

TOWN OF DUSTIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Board of Trustees
Town of Dustin, Oklahoma

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dustin, Oklahoma (Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Town's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the aggregate remaining fund information of the Town of Dustin, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as 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 my report. We are required to be independent of Town of Dustin, Oklahoma, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Emphasis of Matter

We draw attention to Note A 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 State of America. Our opinions are not modified with respect to this matter.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Town of Dustin'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 Town of Dustin'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 Reporting Required by Government Auditing standards

In accordance with Government Auditing Standards, we have also issued our report dated August 12, 2024, on our consideration of the Town of Dustin'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 results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town of Dustin's internal control over financial reporting and compliance.

Ralph Osborn, CPA LLP

Ralph Osborn, CPA LLP
Bristow, Oklahoma
August 12, 2024

TOWN OF DUSTIN, OKLAHOMA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2021

	Primary Government		
	Governmental	Business	
	Activities	Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 243,294	\$ 111,743	\$ 355,037
Investments	21,162	3,335	24,497
Restricted cash and cash equivalents	-	-	-
Due from other funds	(1,293)	1,293	-
Total current assets	<u>263,163</u>	<u>116,371</u>	<u>379,534</u>
Non-current assets:			
Capital assets			
Land	23,000	12,500	35,500
Other capital assets net of accumulated depreciation	<u>285,169</u>	<u>1,407,677</u>	<u>1,692,846</u>
Total non-current assets	<u>308,169</u>	<u>1,420,177</u>	<u>1,728,346</u>
Total assets	<u>571,332</u>	<u>1,536,548</u>	<u>2,106,587</u>
LIABILITIES			
Current liabilities:			
Long-term debt, current	-	-	-
Utility deposits	<u>-</u>	<u>25,313</u>	<u>25,313</u>
Total current liabilities	<u>-</u>	<u>25,313</u>	<u>25,313</u>
Non-current liabilities:			
Long-term debt, non-current	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>25,313</u>	<u>25,313</u>
NET POSITION			
Invested in capital assets, net of related debt	308,169	1,420,177	1,728,346
Restricted for meter deposit	-	-	-
Unrestricted	<u>263,163</u>	<u>91,058</u>	<u>354,221</u>
Total net position	<u>\$ 571,332</u>	<u>\$1,511,235</u>	<u>\$ 2,082,567</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DUSTIN, OKLAHOMA
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenue			Net (Expenses) Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
Function/Programs					
Governmental activities					
General government	\$133,184	\$ 36,914	\$ -	\$ 13,862	\$ (82,408)
Cemetery	100	1,600	-	-	1,500
Total governmental activities	133,284	38,514	-	13,862	(80,908)
Business-type activities					
Public Works Authority	230,298	139,510	-	-	(90,788)
Total business-type activities	230,298	139,510	-	-	(90,788)
Total primary government	\$363,582	\$178,024	\$ -	\$ 13,862	\$ (171,696)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	\$ (80,908)	\$ (90,788)	\$ (171,696)
General revenues			
Taxes			
Sales tax	65,081	-	65,081
Use tax	35,607	-	35,607
Franchise tax	4,685	-	4,685
Alcoholic Beverage Tax	8,321	-	8,321
Gas and auto	3,540	-	3,540
Cigarette tax	620	-	620
Interest	73	-	73
Other revenue	528	-	528
Insurance Proceeds	69,952	-	69,952
Lease income	350	-	350
Restitution income	95	-	95
Transfers	(70,952)	70,952	-
Total general revenue	117,900	70,952	188,852
Change in net position	36,992	(19,836)	17,156
Net position - beginning	534,340	1,531,071	2,065,411
Net position - ending	\$ 571,332	\$1,511,235	\$ 2,082,567

The accompanying notes are an integral part of this financial statement.

