	1,279	1,047	22%	35	34	3%	1,314	1,081	22%
Unrestricted	279	467	-40%	438	829	-47%	717	1,296	-45%
<b>Total net position</b>	<u>\$ 1,558</u>	<u>\$ 1,514</u>	3%	<u>\$ 473</u>	<u>\$ 863</u>	-45%	<u>\$ 2,031</u>	<u>\$ 2,377</u>	-15%

The largest portion of the City's net position reflects a \$1,000,000 restricted non-expendable endowment.

**The City of Walters' Revenues, Expenses and Changes in Net Position (Modified Cash Basis)**  
**Year Ended June 30, 2024**

**TABLE 2**  
**CHANGES IN NET POSITION (In Thousands)**

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
<b>Revenues</b>									
Charges for services	\$ 137	\$ 172	-20%	\$ 3,309	\$ 3,224	3%	\$ 3,446	\$ 3,396	1%
Operating grants, loans and contributions	228	86	165%	-	-	-	228	86	165%
Capital grants, loans and contributions	19	-	100%	72	-	100%	91	-	100%
Taxes	809	727	11%	-	-	-	809	727	11%
Intergovernmental revenue	85	87	-2%	13	208	-94%	98	295	-67%
Investment income	14	4	250%	61	47	30%	75	51	47%
Miscellaneous	38	78	-51%	256	51	402%	294	129	128%
<b>Total revenues</b>	<u>1,330</u>	<u>1,154</u>	15%	<u>3,711</u>	<u>3,530</u>	5%	<u>5,041</u>	<u>4,684</u>	8%
<b>Expenses</b>									
General government	118	111	6%	-	-	-	118	111	6%
Public safety	722	948	-24%	-	-	-	722	948	-24%
Streets	398	269	48%	-	-	-	398	269	48%
Culture, parks and recreation	379	251	51%	-	-	-	379	251	51%
Cemetery	89	118	-25%	-	-	-	89	118	-25%
Airport	3	4	-25%	-	-	-	3	4	-25%
Electric	-	-	-	2,083	1,687	23%	2,083	1,687	23%
Water	-	-	-	838	527	59%	838	527	59%
Wastewater	-	-	-	297	295	1%	297	295	1%
Sanitation	-	-	-	460	492	-7%	460	492	-7%
<b>Total expenses</b>	<u>1,709</u>	<u>1,701</u>	0%	<u>3,678</u>	<u>3,001</u>	23%	<u>5,387</u>	<u>4,702</u>	15%
Excess (deficiency) before transfers	(379)	(547)	31%	33	529	-94%	(346)	(18)	1822%
Transfers	423	528	-20%	(423)	(528)	-20%	-	-	
<b>Change in net position</b>	44	(19)	-332%	(390)	1	-39100%	(346)	(18)	1822%
<b>Beginning net position</b>	<u>1,514</u>	<u>1,533</u>	-1%	<u>863</u>	<u>862</u>	0%	<u>2,377</u>	<u>2,395</u>	-1%
<b>Ending net position</b>	<u>\$ 1,558</u>	<u>\$ 1,514</u>	3%	<u>\$ 473</u>	<u>\$ 863</u>	-45%	<u>\$ 2,031</u>	<u>\$ 2,377</u>	-15%

**CITY OF WALTERS, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2024**

**Governmental Activities**

Governmental activities had an increase in operating grants, loans and contributions from the prior year of approximately \$142,000. That increase was due to donations to the library of \$155,381. The increase in the culture and recreation expenses reflect an increase of \$128,000 from the expenditure of those donations. The increase in streets expenses was due primarily to an increase in capital outlay.

**Business-type Activities**

Intergovernmental revenues decreased \$195,000 due to the receipt of ARPA monies in prior year of \$207,000. Electric expenses increased over prior year by \$396,000 due primarily to increased cost in wholesale electric purchases of \$246,000. Water expenses increased \$311,000 due primarily to an increase in water capital outlay projects.

**TABLE 3**  
**Net Revenue (Expense) of Governmental Activities**  
**(In Thousands)**

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. (Dec.)</b>
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
General government	\$ 118	\$ 111	6%	\$ (105)	\$ (96)	9%
Public safety	722	949	-24%	(614)	(820)	-25%
Streets	398	269	48%	(368)	(233)	58%
Culture, parks and recreation	379	251	51%	(202)	(226)	-11%
Cemetery	89	118	-25%	(32)	(63)	-49%
Airport	3	4	-25%	(4)	(4)	0%
<b>Total</b>	<u>\$ 1,709</u>	<u>\$ 1,702</u>	0%	<u>\$ (1,325)</u>	<u>\$ (1,442)</u>	-8%

**TABLE 4**  
**Net Revenue (Expense) of Business-Type Activities**  
**(In Thousands)**

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. (Dec.)</b>
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Electric	\$ 2,083	\$ 1,687	23%	\$ 93	\$ 334	-72%
Water	838	527	59%	(348)	(18)	1833%
Wastewater	297	295	1%	(21)	(13)	62%
Sanitation	460	492	-7%	(21)	(81)	-74%
<b>Total</b>	<u>\$ 3,678</u>	<u>\$ 3,001</u>	23%	<u>\$ (297)</u>	<u>\$ 222</u>	-234%

## **A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$1,557,761. For the year ended June 30, 2024, the General Fund's total fund balance increased by \$12,348. The proprietary funds reported a combined net position balance of \$472,793. The total net position of the Walters Public Works Authority decreased by \$390,189.

