



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

**THE CITY OF DEL CITY,  
OKLAHOMA**

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

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

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

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Del City, Oklahoma

### Report on the Audit of the 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 aggregate remaining fund information of City of Del City, Oklahoma, 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 of Del City, Oklahoma, as of June 30, 2024, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.B.

#### 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 fall under those standards that 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 of Del City, Oklahoma, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1.B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.B; 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.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 of Del City, Oklahoma'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 of Del City, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Del City, Oklahoma's basic financial statements. The management's discussion and analysis and the budgetary comparison information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Del City, Oklahoma's basic financial statements. The accompanying combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 nonmajor governmental combining statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2025, on our consideration of the City of Del City, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Del City, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Del City, Oklahoma's internal control over financial reporting and compliance.

*HBC CPAs & Advisors*

August 12, 2025  
Oklahoma City, Oklahoma



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

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**MANAGEMENT DISCUSSION AND ANALYSIS**

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

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The management of the City of Del City 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 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 analysis 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 increased by \$473 thousand during the fiscal year, and as of June 30, 2024 the assets of the City exceed its liabilities by \$50.6 million (net position). Of this amount, the portion that is unrestricted net position, unless it is in a deficit position, is normally available to meet the government's ongoing needs. At year-end, the City had an unrestricted net position (deficit) of (\$3.8) million.
- The City's governmental funds reported combined fund balances on a modified cash basis of approximately \$4.8 million.
- Unassigned fund balance (deficit) on a modified cash basis for all governmental funds was a deficit of (\$7.0) million.
- The General Fund reported an unassigned fund balance (deficit) of (\$1,007,139).

**About the City**

The City of Del City is a council-manager form of government with a population of approximately 22,000 located in Oklahoma County in central Oklahoma. The City is governed by a five-member City Council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a five-member governing body elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, library, community development, and through its Utilities Authority, certain utility services including water, wastewater, and sanitation.

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

This annual report includes all activities for which the City Council is fiscally responsible. 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 Del City (primary government)** - operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City.

- **The Del City Municipal Services Authority (DCMSA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, sewer and sanitation services of the City. The City of Del City is the beneficiary of the trust and the City Council serves as the governing body of the trust.
- **The Del City Economic Development Authority (DCEDA)** – public trust created pursuant to 60 O.S. § 176 to promote development within the City. The Del City Council appoints 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 trust within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Del City (the "City"), the Del City Municipal Services Authority, and the Del City Economic Development Authority (the "Authorities"). 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 economic resources measurement focus using the modified cash basis of accounting. They present governmental and business-type activities separately and combined. For governmental activities, these statements highlight 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, but 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 the Statement of Activities**

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" 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. One 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, the quality of service to assess the overall health of the City. It is also important to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions.

The two government-wide statements report the City's net position and changes in them from the prior year. Think of the City's net position – the difference between assets and liabilities– as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady.

As mentioned above, in the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental activities -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities -- The City typically charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, and sanitation activities and economic development activities are reported here.

### **Reporting the City's Most Significant Funds**

#### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many 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's three kinds of funds – *governmental, proprietary and fiduciary* - use different accounting approaches.

*Governmental funds* -- Most 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 that is different from other funds. 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

*Proprietary funds* – When the City, mainly through the Municipal Services Authority, charges customers for the services it provides, these services are generally reported in a type of proprietary fund known as an "enterprise fund". The City's proprietary-type enterprise funds are reported on the modified cash basis of accounting. For example, enterprise fund capital assets are capitalized and depreciated, while principal payments on long-term debt are recorded as a reduction to the liability. The City's proprietary-type enterprise fund is the Del City Municipal Services Authority that accounts for the operation of the water, sewer, and sanitation activities.

*Fiduciary funds* – When the City holds assets on behalf of others, and these are accounted for in a custodial fund.

#### **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 29-48 of this report.

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

**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 financial statements and schedules and federal and state award schedules.

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the primary government, on a modified cash basis, assets exceeded liabilities by \$50.6 million at the close of the most recent fiscal year.

**NET POSITION - Modified Cash Basis (In Thousands)**

	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>	<b>Business-Type Activities</b>		<b>% Inc. (Dec.)</b>	<b>Total</b>		<b>% Inc. (Dec.)</b>
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Current assets	\$ 4,904	\$ 11,866	-59%	\$ 3,830	\$ 2,543	51%	\$ 8,734	\$ 14,409	-39%
Capital assets, net	39,661	35,650	11%	25,656	26,862	-4%	65,317	62,512	4%
<b>Total assets</b>	<u>44,565</u>	<u>47,516</u>	-6%	<u>29,486</u>	<u>29,405</u>	0%	<u>74,051</u>	<u>76,921</u>	-4%
Current liabilities	3,138	2,160	45%	2,078	2,059	1%	5,216	4,219	24%
Non-current liabilities	6,115	9,125	-33%	12,084	13,481	-10%	18,199	22,606	-19%
<b>Total liabilities</b>	<u>9,253</u>	<u>11,285</u>	-18%	<u>14,162</u>	<u>15,540</u>	-9%	<u>23,415</u>	<u>26,825</u>	-13%
Net position									
Net investment in capital assets	32,138	27,728	16%	12,174	12,012	1%	44,312	39,740	12%
Restricted	10,142	9,312	9%	-	-	0%	10,142	9,312	9%
Unrestricted (deficit)	(6,968)	(809)	761%	3,150	1,853	70%	(3,818)	1,044	-466%
<b>Total net position</b>	<u>\$ 35,312</u>	<u>\$ 36,231</u>	-3%	<u>\$ 15,324</u>	<u>\$ 13,865</u>	11%	<u>\$ 50,636</u>	<u>\$ 50,096</u>	1%

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. For 2024, the net investment in capital assets, amounted to \$44.3 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$10.1 million, also represents resources that are subject to external restrictions on how they may be used. The remaining portion represents an unrestricted net position (deficit).