TOWN OF DUSTIN, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Cemetery Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$229,463	\$ 13,831	\$243,294
Investments	15,585	5,577	21,162
Due from other funds	<u>-</u>	<u>1,530</u>	<u>1,530</u>
TOTAL ASSETS	<u>\$245,048</u>	<u>\$ 20,938</u>	<u>\$265,986</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	<u>2,823</u>	<u>-</u>	<u>2,823</u>
TOTAL LIABILITIES	<u>2,823</u>	<u>-</u>	<u>2,823</u>
FUND BALANCES			
Unrestricted	<u>242,225</u>	<u>20,938</u>	<u>263,163</u>
TOTAL FUND BALANCES	<u>242,225</u>	<u>20,938</u>	<u>263,163</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$245,048</u>	<u>\$ 20,938</u>	

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund, net of accumulated depreciation of \$59,780	<u>308,169</u>
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Net position of governmental civilities	<u><u>\$ 571,332</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF DUSTIN, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Funds	Cemetery Funds	Total Governmental Funds
Revenue			
Taxes	\$117,854	\$ -	\$ 117,854
Investment	30	43	73
Other revenue	528	1,600	2,128
Insurance proceeds	69,952	-	69,952
Trash revenue	36,914	-	36,914
Lease income	350	-	350
Restitution income	95	-	95
Grant income	13,862	-	13,862
Total revenue	<u>239,585</u>	<u>1,643</u>	<u>241,228</u>
Expenditures			
Current			
Administration	82,014	-	82,014
Street & Alley	31,877	-	31,877
Cemetery	100	-	100
Total expenditures	<u>113,991</u>	<u>-</u>	<u>113,991</u>
Net Operating income (loss)	<u>125,594</u>	<u>1,643</u>	<u>127,237</u>
Other financing sources			
Transfer in	-	-	-
Transfer out	<u>(70,952)</u>	<u>-</u>	<u>(70,952)</u>
Total other financing sources	<u>(70,952)</u>	<u>-</u>	<u>(70,952)</u>
Net change in fund balances	54,642	1,643	56,285
Fund balances, beginning	<u>187,583</u>	<u>19,295</u>	<u>206,878</u>
Fund balances, ending	<u>\$242,225</u>	<u>\$ 20,938</u>	<u>\$ 263,163</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DUSTIN, OKLAHOMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net changes in fund balances - total governmental funds	\$ 56,285
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net position and allocated over their estimated useful lives as annual depreciation in the statement of activities. This is the amount by which capital outlay exceeds depreciation outlay in the period.

Depreciation expense

(19,293)

Capital outlay

-

(19,293)

Change in net position

\$ 36,992

The accompanying notes are an integral part of this financial statement.