### **Budgetary Highlights**

For the year ended June 30, 2024, the General Fund reported actual budgetary basis revenues under final estimates by \$786,417 or a 29.8% negative variance. General Fund actual expenditures were under final appropriations by \$779,517 a 29.8% positive variance.

## **ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES**

The following information outlines significant known factors that will affect subsequent year finances:

- The remaining FY 25 budgeted activities are projected to be relatively consistent with the FY 24 activities.

### **Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at P.O. Box 485, Walters, Oklahoma 73572 or telephone at 580-875-3337.



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

---

**BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES**

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

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 433,080	\$ 431,913	\$ 864,993
Investments	126,500	8,113	134,613
Restricted cash and cash equivalents	-	141,220	141,220
Restricted investments	1,000,000	137,050	1,137,050
Total Assets	<u>1,559,580</u>	<u>718,296</u>	<u>2,277,876</u>
<b>LIABILITIES</b>			
Due to other governments	439	4,407	4,846
Due to depositors	-	241,096	241,096
Due to bondholders	1,380	-	1,380
Total liabilities	<u>1,819</u>	<u>245,503</u>	<u>247,322</u>
<b>NET POSITION</b>			
Restricted for:			
Nonexpendable endowment	1,000,000	-	1,000,000
Cemetery	158,203	-	158,203
Capital	75,003	-	75,003
Debt service	-	34,800	34,800
Other purposes	45,769	-	45,769
Unrestricted	278,786	437,993	716,779
Total net position	<u>\$ 1,557,761</u>	<u>\$ 472,793</u>	<u>\$ 2,030,554</u>

See accompanying notes to these financial statements.

**CITY OF WALTERS, 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	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Loans and Contributions	Capital Grants, Loans and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental Activities							
General Government	\$ 118,036	\$ 12,570	\$ 200	\$ -	\$ (105,266)	\$ -	\$ (105,266)
Court and judicial	-	-	-	-	-	-	-
Public Safety	722,118	60,358	37,494	10,000	(614,266)	-	(614,266)
Highways and streets	398,413	-	21,725	8,723	(367,965)	-	(367,965)
Culture and Recreation	378,895	16,108	160,381	-	(202,406)	-	(202,406)
Cemetery	88,633	48,305	7,987	-	(32,341)	-	(32,341)
Airport	3,431	-	-	-	(3,431)	-	(3,431)
Total governmental activities	1,709,526	137,341	227,787	18,723	(1,325,675)	-	(1,325,675)
Business-type activities:							
Electric	2,083,464	2,105,258	-	71,650	-	93,444	93,444
Water	837,971	489,574	-	-	-	(348,397)	(348,397)
Wastewater	297,093	276,352	-	-	-	(20,741)	(20,741)
Sanitation	459,571	438,036	-	-	-	(21,535)	(21,535)
Total business-type activities	3,678,099	3,309,220	-	71,650	-	(297,229)	(297,229)
Total primary government	\$ 5,387,625	\$ 3,446,561	\$ 227,787	\$ 90,373	(1,325,675)	(297,229)	(1,622,904)
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					796,712	-	796,712
Franchise taxes and public service taxes					12,078	-	12,078
Intergovernmental revenue not restricted to specific programs					85,142	13,300	98,442
Unrestricted investment earnings					14,160	60,577	74,737
Miscellaneous					37,960	256,281	294,241
Transfers					423,118	(423,118)	-
Total general revenues and transfers					1,369,170	(92,960)	1,276,210
Change in net position					43,495	(390,189)	(346,694)
Net position - beginning					1,514,266	862,982	2,377,248
Net position - ending					\$ 1,557,761	\$ 472,793	\$ 2,030,554

See accompanying notes to these financial statements.

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

---

**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

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

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

	<b>General Fund</b>	<b>Graham Trust Fund</b>	<b>Cemetery Permanent Fund</b>	<b>Emergency Services Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 24,905	\$ 61,797	\$ 30,325	\$ 241,050	\$ 75,003	\$ 433,080
Investments	-	-	126,500	-	-	126,500
Restricted investments	-	1,000,000	-	-	-	1,000,000
Due from other funds	-	-	1,378	-	-	1,378
Total assets	<u>\$ 24,905</u>	<u>\$ 1,061,797</u>	<u>\$ 158,203</u>	<u>\$ 241,050</u>	<u>\$ 75,003</u>	<u>\$ 1,560,958</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Due to other funds	\$ 1,378	\$ -	\$ -	\$ -	\$ -	\$ 1,378
Due to other governments	439	-	-	-	-	439
Due to bondholders	1,380	-	-	-	-	1,380
Total liabilities	<u>3,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,197</u>
Fund balances:						
Nonspendable:						
Nonexpendable permanent endowment	-	1,000,000	-	-	-	1,000,000
Restricted:						
Cemetery	-	-	158,203	-	-	158,203
Capital outlay	-	-	-	-	75,003	75,003
Other purposes	45,769	-	-	-	-	45,769
Committed	-	-	-	59,295	-	59,295
Assigned:						
General Government	-	61,797	-	-	-	61,797
Capital	-	-	-	181,755	-	181,755
Unassigned (deficit)	(24,061)	-	-	-	-	(24,061)
Total fund balances	<u>21,708</u>	<u>1,061,797</u>	<u>158,203</u>	<u>241,050</u>	<u>75,003</u>	<u>1,557,761</u>
Total liabilities and fund balances	<u>\$ 24,905</u>	<u>\$ 1,061,797</u>	<u>\$ 158,203</u>	<u>\$ 241,050</u>	<u>\$ 75,003</u>	<u>\$ 1,560,958</u>

See accompanying notes to these financial statements.