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

**Changes in Net Position**

For the year ended June 30, 2024, on the modified cash basis of accounting, net position of the primary government changed as follows:

<b>CHANGES IN NET POSITION - Modified Cash Basis (In Thousands)</b>									
	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>	<b>Business-Type Activities</b>		<b>% Inc. (Dec.)</b>	<b>Total</b>		<b>% Inc. (Dec.)</b>
	<b>2024</b>	<b>2023*</b>		<b>2024</b>	<b>2023*</b>		<b>2024</b>	<b>2023*</b>	
<b>Revenues</b>									
Charges for service	\$ 1,713	\$ 1,724	-1%	\$ 9,194	\$ 9,223	0%	\$ 10,907	\$ 10,947	0%
Operating grants and contributions	184	274	-33%	-	-	0%	184	274	-33%
Capital grants and contributions	818	-	100%	-	-	0%	818	-	100%
Taxes	17,083	16,793	2%	-	-	0%	17,083	16,793	2%
Intergovernmental revenue	225	2,137	-89%	-	-	0%	225	2,137	-89%
Investment income	252	148	70%	2	-	100%	254	148	72%
Miscellaneous	487	907	-46%	3	67	-96%	490	974	-50%
<b>Total revenues</b>	<b>20,762</b>	<b>21,983</b>	<b>-6%</b>	<b>9,199</b>	<b>9,290</b>	<b>-1%</b>	<b>29,961</b>	<b>31,273</b>	<b>-4%</b>
<b>Expenses</b>									
General government	3,446	4,185	-18%	-	-	0%	3,446	4,185	-18%
Public safety	11,818	10,563	12%	-	-	0%	11,818	10,563	12%
Streets	1,326	1,261	5%	-	-	0%	1,326	1,261	5%
Drainage	48	57	-16%	-	-	0%	48	57	-16%
Community Services	1,393	1,139	22%	-	-	0%	1,393	1,139	22%
Culture and Recreation	270	403	-33%	-	-	0%	270	403	-33%
Economic development	1,517	1,562	-3%	-	-	0%	1,517	1,562	-3%
Water	-	-	0%	5,311	4,900	8%	5,311	4,900	8%
Wastewater	-	-	0%	2,320	2,051	13%	2,320	2,051	13%
Sanitation	-	-	0%	1,679	1,524	10%	1,679	1,524	10%
Interest on long-term debt	360	469	-23%	-	-	0%	360	469	-23%
<b>Total expenses</b>	<b>20,178</b>	<b>19,639</b>	<b>3%</b>	<b>9,310</b>	<b>8,475</b>	<b>10%</b>	<b>29,488</b>	<b>28,114</b>	<b>5%</b>
Excess (deficiency) before transfers and special item	584	2,344	-75%	(111)	815	-114%	473	3,159	-85%
Transfers	(1,570)	(441)	256%	1,570	441	256%	-	-	0%
<b>Change in net position</b>	<b>(986)</b>	<b>1,903</b>	<b>-152%</b>	<b>1,459</b>	<b>1,256</b>	<b>16%</b>	<b>473</b>	<b>3,159</b>	<b>-85%</b>
<b>Beginning net position, restated</b>	<b>36,298</b>	<b>34,328</b>	<b>6%</b>	<b>13,865</b>	<b>12,609</b>	<b>10%</b>	<b>50,163</b>	<b>46,937</b>	<b>7%</b>
<b>Ending net position</b>	<b>\$ 35,312</b>	<b>\$ 36,231</b>	<b>-3%</b>	<b>\$ 15,324</b>	<b>\$ 13,865</b>	<b>11%</b>	<b>\$ 50,636</b>	<b>\$ 50,096</b>	<b>1%</b>

\*Prior year columns not restated for comparative purposes

**Governmental Activities**

The governmental activities, on the modified cash basis of accounting, had an decrease in net position of approximately (\$1 million). This was mainly due to the Del City Municipal Services Authority (DCMSA) not making a \$1 million operating subsidy transfer to the General Fund in the current year that it provided in the prior fiscal year. Other significant changes include a decrease in intergovernmental revenue of 89% due to the City receiving an American Rescue Plan Act (ARPA) grant payment of \$1.9 million in the prior fiscal year, and a 100% increase in capital grants and contributions due to the City receiving two Community Development Block Grant (CDBG) payments in the current fiscal year, totaling \$817 thousand.

**CITY OF DEL CITY, OKLAHOMA**  
**Management's Discussion and Analysis**  
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Total and net revenue (expense) of services information is provided in the table below.