TOWN OF DUSTIN, OKLAHOMA
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 111,743
Investments	3,335
Due from Other Funds	<u>1,293</u>
Total current assets	<u>116,371</u>
Non-current assets	
Capital assets:	
Land	12,500
Capital assets, net of accumulated depreciation	<u>1,407,677</u>
Total non-current assets	<u>1,420,177</u>
Total assets	<u>1,536,548</u>
LIABILITIES	
Current liabilities:	
Due to other funds	-
Accounts payable	-
Notes payable, current	-
Utility deposits	<u>25,313</u>
Total current liabilities	<u>25,313</u>
Non-current liabilities:	
Notes payable	<u>-</u>
Total non-current liabilities	<u>-</u>
Total liabilities	<u>25,313</u>
NET POSITION	
Invested in capital assets, net of related debt	1,420,177
Restricted for meter deposit	-
Unrestricted	<u>91,058</u>
Net position of business-type activities	<u><u>\$ 1,511,235</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DUSTIN, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>OPERATING REVENUES</u>	<u>Public Works Authority</u>
Charges for services:	
Water charges	\$ 139,510
Other	<u>-</u>
Total operating revenues	<u>139,510</u>
<u>OPERATING EXPENSES</u>	
Salaries and taxes	28,872
Water Purchases	69,323
Maintenance and Operations	8,675
Utilities and Phone	2,101
Professional fees	6,642
Office	118
Testing	3,352
Contract Labor	45,401
Depreciation	65,235
Other	<u>579</u>
Total operating expenses	<u>230,298</u>
Operating income (loss)	<u>(90,788)</u>
<u>OTHER FINANCING SOURCES</u>	
Transfer in	70,952
Transfer out	<u>-</u>
Total other financing sources	<u>70,952</u>
Change in net position	(19,836)
Total net position, beginning (Restated)	<u>1,531,071</u>
Total net position, ending	<u><u>\$1,511,235</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DUSTIN, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Public Works Authority</u>
Cash flows from operating activities	
Cash received from customers	\$ 139,510
Cash payments to employees	(28,872)
Cash payments to suppliers for goods and services	(137,271)
Net cash provided (used) by operating activities	<u>(26,633)</u>
Cash flows from capital and related financing activities	
Acquisition of fixed assets	<u>(27,797)</u>
Net cash used in capital and related financing activities	<u>(27,797)</u>
Cash flows from non-capital and related financing activities	
Transfers	<u>70,952</u>
Net cash provided by non-capital and related financing act.	<u>70,952</u>
Net increase/(decrease) in cash and cash equivalents	16,522
Cash and cash equivalents, beginning	<u>95,221</u>
Cash and cash equivalents, ending	<u><u>\$ 111,743</u></u>
Reconciliation of operating income(loss) to net cash provided by(used) by operating activities	
Operating income (loss)	\$ (90,788)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	65,235
Changes in assets and liabilities:	
Increase/(decrease) in due to other funds	(2,330)
Increase/(decrease) in utility deposits	<u>1,250</u>
Net cash provided (used) by operating activities	<u><u>\$ (26,633)</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DUSTIN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Dustin, Oklahoma, was incorporated under the provisions of the laws of the State of Oklahoma. The Town operates under a Board of Trustees form of government and provides the following services: general government, utilities, parks and recreation. The basic financial statements include the departments, agencies, and other organizational units over which the Board of Trustees exercise oversight responsibility. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 and No. 39. Based on the criteria the Dustin Public Works Authority (the Authority) is the only component unit. The definition of the financial reporting entity is primarily based on the concept of financial accountability. The financial reporting entity consists of the primary government (the Town), and activities for which the primary government is financially accountable, and the activities of the Authority. Financial accountability exists if a primary government appoints a voting majority of an organizations governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide a specific financial benefit to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, there are no other entities to include in the Town's financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A functional program is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these programs uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

TOWN OF DUSTIN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Fund Financial Statements

Fund financial statements of the Town are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item B below.

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

- A. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- B. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than modified cash basis.

TOWN OF DUSTIN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 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.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements of proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

FUND TYPES AND MAJOR FUNDS

The Town reports the following major governmental funds:

General Fund - The general fund reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

Proprietary Funds - The Town reports the following major enterprise funds:

Dustin Public Works Authority - The Authority provides certain utility services for the Town.

Budgetary Accounting and Control

The Mayor submits an annual budget to the Board of Trustees in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budgets for the Town operating funds. Once approved, the Board of Trustees may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Public trusts submit budget and other planning documents to their respective governing bodies.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by sources. Expenditures are budgeted by department and class as follows: Personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are subject to final review by the Board of Trustees. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Board approval.

The budgets for the governmental funds and proprietary fund operations are prepared on the cash basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be paid. The budget and actual financial statements are reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end. For the fiscal year ending June 30, 2021, the Town prepared and submitted an annual budget, but exceeded the budget. The Town did not approve an amendment to the budget to cover the additional expenditures despite having the funds to cover.

TOWN OF DUSTIN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Investments

The Town follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The Town considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The investments reported in the financial statements consist of Certificates of Deposits.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances outstanding at year end are cancelled under the modified cash basis. The encumbrance is added to the subsequent year expenses when paid.

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary funds and similar component unit inventories are recorded at the lower of cost or market on a first-in, first-out basis. Inventories and prepaids are not reported under the modified cash basis of accounting, however, the value of inventory on hand at June 30, 2021 is not believed to be material.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

Capital Assets, Depreciation, and Amortization

The Town's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost or at estimated historical cost for those items not previously reported and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure assets records consistent with all other capital assets.