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

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

	General Fund	Graham Trust Fund	Cemetery Permanent Fund	Emergency Services Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 808,790	\$ -	\$ -	\$ -	\$ -	\$ 808,790
Intergovernmental	160,584	-	-	-	-	160,584
Charges for services	88,801	-	6,641	-	-	95,442
Fines and forfeitures	34,981	-	-	-	-	34,981
Licenses and permits	7,618	-	-	-	-	7,618
Investment income	3,181	10,321	173	-	485	14,160
Miscellaneous	208,328	-	-	-	-	208,328
Total revenues	<u>1,312,283</u>	<u>10,321</u>	<u>6,814</u>	<u>-</u>	<u>485</u>	<u>1,329,903</u>
<b>EXPENDITURES</b>						
Current:						
General government	117,979	-	-	-	-	117,979
Public Safety	676,973	-	-	-	-	676,973
Highway and streets	327,780	-	-	-	-	327,780
Culture and recreation	232,429	-	-	-	-	232,429
Cemetery	88,458	-	175	-	-	88,633
Airport	3,431	-	-	-	-	3,431
Capital Outlay	261,216	-	-	-	1,085	262,301
Total Expenditures	<u>1,708,266</u>	<u>-</u>	<u>175</u>	<u>-</u>	<u>1,085</u>	<u>1,709,526</u>
Excess (deficiency) of revenues over expenditures	<u>(395,983)</u>	<u>10,321</u>	<u>6,639</u>	<u>-</u>	<u>(600)</u>	<u>(379,623)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	623,990	-	-	14,787	-	638,777
Transfers out	(215,659)	-	-	-	-	(215,659)
Total other financing sources and uses	<u>408,331</u>	<u>-</u>	<u>-</u>	<u>14,787</u>	<u>-</u>	<u>423,118</u>
Net change in fund balances	12,348	10,321	6,639	14,787	(600)	43,495
Fund balances - beginning	9,360	1,051,476	151,564	226,263	75,603	1,514,266
Fund balances - ending	<u>\$ 21,708</u>	<u>\$ 1,061,797</u>	<u>\$ 158,203</u>	<u>\$ 241,050</u>	<u>\$ 75,003</u>	<u>\$ 1,557,761</u>

See accompanying notes to these financial statements.

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

---

**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS**

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

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

	<u>Major Enterprise Fund</u>	<u>Non-major Enterprise Fund</u>	
	<u>Walters Public Works Authority</u>	<u>Walters Industrial Development Authority</u>	<u>Total Enterprise Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 402,753	\$ 29,160	\$ 431,913
Investments	-	8,113	8,113
Restricted:			
Restricted cash and cash equivalents	141,220	-	141,220
Restricted investments	137,050	-	137,050
Total assets	<u>681,023</u>	<u>37,273</u>	<u>718,296</u>
<b>LIABILITIES</b>			
Due to other governments	4,407	-	4,407
Deposits subject to refund	241,096	-	241,096
Total liabilities	<u>245,503</u>	<u>-</u>	<u>245,503</u>
<b>NET POSITION</b>			
Restricted for debt service	34,800	-	34,800
Unrestricted	400,720	37,273	437,993
Total net position	<u>\$ 435,520</u>	<u>\$ 37,273</u>	<u>\$ 472,793</u>

See accompanying notes to these financial statements.



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

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

	<b>Major Enterprise Fund</b>	<b>Non-major Enterprise Fund</b>	
	<b>Walters Public Works Authority</b>	<b>Walters Industrial Development Authority</b>	<b>Total Enterprise Funds</b>
<b>OPERATING REVENUES</b>			
Electric	\$ 2,105,258	\$ -	\$ 2,105,258
Water	489,574	-	489,574
Sewer	276,352	-	276,352
Sanitation	438,036	-	438,036
Total operating revenues	<u>3,309,220</u>	<u>-</u>	<u>3,309,220</u>
<b>OPERATING EXPENSES</b>			
Electric	1,748,295	-	1,748,295
Water	695,491	-	695,491
Sewer	200,595	-	200,595
Sanitation	389,833	-	389,833
General government	526,846	-	526,846
Total operating expenses	<u>3,561,060</u>	<u>-</u>	<u>3,561,060</u>
Operating income (loss)	<u>(251,840)</u>	<u>-</u>	<u>(251,840)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	60,249	328	60,577
Grant revenue	84,950	-	84,950
Miscellaneous revenue	253,531	2,750	256,281
Debt Service:			
Principal	(84,826)	-	(84,826)
Interest and other charges	(32,213)	-	(32,213)
Total net non-operating revenue (expense)	<u>281,691</u>	<u>3,078</u>	<u>284,769</u>
Income before transfers	29,851	3,078	32,929
Transfers in	215,659	-	215,659
Transfers out	(638,777)	-	(638,777)
Change in net position	<u>(393,267)</u>	<u>3,078</u>	<u>(390,189)</u>
Total net position - beginning	828,787	34,195	862,982
Total net position - ending	<u>\$ 435,520</u>	<u>\$ 37,273</u>	<u>\$ 472,793</u>

See accompanying notes to these financial statements.