**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	\$ 3,446	\$ 4,185	-18%	(\$3,211)	(\$3,902)	-18%
Public safety	11,818	10,563	12%	(10,302)	(8,968)	15%
Streets	1,326	1,261	5%	(1,273)	(1,238)	3%
Drainage	48	57	-16%	(48)	(57)	-16%
Community Services	1,393	1,139	22%	(1,393)	(1,139)	22%
Culture and Recreation	270	403	-33%	101	(305)	-133%
Economic Development	1,517	1,562	-3%	(977)	(1,563)	-37%
Interest on long-term debt	360	469	-23%	(360)	(469)	-23%
<b>Total</b>	<u>\$ 20,178</u>	<u>\$ 19,639</u>	3%	<u>(\$17,463)</u>	<u>(\$17,641)</u>	-1%

**Business-type Activities**

The business-type activities, on the modified cash basis of accounting, had an increase in net position of approximately \$1.4 million. This was primarily due to Del City Municipal Services Authority (DCMSA) not making a \$1 million operating subsidy transfer to the General Fund in the current year that it provided in the prior fiscal year.

Total and net revenue (expense) of services information is provided in the table below.

**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>	
Water	\$ 5,311	\$ 4,900	8%	\$ (1,231)	\$ (762)	62%
Wastewater	2,320	2,051	13%	595	853	-30%
Sanitation	1,679	1,524	10%	520	657	-21%
<b>Total</b>	<u>\$ 9,310</u>	<u>\$ 8,475</u>	10%	<u>\$ (116)</u>	<u>\$ 748</u>	-116%

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

As the City completed its 2024 fiscal year, the governmental funds reported, on a modified cash basis of accounting, a combined total fund balance of about \$4.8 million or a (59%) decrease from the 2023 amount. The enterprise fund reported, on a modified cash basis of accounting, combined total net position of \$15.3 million or an 11% increase from 2023.



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**Other fund highlights include:**

- For the year ended June 30, 2024, the General Fund's total fund balance decreased by \$5.6 million or 122% mainly because of ARPA grant capital outlay expenditures of \$3.8 million for the Water Meter Project, that were recorded as revenue when received in prior fiscal years.
- The Del City Economic Development Authority Fund decreased its Fund Balance by \$2.4 million or 141% due mainly to increased capital project and other economic development expenditures including payments for the police fleet, computers and tasers.

**Budgetary Highlights**

For the year ended June 30, 2024, the General Fund reported actual budgetary basis revenues under final estimates by \$3.4 million or a 22.0% negative variance which was due mainly to Intergovernmental resources being less than final estimates by about \$2.6 million. General Fund actual expenditures were over final appropriations by \$2.3 million or a 14.8% negative variance due mainly to General Government expenditures being more than final estimates by \$4.1 million.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2024, the City had \$65.3 million invested in capital assets (net of depreciation), as reported on a modified cash basis, including land, buildings, machinery and equipment, construction in progress, and infrastructure. This represents a net increase of about \$2.8 million over the prior year.

<p style="text-align: center;"><b>Capital Assets</b> (In Thousands) (Net of accumulated depreciation)</p>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>			
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Land	\$ 2,971	\$ 2,971	\$ 1,019	\$ 1,019	\$ 3,990	\$ 3,990
Buildings	12,304	12,797	17,424	18,270	29,728	31,067
Machinery, furniture and equipment	4,633	4,134	1,574	1,689	6,207	5,823
Infrastructure	15,907	15,687	5,547	5,884	21,454	21,571
Construction in progress	3,846	61	91	-	3,937	61
<b>Totals</b>	<b>\$ 39,661</b>	<b>\$ 35,650</b>	<b>\$ 25,655</b>	<b>\$ 26,862</b>	<b>\$ 65,316</b>	<b>\$ 62,512</b>

This year's more significant capital asset addition includes:

ARPA Water Meter Project Construction in Progress	\$ 3,779,175
Eagle Walking Trail Project	539,430
2024 Street Improvements	461,132
Case 4WD Backhoe	140,164

*See Note 3 to the financial statements for more detail information on the City's capital assets and changes therein.*

**CITY OF DEL CITY, OKLAHOMA**  
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**Long- Term Debt**

At year-end, the City had \$22.7 million in long-term debt outstanding which represents a \$3.3 million or 12.8% decrease from the prior year. The City's changes in long-term debt by type are as follows:

Long-Term Debt (In Thousands)							Total Percentage Change
Governmental Activities		Business-Type Activities		Total			
Restated				Restated			
2024	2023	2024	2023	2024	2023	2023-2024	
Notes payable	\$ 7,795	\$ 9,318	\$ 13,482	\$ 14,851	\$ 21,277	\$ 24,169	-12.0%
Bonds payable	1,380	1,800	-	-	1,380	1,800	-23.3%
Totals	\$ 9,175	\$ 11,118	\$ 13,482	\$ 14,851	\$ 22,657	\$ 25,969	-12.8%

*See Note 4 to the financial statements for more detail information on the City's long-term debt.*

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

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

- The FY 2025 budget is consistent to prior years for operational expenses
- The City will continue construction on various capital projects including the Water Meter Project funded by ARPA grant proceeds

**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 3701 SE 15<sup>th</sup> Street, Del City, Oklahoma 73115 or telephone at 405-677-5741.