Proprietary and component unit capital assets are also reported in their respective fund and combining component units financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$1,000 or more as purchase and construction outlay occur. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

TOWN OF DUSTIN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	25-50
Improvements, other than buildings	20-50
Furniture , machinery, and equipment	5-10
Utility system	5-60

Compensated Absences

Full-time, permanent employees are granted personal leave in varying amounts to specified maximums depending on tenure with the Town. The Town does not record a liability for accrued compensated absences. The amount paid for compensated absences is expensed as paid.

Reserves and Designations

Reserves represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Use of Estimates

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

NOTE B - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the Town will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Town, and are held by counterparty or the counterparty's trust department but not in the name of the Town. The Town's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2021, all of the Towns deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The Town had deposits at financial institutions with a carrying amount of approximately \$379,534 at June 30, 2021. The bank balance of the deposits at June 30, 2021 was approximately \$383,187.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Town did not have fixed income securities at June 30, 2021.

TOWN OF DUSTIN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Trustees monitor's the investment performance on an ongoing basis to limit the Town's interest rate risk. As of June 30, 2021, the Town's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

Note C - INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that result in amounts being owed between funds. Those related to goods and services type transaction are classified as "due to and from other funds." Short-term inter-fund loans are reported as "inter-fund receivables and payables." Long-term inter-fund loans (non-current portion) are reported as "advances from and to other funds."

Interfund receivables and payables at June 30, 2021 are as follows:

Reconciliation to Fund Financial Statements	Due From Other Funds	Due To Other Funds
Governmental Funds	\$ -	\$ 1,293
Enterprise Funds	1,293	-
Total	<u>\$ 1,293</u>	<u>\$ 1,293</u>

Note D - CAPITAL ASSETS

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS, DEPRECIATED				Capital Assets Not Depreciated
	Buildings	Infrastructure & Improvements Buildings	Furniture, Machinery, And Equipment	Totals	Land
PRIMARY GOVERNMENT					
Governmental activities					
Balance, June 30, 2020	\$ 250,002	\$ 217,868	\$ 98,721	\$ 566,591	\$ 23,000
Increases	-	-	-	-	-
Decreases	-	-	-	-	-
Balance, June 30, 2021	<u>250,002</u>	<u>217,868</u>	<u>98,721</u>	<u>566,591</u>	<u>23,000</u>
Accumulated Depreciation					
Balance, June 30, 2020	145,693	34,309	82,127	262,129	-
Increase	4,869	9,975	4,449	19,293	-
Decreases	-	-	-	-	-
Balance, June 30, 2021	<u>150,562</u>	<u>44,284</u>	<u>86,576</u>	<u>281,422</u>	<u>-</u>
Governmental activities Capital Assets, Net	<u>\$ 99,440</u>	<u>\$ 173,584</u>	<u>\$ 12,145</u>	<u>\$ 285,169</u>	<u>\$ 23,000</u>
Business-type activities					
Balance, June 30, 2020	\$ -	\$2,390,148	\$ 20,835	\$2,410,983	\$ 12,500
Increases	-	27,797	-	27,797	-
Decreases	-	-	-	-	-
Balance, June 30, 2021	<u>-</u>	<u>2,417,945</u>	<u>20,835</u>	<u>2,438,780</u>	<u>12,500</u>
Accumulated Depreciation					
Balance, June 30, 2020	-	947,167	18,701	965,868	-
Increase	-	65,011	224	65,235	-
Decreases	-	-	-	-	-
Balance, June 30, 2021	<u>-</u>	<u>1,012,178</u>	<u>18,925</u>	<u>1,031,103</u>	<u>-</u>
Business-type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$1,405,767</u>	<u>\$ 1,910</u>	<u>\$1,407,677</u>	<u>\$ 12,500</u>
PRIMARY GOVERNMENT					
Capital Assets, Net	<u>\$ 99,440</u>	<u>\$1,579,351</u>	<u>\$ 14,055</u>	<u>\$1,692,846</u>	<u>\$ 35,500</u>

TOWN OF DUSTIN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

DEPRECIATION EXPENSE

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENT ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
General Government	\$ 19,293	Utilities Authority	\$ 65,235

NOTE E - LONG TERM DEBT

The Town has no long-term debt.