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

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

	<b>Major Enterprise Fund</b>	<b>Non-major Enterprise Fund</b>	
	<b>Walters Public Works Authority</b>	<b>Walters Industrial Authority</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 3,309,220	\$ -	\$ 3,309,220
Payments to suppliers	(2,806,534)	-	(2,806,534)
Payments to employees	(754,526)	-	(754,526)
Interfund receipts/payments	336	-	336
Receipts of customer meter deposits	38,293	-	38,293
Refunds of customer meter deposits	(35,815)	-	(35,815)
Other receipts	338,481	2,750	341,231
<b>Net cash provided by operating activities</b>	<b>89,455</b>	<b>2,750</b>	<b>92,205</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	215,659	-	215,659
Transfers to other funds	(638,777)	-	(638,777)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(423,118)</b>	<b>-</b>	<b>(423,118)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on debt	(84,826)	-	(84,826)
Interest and fiscal agent fees paid on debt	(32,213)	-	(32,213)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(117,039)</b>	<b>-</b>	<b>(117,039)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale (Purchase) of investments	-	(141)	(141)
Interest and dividends	60,249	328	60,577
<b>Net cash provided by investing activities</b>	<b>60,249</b>	<b>187</b>	<b>60,436</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(390,453)</b>	<b>2,937</b>	<b>(387,516)</b>
<b>Balances - beginning of year</b>	<b>934,426</b>	<b>26,223</b>	<b>960,649</b>
<b>Balances - end of year</b>	<b>\$ 543,973</b>	<b>\$ 29,160</b>	<b>\$ 573,133</b>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 402,753	\$ 29,160	\$ 431,913
Restricted cash and cash equivalents	141,220	-	141,220
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 543,973</b>	<b>\$ 29,160</b>	<b>\$ 573,133</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (251,840)	\$ -	\$ (251,840)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Miscellaneous revenue	338,481	2,750	341,231
Change in assets and liabilities:			
Due to other governments	336	-	336
Deposits subject to refund	2,478	-	2,478
<b>Net cash provided by operating activities</b>	<b>\$ 89,455</b>	<b>\$ 2,750</b>	<b>\$ 92,205</b>

See accompanying notes to these financial statements.

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

---

**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (City of Walters) and two component units.

- **The City of Walters**— that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The City of Walters Public Works Authority** – that operates the electric, water, wastewater and sanitation services of the City
- **The City of Walters Industrial Development Authority** – that promotes, develops and secures industrial development within the City

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and, through its public trusts, certain utility services including electric, water, wastewater, and sanitation, and industrial development activities.

Both component units (Authorities) have the City Council as their governing body (trustees) and the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities.

In determining the financial reporting entity, the City fully complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 61, "The Financial Reporting Entity: Omnibus" that requires all component units of which the City is financially accountable be included in the financial report.

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authorities. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

**B. Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

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

- cash-based interfund 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 capital assets, 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 long-term debt, 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 City's taxpayers. The City has the following program revenues in each activity:

- General government: License and permits, mowing fees, operating grants and contributions
- Public safety: Fine revenue, impound fees, fire runs and operating grants
- Streets and highways: Gas excise and commercial vehicle taxes
- Culture and recreation: Golf course and swimming pool rentals and fees
- Cemetery: Sale of lots and interments and operating contributions

*Governmental Funds:*

The City's governmental funds are comprised of the following:

**Major Funds:**

- General Fund – accounts for all activities not accounted for in other special-purpose funds
- Graham Trust Fund – a permanent fund that accounts for an irrevocable certificate of deposit donated to the City for use of interest earnings as deemed by the City Council
- Cemetery Permanent Fund – a capital project fund that accounts for 12.5 percent of cemetery revenues restricted by State law for cemetery capital improvements
- Emergency Service Fund – a capital project fund that accounts for a \$1 charge on utility bills to be used for capital purchases. The City also recorded CARES grant monies here in FY21.

**Non-Major Funds (Reported as Other Governmental Funds):**

- Library Special Fund – accounts for Library donations received for library purposes.
- Capital Outlay Fund – accounts for residual \$1 meter charge assessed for Water Plant lagoon cleanout.

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities arising from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

*Proprietary Funds:*

The City's proprietary funds are comprised of the following:

**Major Fund:**

- Walters Public Works Authority (WPWA) – accounts for the operation of the electric, water, wastewater, and sanitation activities

**Non-Major Fund:**

- Walters Industrial Development Authority (WIDA) – accounts for industrial development activities

The proprietary funds are reported on a modified cash basis, as defined above.

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.

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

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

**D. 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. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 7.

**E. Fund Balances and Net Position**

*Fund Balances:*

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:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

*Net Position:*

Net Position is displayed in two components:

- b. Restricted - 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.”

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

---

**F. Internal and Interfund Balances and Transfers**

The City'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.

**2. Deposits and Investments**

For the year ended June 30, 2024, the City recognized \$74,737 of investment income. Most of the City's deposits are in demand and short-term time deposits.