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,327,854	\$ 469,643	\$ 3,797,497
Investments	1,992,270	-	1,992,270
Restricted Cash and Cash Equivalents	2,263,172	680,739	2,943,911
Internal Balances	(2,679,701)	2,679,701	-
Capital Assets:			
Land and construction in progress	6,817,418	1,110,448	7,927,866
Other capital assets, net of depreciation	32,843,759	24,545,133	57,388,892
Total Assets	<u>44,564,772</u>	<u>29,485,664</u>	<u>74,050,436</u>
<b>LIABILITIES</b>			
Other payables	77,162	-	77,162
Meter deposit liability	-	679,879	679,879
Long-term liabilities			
Due within one year	3,060,319	1,398,038	4,458,357
Due in more than one year	6,115,000	12,083,770	18,198,770
Total liabilities	<u>9,252,481</u>	<u>14,161,687</u>	<u>23,414,168</u>
<b>NET POSITION</b>			
Net investment in capital assets	32,138,064	12,173,773	44,311,837
Restricted for:			
Debt Service	1,196,161	-	1,196,161
Capital projects	626,517	-	626,517
Neighborhood enhancement	3,936,033	-	3,936,033
Limited Sales Tax Purposes	774,950	-	774,950
Economic development	3,188,169	-	3,188,169
Other	420,315	-	420,315
Unrestricted (deficit)	(6,967,918)	3,150,204	(3,817,714)
Total net position	<u>\$ 35,312,291</u>	<u>\$ 15,323,977</u>	<u>\$ 50,636,268</u>

See accompanying notes to the basic financial statements.

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

Functions/Programs	Program Revenue					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants, Debt Proceeds and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 3,445,216	\$ -	\$ 233,781	\$ -	\$ -	\$ (3,211,435)	\$ -	\$ (3,211,435)
Public Safety	11,817,890	-	1,385,424	130,895	-	(10,301,571)	-	(10,301,571)
Streets	1,326,069	-	-	53,295	-	(1,272,774)	-	(1,272,774)
Drainage	47,880	-	-	-	-	(47,880)	-	(47,880)
Community services	1,393,288	-	-	-	-	(1,393,288)	-	(1,393,288)
Culture and Recreation	270,272	-	93,721	-	277,125	100,574	-	100,574
Economic Development	1,517,219	-	-	-	540,380	(976,839)	-	(976,839)
Interest on Long-term debt	360,208	-	-	-	-	(360,208)	-	(360,208)
Total governmental activities	20,178,042	-	1,712,926	184,190	817,505	(17,463,421)	-	(17,463,421)
Business-type activities:								
Water	4,735,146	575,863	4,080,327	-	-	-	(1,230,682)	(1,230,682)
Wastewater	1,908,761	411,353	2,914,689	-	-	-	594,575	594,575
Sanitation	1,368,518	310,325	2,198,842	-	-	-	519,999	519,999
General Government	733,163	(733,163)	-	-	-	-	-	-
Fleet Maintenance	564,378	(564,378)	-	-	-	-	-	-
Total business-type activities	9,309,966	-	9,193,858	-	-	-	(116,108)	(116,108)
Total primary government	29,488,008	-	10,906,784	184,190	817,505	(17,463,421)	(116,108)	(17,579,529)
<b>General revenues:</b>								
Taxes:								
Sales and use taxes						\$ 15,419,125	\$ -	\$ 15,419,125
Ad valorem taxes						535,529	-	535,529
Franchise taxes and public service taxes						935,215	-	935,215
Hotel/motel taxes						192,534	-	192,534
Intergovernmental revenue not restricted to specific programs						225,413	-	225,413
Unrestricted investment earnings						252,486	2,093	254,579
Miscellaneous						487,451	2,601	490,052
Transfers						(1,570,045)	1,570,045	-
Total general revenues and transfers						16,477,708	1,574,739	18,052,447
Change in net position						(985,713)	1,458,631	472,918
Net position - beginning as previously reported						36,230,924	13,865,346	50,096,270
Restatements (See Note 5)						67,080	-	67,080
Net position - beginning as restated						36,298,004	13,865,346	50,163,350
Net position - ending						\$ 35,312,291	\$ 15,323,977	\$ 50,636,268

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF DEL CITY, OKLAHOMA**  
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**Governmental Funds Balance Sheet (Modified Cash Basis)- June 30, 2024**

	General Fund	Limited Purpose Sales Tax	Economic Development	Del City Economic Development Authority	Neighborhood Enhancement	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 182,172	\$ 496,141	\$ -	\$ -	\$ 1,062,514	\$ -	\$ 1,587,027	\$ 3,327,854
Restricted cash and cash equivalents	-	406,155	-	1,857,017	-	-	-	2,263,172
Investments	67,080	-	-	-	1,925,190	-	-	1,992,270
Due from other funds	1,390,485	1,227,138	3,656,637	-	948,329	-	45,000	7,267,589
Total assets	<u>\$ 1,639,737</u>	<u>\$ 2,129,434</u>	<u>\$ 3,656,637</u>	<u>\$ 1,857,017</u>	<u>\$ 3,936,033</u>	<u>\$ -</u>	<u>\$ 1,632,027</u>	<u>\$ 14,850,885</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Due to other funds	2,569,714	948,329	468,468	5,960,779	-	-	-	9,947,290
Other payables	77,162	-	-	-	-	-	-	77,162
Total liabilities	<u>2,646,876</u>	<u>948,329</u>	<u>468,468</u>	<u>5,960,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,024,452</u>
Fund balances:								
Restricted	-	1,181,105	3,188,169	1,857,017	3,936,033	-	1,632,027	11,794,351
Unassigned (deficit)	(1,007,139)	-	-	(5,960,779)	-	-	-	(6,967,918)
Total fund balances	<u>(1,007,139)</u>	<u>1,181,105</u>	<u>3,188,169</u>	<u>(4,103,762)</u>	<u>3,936,033</u>	<u>-</u>	<u>1,632,027</u>	<u>4,826,433</u>
Total liabilities and fund balances	<u>\$ 1,639,737</u>	<u>\$ 2,129,434</u>	<u>\$ 3,656,637</u>	<u>\$ 1,857,017</u>	<u>\$ 3,936,033</u>	<u>\$ -</u>	<u>\$ 1,632,027</u>	<u>\$ 14,850,885</u>