Note F - PENSION OBLIGATIONS

The Town participates in one pension plan.

Oklahoma Firefighter's Pension and Retirement System

The Town participates in this statewide, cost-sharing, multiple-employer benefit plan on behalf of firefighters. The system is administered by an agency of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	<u>Oklahoma Firefighter's Pension And Retirement System</u>
Eligibility to Participate	All full-time or voluntary Firefighters of a participating Municipality hired before age 45
Authority establishing contribution obligations and benefit provisions	State Statute
Plan members' contribution rate	8% of covered payroll
Town's contribution rate	13% of covered payroll/\$60 per volunteer
Period required to vest	10 years
Benefits and eligibility for distribution (full time)	20 years credited service, 2 ½% Of final average salary multiplied By the years of credited service with A maximum of 30 years considered; If vested, at or after age 50, or After 10 but before 20 years of Credited service, with reduced benefits
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

TOWN OF DUSTIN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Provisions for:

Cost of living adjustments (normal retirement)	Yes, if vested by 5/83
Death (duty, non-duty, post-retirement)	Yes
Disability	Yes
Cost of living allowances	Yes

Contributions required by State Statute:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2021	\$ 780	100%
2020	\$ 780	100%
2019	\$ 840	100%

Note G - COMPENSATED ABSENCES

The Town and Authority have not reported an amount for accrued compensated absences. Under the modified cash basis of accounting, payments for vacation and sick leave are expensed as paid.

Note H - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note I - FEDERAL AND STATE GRANTS

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE J - RECEIVABLE

The Town is to receive \$48,104 from a suit filed against the prior clerk for embezzling. The suit was ongoing for years and a judgment was made December 22, 2017 for the prior clerk to pay restitution payments of \$300 per month. The Town is modified cash basis accounting, therefore the total receivable is not shown on the financial statements. The outcome of the Town receiving the full \$48,104 is unknown. The Town received \$95 in the 2021 fiscal year.

NOTE K - SUBSEQUENT EVENTS

The Town evaluated subsequent events through August 12, 2024 the date which financial statements were available, to determine if any items need to be disclosed. The Town is not aware of any items which need disclosure.

NOTE L - RESTATED FUND BALANCE

The beginning total net assets were restated due to an error in the financial statements totaling \$98,926. Depreciation schedule was not carried over for prior years. Prior assets were understated and under-depreciated.

Total net assets - Originally Stated	\$ 1,629,997
Adjustment	98,926
Total net assets - Restated	<u>\$ 1,531,071</u>

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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 Board of Trustees
Town of Dustin
Dustin, 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 *Governmental 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, each major fund, and the aggregate remaining fund information of Town of Dustin, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Dustin, Oklahoma's basic financial statements, and have issued my report thereon dated August 12, 2024.

Internal Control Over Financial Reporting

In planning and performing my audit, we considered Town of Dustin, Oklahoma's internal control over financial reporting (internal control) as a basis for designing 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 Town of Dustin, Oklahoma's internal control. Accordingly, we do not express an opinion of the effectiveness of Town of Dustin, 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 over financial reporting 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 Town of Dustin, Oklahoma's financial statements are free of 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2021-01.

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 of 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.

Sincerely,

Ralph Osborn, CPA LLP

Ralph Osborn, CPA LLP
Bristow, Oklahoma
August 12, 2024

TOWN OF DUSTIN, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021-1 Failure to Maintain Record of Minutes

Condition: The Town could not provide minutes for all monthly meetings.

Criteria: Oklahoma Open Meetings Act Section 312(A) requires written minutes of public bodies be kept by a designated individual and be made available for public inspection.

Cause/Effect: The Town's clerks during the unrecorded meetings' time frame may have been untrained. The Town violated the Open Meetings Act.

Recommendation: The Town should retain minutes of all meetings covered by the Oklahoma Open Meetings Act.