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

Type	Maturities	Credit Rating	Carrying Value
<b>Deposits:</b>			
Petty cash			\$ 2,170
Demand deposits			988,779
Time deposits			1,271,663
Money market mutual funds:			
Cavanal Hill U.S. Treasury - Admin fund	N/A	AAAm	15,264
<b>Total deposits and investments</b>			<u><u>\$ 2,277,876</u></u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			\$ 864,993
Restricted cash and cash equivalents			141,220
Investments			134,613
Restricted investments			1,137,050
			<u><u>\$ 2,277,876</u></u>

*Custody 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 City is governed by the State Public Deposit Act which requires that the City 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 either a counterparty or a counterparty's trust, department or agent, but not in the government's name.

As of June 30, 2024, the City was not exposed to custody credit risk.

*Investment Interest Rate Risk* - the City 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 City 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



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

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 City's public trusts.

As of June 30, 2024, the City did have money market mutual funds with a credit rating of AAAM according to Standard and Poor's.

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

*Restricted Cash and Investments* – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for utility deposits, trust accounts, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2024 are as follows:

<u>Type of Restricted Asset</u>	<u>Cash and cash equivalents</u>	<u>Investments</u>
Utility Deposits	\$ 123,415	\$ 120,050
OWRB Debt Service	15,264	-
UDAG Savings	2,541	-
UDAG CD	-	17,000
Graham Trust	-	1,000,000
Total	<u>\$ 141,220</u>	<u>\$ 1,137,050</u>

### 3. Sales Tax Revenue

Sales tax revenue represents a 3 cent tax on each dollar of taxable sales of which 1 cent is pledged and transferred to the Walters Public Works Authority and used to secure debt payments.

### 4. Internal Balances and Transfers Between Legal Entities

Transfers between funds and legal entities at June 30, 2024 are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
WPWA	General Fund	\$ 215,659	Return of sales tax transfer
WPWA	General Fund	372,831	Operational subsidy
WPWA	Emergency Service Fund	14,787	Transfer revenues
General Fund	WPWA	215,659	Sales tax transfer
WPWA	Cemetery General Fund	35,500	Transfer revenues
Total		<u>\$ 854,436</u>	

  

<b>Reconciliation to Fund Financial Statements:</b>			
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 638,777	\$ (215,659)	\$ 423,118
Proprietary Funds	215,659	(638,777)	(423,118)
	<u>\$ 854,436</u>	<u>\$ (854,436)</u>	<u>\$ -</u>

## **5. Risk Management**

The City is 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. The City manages these various risks of loss as follows:

- General Liability, Fleet Coverage, and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Fire Department Building and Vehicles – Covered through participation in the Risk Management Division of the Department of Central Services, State of Oklahoma self-insurance pool.
- Workers' Compensation – Workers' compensation is covered through Oklahoma Municipal Assurance Group.
- Employee's Group Health and Life – Health covered through participation in Blue Cross/Blue Shield and life is The Standard Life Insurance Company.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City. Management believes such insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three fiscal years.

## **6. Retirement Plan Participation**

The City participates in three employee retirement plans:

### *Oklahoma State Firefighters Pension System (FPRS)*

Pursuant to the requirements of Title 11, section 22-102, the City of Walters participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 9% to the plan, while the City is required by state law to contribute 14% per year per firefighter to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The City's obligation to fund the plan extends only to making the statutorily required contributions.

FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

#### **Normal Retirement:**

- Hired Prior to November 1, 2013

Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

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

---

- Hired After November 1, 2013

Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions for the last three years were as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2022	\$ 16,549	\$ 16,549
2023	14,784	14,784
2024	16,176	16,176

A copy of the Firefighters Statewide Pension Plan financial statements can be obtained from the Oklahoma Firefighters Pension System, 4545 Lincoln Blvd. Suite 263, Oklahoma City, OK, 73105-3707.

#### *OkMRF Defined Contribution Plan*

*Plan Summary Information.* Effective November 1, 2018, the City has provided a defined contribution plan and trust available to the employees of the City of Walters. The trust is in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). The OkMRF operations are supervised by a nine-member Board of Trustees elected by the participation municipalities. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate six months after hire date.

*Funding Policy.* Employees participating in the Plan are required to contribute at least 4%. By City ordinance, the City, as employer, is required to make contributions to the plan at a current rate of 9% of covered payroll. The City contributions for each employee (and interest allocated to the employee's account) are vested at incremental percentages beginning after two years of service and

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

---

are 100% vested after 6 years of service. The authority to establish and amend the provisions of the plan rests with the City Council.

For the year ended June 30, 2024, employer contributions to the plan were \$66,830 and employee contributions to the plan amounted to \$48,200.

*OkMRF CMO Plan*

*Plan Summary Information.* Effective November 1, 2018, the City has also provided a defined contribution plan and trust known as the City of Walters City Manager Retirement Plan and Trust (CMO Plan). The trust is in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). The plan is administered by Voya Financial. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. The plan is available only to the City Manager. The employee does not contribute to the plan and the employer makes variable contributions to the fund.

For the year ended June 30, 2024, the employer contribution rate is 7.4%. City contributions to the plan for the year ended June 30, 2024 totaled \$6,195.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma 73105.

## **7. Commitments and Contingencies**

*Governmental Activities:*

At June 30, 2024, there were no governmental activities long-term payables.