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA**  
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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances**  
**(Modified Cash Basis) – Year Ended June 30, 2024**

	General Fund	Limited Purpose Sales Tax	Economic Development	Del City Economic Development Authority	Neighborhood Enhancement	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Taxes	\$ 9,470,548	\$ 4,054,274	\$ 750,792	\$ -	\$ 750,792	\$ -	\$ 2,229,647	\$ 17,256,053
Intergovernmental	376,875	-	277,125	-	540,380	-	-	1,194,380
Charges for services	287,693	-	-	-	-	-	-	287,693
Fees and fines	557,341	-	-	-	-	-	-	557,341
Licenses and permits	233,234	-	-	-	-	-	-	233,234
Investment earnings	43,986	17,055	-	153,420	38,025	-	-	252,486
Miscellaneous	754,890	1,000	-	-	-	-	225,297	981,187
Total revenues	11,724,567	4,072,329	1,027,917	153,420	1,329,197	-	2,454,944	20,762,374
<b>EXPENDITURES</b>								
Current:								
General government	2,829,850	-	-	-	1,286,477	-	-	4,116,327
Administration	201,273	-	-	-	-	-	-	201,273
Municipal court	253,742	-	-	-	-	-	-	253,742
Community services	504,532	-	-	-	-	-	-	504,532
Public safety	8,508,147	-	-	-	-	-	1,795,869	10,304,016
Street and alley	730,776	-	-	-	-	-	-	730,776
Drainage	11,474	-	-	-	-	-	-	11,474
Culture and recreation	160,754	-	-	-	-	-	-	160,754
Economic development	-	-	380,294	1,908,210	-	-	40,142	2,328,646
Debt Service:								
Principal	-	-	-	1,522,526	-	-	420,000	1,942,526
Interest and other charges	-	-	-	312,568	-	-	47,640	360,208
Capital Outlay	3,879,286	71,783	303,068	936,935	-	-	80,992	5,272,064
Total Expenditures	17,079,834	71,783	683,362	4,680,239	1,286,477	-	2,384,643	26,186,338
Excess (deficiency) of revenues over expenditures	(5,355,267)	4,000,546	344,555	(4,526,819)	42,720	-	70,301	(5,423,964)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	623,977	-	-	2,126,527	-	-	18,241	2,768,745
Transfers out	(892,397)	(3,373,369)	-	-	(18,241)	-	-	(4,284,007)
Total other financing sources and uses	(268,420)	(3,373,369)	-	2,126,527	(18,241)	-	18,241	(1,515,262)
Net change in fund balances	(5,623,687)	627,177	344,555	(2,400,292)	24,479	-	88,542	(6,939,226)
Fund balances - beginning as previously reported	4,616,548	553,928	2,843,614	(1,703,470)	3,911,554	113,196	1,479,947	11,815,317
Restatements (See Note 5)	-	-	-	-	-	(113,196)	63,538	(49,658)
Fund balances - beginning as restated	4,616,548	553,928	2,843,614	(1,703,470)	3,911,554	-	1,543,485	11,765,659
Fund balances - ending	\$ (1,007,139)	\$ 1,181,105	\$ 3,188,169	\$ (4,103,762)	\$ 3,936,033	\$ -	\$ 1,632,027	\$ 4,826,433

See accompanying notes to the basic financial statements.



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**Reconciliations of Governmental Funds and Government-Wide Financial Statements- (Modified Cash Basis):**

Total fund balance, governmental funds	\$ 4,826,433
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	
	39,661,177
Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	
	(9,175,319)
Net Position of Governmental Activities	<u>\$ 35,312,291</u>
Net change in fund balances - total governmental funds:	\$ (6,939,226)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Capital asset purchases capitalized	5,908,417
Expensed CIP	
Depreciation expense	(1,982,811)
Capital assets purchased by enterprise funds for governmental activities	85,381
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Principal payments on long-term debt	1,942,526
Change in net position of governmental activities	<u>\$ (985,713)</u>

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA**  
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**BASIC FINANCIAL STATEMENTS – PROPRIETARY-TYPE ENTERPRISE FUNDS**

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

	<b><u>Enterprise Funds</u></b>
	<b>Del City</b>
	<b>Municipal</b>
	<b>Services</b>
	<b>Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	469,643
Restricted:	
Cash and cash equivalents	680,739
Due from other funds	3,104,938
Total current assets	<u>4,255,320</u>
Non-current assets:	
Capital Assets:	
Land and construction in progress	1,110,448
Other capital assets, net of accumulated depreciation	24,545,133
Total non-current assets	<u>25,655,581</u>
Total assets	<u><u>29,910,901</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Due to other funds	425,237
Meter deposit liability	679,879
Current portion of:	
Notes payable	1,398,038
Total current liabilities	<u>2,503,154</u>
Non-current liabilities:	
Notes payable	12,083,770
Total non-current liabilities	<u>12,083,770</u>
Total liabilities	<u><u>14,586,924</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	12,173,773
Unrestricted	3,150,204
Total net position	<u><u>\$ 15,323,977</u></u>

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA**  
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**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) - Year Ended June 30, 2024**

	<u><b>Enterprise Funds</b></u>
	<b>Del City Municipal Services Authority</b>
<b>REVENUES</b>	
Charges for services:	
Water	\$ 3,611,368
Sewer	2,914,689
Sanitation	2,198,842
Penalties	426,406
Miscellaneous	42,553
Total operating revenues	<u>9,193,858</u>
<b>OPERATING EXPENSES</b>	
General government	715,868
Administration	1,512,188
Wastewater treatment	977,177
Water	1,919,695
Wastewater	463,337
Sanitation	1,368,518
Fleet maintenance	564,378
Depreciation	1,507,939
Total Operating Expenses	<u>9,029,100</u>
Operating income	<u>164,758</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	2,093
Interest expense	(280,866)
Miscellaneous revenue	2,601
Total non-operating revenue (expenses)	<u>(276,172)</u>
Income (loss) before transfers	(111,414)
Capital contributions	140,164
Transfers in	1,520,949
Transfers out	(91,068)
Change in net position	1,458,631
Total net position - beginning	13,865,346
Total net position - ending	<u>\$ 15,323,977</u>

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Proprietary Funds Statement of Cash Flows (Modified Cash Basis) - Year Ended June 30, 2024**

	<u>Enterprise Funds</u>
	<u>Del City Municipal Services Authority</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 9,196,459
Payments to suppliers	(3,510,742)
Payments to employees	(4,010,419)
Receipts of customer meter deposits	143,546
Refunds of customer meter deposits	(152,835)
Interfund receipts/payments	(2,906,587)
<b>Net cash provided by (used in) operating activities</b>	<u>(1,240,578)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	1,520,949
Transfers to other funds	(91,068)
<b>Net cash provided by noncapital financing activities</b>	<u>1,429,881</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(160,796)
Principal paid on debt	(1,369,053)
Interest and fiscal agent fees paid on debt	(280,866)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,810,715)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	2,093
<b>Net cash provided by investing activities</b>	<u>2,093</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,619,319)
<b>Balances - beginning of year</b>	<u>2,769,701</u>
<b>Balances - end of year</b>	<u>\$ 1,150,382</u>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 469,643
Restricted cash and cash equivalents - current	680,739
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 1,150,382</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 164,758
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,507,939
Miscellaneous revenue	2,601
Change in assets and liabilities:	
Due from other funds	(2,906,587)
Deposits subject to refund	(9,289)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (1,240,578)</u>
<b>Noncash Activities:</b>	
Transfer of capital assets from governmental funds	\$ 140,164

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA**  
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**BASIC FINANCIAL STATEMENTS – FIDUCIARY FUNDS**

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

	<u>Custodial Funds</u>		<u>Total</u>
	<u>PILOT Fees Fund</u>	<u>Police Property Fund</u>	<u>Fiduciary Funds</u>
<b>ASSETS</b>			
Cash	\$ 23,965	\$ 79,910	\$ 103,875
Total assets	<u>23,965</u>	<u>79,910</u>	<u>103,875</u>
<b>LIABILITIES</b>			
Due To Other Governments	<u>23,965</u>	<u>-</u>	<u>23,965</u>
Total liabilities	<u>23,965</u>	<u>-</u>	<u>23,965</u>
<b>FIDUCIARY NET POSITION</b>			
Fiduciary Net position	<u>\$ -</u>	<u>\$ 79,910</u>	<u>\$ 79,910</u>

See accompanying notes to the basic financial statements.

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

	<u>Custodial Funds</u>		<u>Total</u>
	<u>PILOT Fees Fund</u>	<u>Police Property Fund</u>	<u>Fiduciary Funds</u>
<b>ADDITIONS</b>			
Other additions	\$ 8,030	\$ 36,347	\$ 44,377
Interest	<u>-</u>	<u>303</u>	<u>303</u>
Total additions	<u>8,030</u>	<u>36,650</u>	<u>44,680</u>
<b>DEDUCTIONS</b>			
Other deductions	<u>8,030</u>	<u>10,672</u>	<u>18,702</u>
Total deductions	<u>8,030</u>	<u>10,672</u>	<u>18,702</u>
Change in fiduciary net position	-	25,978	25,978
Fiduciary net position - beginning as previously reported	-	-	-
Restatements (See Note 5)	<u>-</u>	<u>53,932</u>	<u>53,932</u>
Fiduciary net position - beginning as restated	<u>-</u>	<u>53,932</u>	<u>53,932</u>
Fiduciary net position - ending	<u>\$ -</u>	<u>\$ 79,910</u>	<u>\$ 79,910</u>

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**



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

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

The City's financial reporting entity includes three separate legal entities reported as the primary government.