*Business-Type Activities:*

Long-term debt commitments payable from net revenues generated by the utility resources or other resources pledged to City's business-type activities at June 30, 2024, includes the following:

Long-Term Note Commitments – direct borrowing

OWRB Promissory Note dated December 23, 2009, original amount \$1,326,974, due in semi-annual principal and interest installments of \$26,667 each March 15 and September 15, final installment due September 2030, interest rate of 2.71%. The note is secured by a pledge of net water, sewer, garbage and electric utility revenues and a three percent sales tax pledge. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; 5) increase the interest rate to 14% on the defaulted payments.

\$ 316,652

Total Notes Payable	<u>\$ 316,652</u>
---------------------	-------------------

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

---

Contracts Payable – direct borrowings

Contract payable to the Waurika Project Master Conservancy District, original amount of \$110,423, for use of water facility, payable in 50 annual installments of \$5,155, with interest calculated at 3.46%, final maturity in November 2026. Contract is secured by water revenues of the WPWA.	\$ 13,271
Contract payable to the Waurika Project Master Conservancy District, original amount of \$254,544, for use of water conveyance facility, payable in semi-annual installments, with interest calculated at 3%, final maturity in March 2031. Contract is secured by water revenues of the WPWA.	125,300
Contract payable to the Waurika Project Master Conservancy District, original amount of \$131,928, for silt removal and line extension, payable in semi-annual installments, with interest calculated at 3.5%, final maturity in October 2035. Contract is secured by water revenues of the WPWA.	89,272
Contract payable to the Waurika Project Master Conservancy District, original amount of \$327,133, for use of water facility, payable in semi-annual installments, with interest calculated at 3.07%, final maturity in October 2035. Contract is secured by water revenues of the WPWA.	<u>\$ 230,208</u>
Total Contracts Payable	<u>\$ 458,051</u>

All contracts payable to the Waurika Project Master Conservancy District in the event of default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged one cent (or 33.3%) of future sales tax revenue and utility revenues to repay the \$1,326,974 Series 2009 OWRB Promissory Notes. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged sales tax revenues and net utility revenues and are payable through 2031. The total principal and interest payable for the remainder of the life of the notes is \$347,967. Pledged sales taxes (one cent) received in the current year were \$215,659 and net utility revenues (not including investment income and ARPA expenses) were \$67,429. Debt service payments of \$52,501 for the current fiscal year were 18.6% of both pledged sales taxes and net utility revenues of \$283,088.

Utility Net Revenues Pledge - The City has pledged future net water utility revenues to repay the \$824,028 Waurika Project Master Conservancy District contracts payable. Proceeds from the contracts provided financing for capital assets. The contracts are payable from net water revenues and are payable through 2036. The total principal and interest payable for the remainder of the life of the contracts is \$557,206. Net water utility revenues (excluding ARPA expenses) were \$113,352. Debt service payments of \$64,538 for the current fiscal year were 57.0% of net water utility revenues.

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

---

*Compensated Absences:*

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation, sick and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2024, is summarized as follows:

- City – Accrued compensated absences \$94,145
- WPWA – Accrued compensated absences \$131,310

In addition to the above balances, the City also allows retirees to use accrued sick leave balances at the time of retirement to pay health insurance premiums until those balances are zero. At June 30, 2024, the amount of retiree unused sick leave balances totaled \$8,631.

*Litigation:*

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. 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 City. (This provision is not available to public trusts.) While the outcome of the above noted proceedings or threatened litigation cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

*Federal and State Award Programs:*

The City of Walters participates in various federal or state grant/loan programs from year to year. In 2024, the City's involvement in federal and state award programs was not material. 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 City has not been notified of any noncompliance with federal or state award requirements.

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

---

**SUPPLEMENTAL AND OTHER INFORMATION**

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

**Budgetary Comparison Schedule (Modified Cash Basis) – Year Ended June 30, 2024**

City of Walters Budget and Actual (with Variances) General Fund				
	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance</b>	\$ -	\$ -	\$ 8,331	\$ 8,331
<b>Resources (Inflows)</b>				
Taxes	724,317	724,317	808,790	84,473
Intergovernmental	333,942	333,942	160,584	(173,358)
Charges for services	51,048	51,048	47,137	(3,911)
Fines and forfeitures	69,720	69,720	34,981	(34,739)
Licenses and permits	10,440	10,440	7,618	(2,822)
Investment income	5	5	1,245	1,240
Miscellaneous	607,696	607,696	200,191	(407,505)
Transfers in	838,285	838,285	588,490	(249,795)
<b>Total Resources</b>	<u>2,635,453</u>	<u>2,635,453</u>	<u>1,849,036</u>	<u>(786,417)</u>
<b>Amounts Available for Appropriation</b>	<u>2,635,453</u>	<u>2,635,453</u>	<u>1,857,367</u>	<u>(778,086)</u>
<b>Charges to Appropriations (Outflows)</b>				
General government	325,280	335,380	118,036	217,344
Police	497,940	488,688	397,824	90,864
Fire	503,880	503,880	323,231	180,649
Streets	409,800	490,800	398,413	92,387
Parks	548,640	548,600	171,538	377,062
Library	77,640	238,021	201,520	36,501
Airport	3,800	3,800	3,431	369
Golf course	2,600	4,752	4,752	-
Transfers out	-	-	215,659	(215,659)
<b>Total Charges to Appropriations</b>	<u>2,369,580</u>	<u>2,613,921</u>	<u>1,834,404</u>	<u>779,517</u>
<b>Fund balances - ending</b>	<u>\$ 265,873</u>	<u>\$ 21,532</u>	<u>\$ 22,963</u>	<u>\$ 1,431</u>

**Footnotes to Budgetary Comparison Schedules:**

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements. For budgetary comparison purposes, the City considers all encumbrances to lapse at year-end, therefore encumbrances are not considered expenditures for budgetary comparison purposes. However, the City will re-appropriate these lapsed encumbrances in the subsequent year budget.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require City Manager's approval, while supplemental appropriations require City Council approval.
3. The actual amounts on the budgetary comparison schedules differ from the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance due to a difference in the



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

---

presentation of the General Fund. In the governmental fund statements, the General Fund includes the Cemetery General Account. The detail of differences is as follows:

Resources - Budgetary Comparison Schedule	\$ 1,849,036
Cemetery Account Revenues	51,737
Deduct transfers in	<u>(588,490)</u>
Revenue - Statement of Revenues, Expenditures, and Changes in Fund Balance	<u><u>\$ 1,312,283</u></u>
Charges to appropriations - Budgetary Comparison Schedule	\$ 1,834,404
Cemetery Account Expenditures	88,458
E911 Payroll Account Expenditures	1,063
Deduct transfers out	<u>(215,659)</u>
Expenditures - Statement of Revenues, Expenditures, and Changes in Fund Balance	<u><u>\$ 1,708,266</u></u>

4. Expenditures exceeded appropriations in the General Fund in the following department:

- Transfers out   \$215,659

Total charges to appropriations in the General Fund, however, have not been overspent.

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

**Combining Balance Sheet – Nonmajor Funds (Modified Cash Basis) – June 30, 2024**

	<b>Capital Project Funds</b>		
	<b>Library Special</b>	<b>Capital Outlay Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 75,003	\$ 75,003
Total assets	<u>\$ -</u>	<u>\$ 75,003</u>	<u>\$ 75,003</u>
 <b>FUND BALANCES</b>			
Fund balances:			
Restricted for:			
Capital outlay	\$ -	\$ 75,003	\$ 75,003
Total fund balances	<u>-</u>	<u>75,003</u>	<u>75,003</u>
Total fund balances	<u>\$ -</u>	<u>\$ 75,003</u>	<u>\$ 75,003</u>

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

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Funds**  
**(Modified Cash Basis) – Year Ended June 30, 2024**

	<b>Capital Project Funds</b>		
	<b>Library Special Fund</b>	<b>Capital Outlay Fund</b>	<b>Total-Other Governmental Funds</b>
<b>REVENUES</b>			
Investment income	\$ -	\$ 485	\$ 485
Total revenues	-	485	485
<b>EXPENDITURES</b>			
Capital Outlay	1,085	-	1,085
Total Expenditures	1,085	-	1,085
Net change in fund balances	(1,085)	485	(600)
Fund balances - beginning	1,085	74,518	75,603
Fund balances - ending	\$ -	\$ 75,003	\$ 75,003

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

**Combining Schedule of Balance Sheet Accounts – General Fund Accounts (Modified Cash Basis) –  
June 30, 2024**

	<b>General Fund Account</b>	<b>E911 Payroll Account</b>	<b>Cemetery General Account</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,782	\$ (1,063)	\$ 1,186	\$ 24,905
Total assets	<u>\$ 24,782</u>	<u>\$ (1,063)</u>	<u>\$ 1,186</u>	<u>\$ 24,905</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ 1,378	\$ 1,378
Due to other governments	439	-	-	439
Due to bondholders	1,380	-	-	1,380
Total liabilities	<u>1,819</u>	<u>-</u>	<u>1,378</u>	<u>3,197</u>
Fund balances:				
Restricted for:				
Other purposes	45,769	-	-	45,769
Unassigned (deficit)	<u>(22,806)</u>	<u>(1,063)</u>	<u>(192)</u>	<u>(24,061)</u>
Total fund balances	<u>22,963</u>	<u>(1,063)</u>	<u>(192)</u>	<u>21,708</u>
Total liabilities and fund balances	<u>\$ 24,782</u>	<u>(1,063)</u>	<u>\$ 1,186</u>	<u>\$ 24,905</u>

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

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund**  
**Accounts (Modified Cash Basis) – Year Ended June 30, 2024**

	<b>General Fund Account</b>	<b>E911 Payroll Account</b>	<b>Cemetery General Account</b>	<b>Total</b>
<b>REVENUES</b>				
Taxes	\$ 808,790	\$ -	\$ -	\$ 808,790
Intergovernmental	160,584	-	-	160,584
Charges for services	47,137	-	41,664	88,801
Fines and forfeitures	34,981	-	-	34,981
Licenses and permits	7,618	-	-	7,618
Investment income	1,245	-	1,936	3,181
Miscellaneous	200,191	-	8,137	208,328
Total revenues	<u>1,260,546</u>	<u>-</u>	<u>51,737</u>	<u>1,312,283</u>
<b>EXPENDITURES</b>				
Current:				
General government	117,979	-	-	117,979
Public Safety	675,910	1,063	-	676,973
Highway and streets	327,780	-	-	327,780
Culture and recreation	232,429	-	-	232,429
Cemetery	-	-	88,458	88,458
Airport	3,431	-	-	3,431
Capital Outlay	261,216	-	-	261,216
Total Expenditures	<u>1,618,745</u>	<u>1,063</u>	<u>88,458</u>	<u>1,708,266</u>
Excess (deficiency) of revenues over expenditures	<u>(358,199)</u>	<u>(1,063)</u>	<u>(36,721)</u>	<u>(395,983)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	588,490	-	35,500	623,990
Transfers out	(215,659)	-	-	(215,659)
Total other financing sources and uses	<u>372,831</u>	<u>-</u>	<u>35,500</u>	<u>408,331</u>
Net change in fund balances	14,632	(1,063)	(1,221)	12,348
Fund balances - beginning	8,331	-	1,029	9,360
Fund balances - ending	<u>\$ 22,963</u>	<u>\$ (1,063)</u>	<u>\$ (192)</u>	<u>\$ 21,708</u>

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

**Schedule of Expenditures of Federal and State Awards – For the Year Ended June 30, 2024**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Award Amount</b>	<b>Awards Expended</b>
<b>FEDERAL AWARDS:</b>				
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u></b>				
Department of Emergency Management	97.042	ND FEMA DR 2022-EMPG PW	\$ 10,000	\$ 3,300
Department of Emergency Management	97.042	ND FEMA DR 2023-EMPG PW	10,000	7,500
Department of Emergency Management	97.042	FEMA 4324-DR	70,234	70,234
Total Federal Emergency Management Agency			<u>\$ 90,234</u>	<u>\$ 81,034</u>
<b><u>U.S. DEPARTMENT OF TREASURY:</u></b>				
American Rescue Plan Act - Tranches 1-3	21.027	ARPA 2021 PW	\$ 413,789	\$ 319,268
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>				
Passed through Oklahoma District Attorney's Council:				
Justice Assistance Grant	16.738	JAG-LLE-2022-Walters CI-00150	\$ 10,000	\$ 10,000
Justice Assistance Grant	16.738	JAG-LLE-2023-Walters CI-00140	10,000	2,267
			<u>\$ 20,000</u>	<u>\$ 12,267</u>
<b>Total Federal Awards</b>			<u>\$ 524,023</u>	<u>\$ 412,569</u>
<b>STATE AWARDS:</b>				
<b><u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u></b>				
Rural Fire Grant	N/A	N/A	\$ 9,994	\$ 9,994
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u></b>				
FEMA- Storms and flooding	N/A	FEMA-4274-DR-OK	\$ 4,212	\$ 4,212
FEMA- Storms and flooding	N/A	FEMA-4324-DR-OK	5,927	5,927
Total Federal Emergency Management Agency			<u>\$ 10,139</u>	<u>\$ 10,139</u>
<b><u>DEPARTMENT OF LIBRARY GRANT</u></b>				
State Aid grant	N/A	FY23 State aid	<u>\$ 8,786</u>	<u>\$ 5,000</u>
<b>Total State Awards</b>			<u>\$ 28,919</u>	<u>\$ 25,133</u>

**Note: The federal awards schedule is prepared on a basis consistent with the Uniform Guidance.**

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

---

**Schedule of Debt Service Coverage Requirement – Year Ended June 30, 2024**

<b>DEBT SERVICE COVERAGE:</b>	<b>OWRB</b>
	<b>Series 2009</b>
	<b><u>Promissory Note</u></b>
GROSS REVENUE AVAILABLE:	
Charges for services (all utility services)	3,309,220
Investment income	60,249
Sales tax appropriated and transferred from the City General Fund	<u>215,659</u>
Total Gross Revenue Available	<u>3,585,128</u>
OPERATING EXPENSES:	
Total Operating Expenses, net of ARPA expenses	<u>3,241,791</u>
Net Revenue Available for Debt Service	<u><u>\$343,337</u></u>
Maximum Annual Debt Service on all Obligations Payable From Revenues of the System	<u><u>\$53,534</u></u>
Computed Coverage	<u><u>641%</u></u>
Coverage Requirement	<u><u>125%</u></u>

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

---

**INTERNAL CONTROL AND COMPLIANCE**



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

---

**This page intentionally left blank**



**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***

To the Honorable Mayor and Members of the City Council  
City of Walters, 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 City of Walters, Oklahoma (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2025. Our report included an emphasis-of-a-matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

HSPG & ASSOCIATES, PC

---

5400 N Grand Blvd, Suite 330 • Oklahoma City, Oklahoma 73112 • Phone: 405.844.9995 • Fax: 405.844.9975

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

As part of obtaining reasonable assurance about whether the City'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*.

## **City's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

*HSPG & Associates, P.C.*

February 19, 2025

**CITY OF WALTERS, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

---

**Finding 2024-001 Segregation of Duties**

**Criteria:** Controls should properly segregate duties so that a single employee does not have access to both the physical asset and the related accounting records or to all phases of a transaction.

**Condition:** Controls were not always adequately segregated to prevent employees from having incompatible duties.

**Cause:** Due to the City's small staff size, certain duties are performed by personnel that would often be segregated to other personnel were a larger staff size available.

**Effect:** Unauthorized transactions may occur and not be detected due to employees performing incompatible duties.

**Recommendation:** Management should remain aware of the risk of any incompatible duties and attempt to compensate for that risk with increased oversight to the extent feasible.

**Views of Responsive Officials of Auditee:** The City of Walters acknowledges the inherent challenges in segregating duties among a small staff. We agree with the auditor's comment and are continuously assessing the associated risks and implementing mitigating controls to address these challenges. We remain committed to improving our internal control processes to ensure the integrity of our financial reporting.