- **The City of Del City** – that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities.
- **The Del City Municipal Services Authority** – that operates the water, sewer, and sanitation service of the City (*blended*)
- **The Del City Economic Development Authority (OEDA)** – that operates the economic development services within the City (*blended*)

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

The DCMSA and DCEDA 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 Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

#### *Related Organization*

The **Housing Authority of the City of Del City (DCHA)** is a Public Trust established pursuant to Title 63. While the City Council Appoints the board members, there is no financial benefit or burden, nor can the city impose its will. The DCHA was formed for the purpose of development, operation, and administration of low rent housing programs. Audited financial statements of the DCHA can be obtained from the Del City City Clerk's office at 3701 SE 15<sup>th</sup> Street, Del City, OK 73115

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

#### *Government-Wide Financial Statements:*

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

- capital assets and the depreciation of those assets, where applicable
- long-term debt

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- 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 accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

- General government: License and permits
- Public safety: Fine revenue, marijuana fees, training revenue, and operating grants and contributions
- Streets: Gas excise and commercial vehicle taxes
- Drainage: drainage fees
- Culture and recreation: Swimming pool and community center fees, and capital grants and contributions
- Economic development: Rents and leases and capital grants and contributions
- Water, wastewater, and sanitation: Utility revenues

*Governmental Funds:*

*General Fund*

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

*Special Revenue Funds*

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

*Capital Projects Funds*

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

*Major Funds:*

- General Fund - including the Employee Benefit and Workers Comp Accounts
- Limited Purpose Sales Tax Fund
- Economic Development Fund
- Neighborhood Enhancement Fund
- Del City Economic Development Authority

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

Special Revenue Funds:

- CDBG Fund
- Hotel/Motel Tax Fund
- Police Training Fund
- Labor Relations Fund
- Police Grant Fund
- Public Safety Fund

Capital Project Fund:

- Capital Improvements Fund

Debt Service Fund:

- Debt Service Fund

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-type fund is comprised of the following major fund:

- Del City Municipal Services Authority – accounts for the operation of the water, wastewater, and sanitation activities.

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.

*Fiduciary Funds:*

- PILOT Fees Fund – accounts for the collection of PILOT revenue that is held and paid to the Del City Schools
- Police Property Fund – accounts for the collection of property seized by police that is to be held until it is court ordered to be paid to a particular party

**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 judgments.

**D. Capital Assets and Depreciation**

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

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$5,000 is used to report capital assets. Capital assets are reported at actual or estimated historical cost. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Prior to July 1, 2012, governmental funds' infrastructure assets, (dating back to July 1, 1964), such as streets, bridges, drainage systems, and traffic signal systems were not capitalized. Estimated historical cost was used to value the majority of these assets. Infrastructure assets acquired with cash since July 1, 2012 are recorded at cost.

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

- |                                      |             |
|--------------------------------------|-------------|
| • Buildings                          | 20-50 years |
| • Improvements other than buildings  | 20-50 years |
| • Machinery, furniture and equipment | 5-50 years  |
| • Infrastructure                     | 25-50 years |

**E. Long-Term Debt**

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

## **F. Compensated Absences**

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. 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 12.

## **G. 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 place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Committed – includes 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 the 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 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 is displayed in three components:

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

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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.

## **H. 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.

## **I. Use of Estimates**

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

## **2. Deposits and Investments**

For the year ended June 30, 2024, the City recognized \$254,579 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	Time to Maturity	Credit Rating	Carrying Value
<b>Deposits:</b>			
Petty cash			2,935
Demand deposits			4,475,301
<b>Investments:</b>			
Investment in Judgments	N/A	N/A	67,080
Investment in Treasuries	1-4 months	AAAm	1,925,190
Federated Hermes Govt. Obligations Tax Managed Fund	N/A	AAAm	2,263,172
<b>Total deposits and investments</b>			<u><u>\$ 8,733,678</u></u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			\$ 6,741,408
Investments			1,992,270
			<u><u>\$ 8,733,678</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 a counterparty or a counterparty's trust, department or agent, but not in the government's name. As of June 30, 2024, the City's deposits were insured or collateralized and the City was not exposed to Custody Credit Risk.

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*Investment Interest Rate Risk*

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

*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 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.

*Concentration of Investment Credit Risk*

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk. At June 30, 2024, the City had no concentration of credit risk as defined above.

*Restricted Cash and Investments*

The amounts reported as restricted assets on the proprietary fund statement of net position are comprised of amounts restricted for debt service, or utility deposit purposes, and bond construction. The restricted assets as of June 30, 2024 are as follows:

	<u>Current</u>
	<u>Cash and cash</u>
	<u>equivalents</u>
Government Activities:	
Series 2019 Construction Account	1,652,206
Series 2019 Principal and Interest Account	204,811
Series 2016 Principal and Interest Account	406,155
Sub-total Governmental Activities	<u>2,263,172</u>
Business-type Activities:	
Utility Deposits	680,739
Total	<u>\$ 2,943,911</u>

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### 3. Capital Assets and Depreciation

#### *Capital Assets:*

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. For the year ended June 30, 2024, capital assets balances changed as follows:

	Balance at July 1, 2023	Additions	Transfers	Disposals	Balance at June 30, 2024
<b>Governmental activities:</b>					
Non-depreciable:					
Land	\$ 2,971,228	\$ -	\$ -	\$ -	\$ 2,971,228
Construction in progress	60,490	3,821,800	(36,100)	-	3,846,190
Total non-depreciable assets at historical cost	3,031,718	3,821,800	(36,100)	-	6,817,418
Depreciable:					
Buildings	16,965,340	-	-	-	16,965,340
Machinery and Equipment	10,350,236	1,171,436	104,379	-	11,626,051
Infrastructure	31,937,633	1,000,562	(68,279)	-	32,869,916
Total depreciable assets at historical cost	59,253,209	2,171,998	36,100	-	61,461,307
Less accumulated depreciation for:					
Buildings	4,168,032	493,521	-	-	4,661,553
Machinery and Equipment	6,216,083	777,163	-	-	6,993,246
Infrastructure	16,250,623	712,126	-	-	16,962,749
Total accumulated depreciation	26,634,738	1,982,810	-	-	28,617,548
Net Depreciable Assets	32,618,471	189,188	36,100	-	32,843,759
Governmental activities capital assets, net	\$ 35,650,189	\$ 4,010,988	\$ -	\$ -	\$ 39,661,177
<b>Business-type activities:</b>					
Non-depreciable:					
Land	\$ 1,019,413	\$ -	\$ -	\$ -	\$ 1,019,413
Construction in progress	-	91,035	-	-	91,035
Total non-depreciable assets at historical cost	1,019,413	91,035	-	-	1,110,448
Depreciable:					
Buildings	24,759,818	-	-	-	24,759,818
Machinery and Equipment	10,704,556	209,926	-	-	10,914,482
Infrastructure	16,160,878	-	-	-	16,160,878
Total depreciable assets at historical cost	51,625,252	209,926	-	-	51,835,178
Less accumulated depreciation for:					
Buildings	6,489,693	846,124	-	-	7,335,817
Machinery and Equipment	9,015,694	324,425	-	-	9,340,119
Infrastructure	10,276,719	337,390	-	-	10,614,109
Total accumulated depreciation	25,782,106	1,507,939	-	-	27,290,045
Net Depreciable Assets	25,843,146	(1,298,013)	-	-	24,545,133
Business-type activities capital assets, net	\$ 26,862,559	\$ (1,206,978)	\$ -	\$ -	\$ 25,655,581

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

#### Governmental Activities:

General government	397,447
Public safety	751,120
Streets	581,687
Drainage	36,406
Community services	132,924
Culture and recreation	83,226
	<u>\$ 1,982,810</u>

#### Business-Type Activities:

Water	1,127,765
Sewer	187,381
Sanitation	175,498
General government	17,295
	<u>\$ 1,507,939</u>



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**4. Long-Term Debt and Debt Service Requirements**

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

<u>Type of Debt</u>	<u>Balance, Restated July 01, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
<b>Governmental:</b>					
General Obligation Bonds - Series 2011A	\$ 900,000	\$ -	\$ 210,000	\$ 690,000	\$ 210,000
General Obligation Bonds - Series 2011B	900,000	-	210,000	690,000	210,000
Notes Payable:					
DCEDA Line of Credit	2,162,846	-	122,527	2,040,319	2,040,319
DCEDA 2019 Sales Tax Revenue Note	<u>7,155,000</u>	<u>-</u>	<u>1,400,000</u>	<u>5,755,000</u>	<u>600,000</u>
Total Governmental	\$ 11,117,846	\$ -	\$ 1,942,527	\$ 9,175,319	\$ 3,060,319
<b>Business-Type:</b>					
Notes Payable	14,770,192	-	1,344,639	13,425,553	1,372,930
Contract Payable	<u>80,669</u>	<u>-</u>	<u>24,414</u>	<u>56,255</u>	<u>25,108</u>
Total Business-Type	\$ 14,850,861	\$ -	\$ 1,369,053	\$ 13,481,808	\$ 1,398,038
Total Long-Term Debt	<u>\$ 25,968,707</u>	<u>\$ -</u>	<u>\$ 3,311,580</u>	<u>\$ 22,657,127</u>	<u>\$ 4,458,357</u>
<b>Reconciliation to Statement of Net Position:</b>					
<b>Governmental Activities:</b>					
Due within one year				\$ 3,060,319	
Due in more than one year				<u>6,115,000</u>	
Total Governmental Activities Long-term liabilities				<u>\$ 9,175,319</u>	
<b>Business-Type Activities:</b>					
Due within one year				\$ 1,398,038	
Due in more than one year				<u>12,083,770</u>	
Total Business-Type Activities Long-term liabilities				<u>\$ 13,481,808</u>	

*Governmental activities long-term debt:*

**General Obligation Bonds Payable:**

\$3,000,000 General Obligation Bonds, Series 2011A, due in annual installments of \$210,000 with a final installment of \$270,000; final maturity in November 2026 with interest rate between 3.1% and 1.7%. Used to purchase firefighting vehicles and outdoor siren warning system.

\$ 690,000

\$3,000,000 General Obligation Limited Tax Bonds, Series 2011B, due in annual installments of \$210,000 with a final installment of \$270,000; final maturity in November 2026 with interest rate between 3.1% and 1.7%. Used for construction or improvement of stormwater drainage facilities.

690,000

Total General Obligation Bonds Payable

\$ 1,380,000

Current portion	\$ 420,000
Noncurrent portion	<u>960,000</u>
Total	<u>\$ 1,380,000</u>

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**Notes Payable (direct borrowings):**

2019 Sales Tax Revenue Note payable to BancFirst, original amount of \$12,365,000, issued by the Del City Economic Development Authority in April 2019, secured by and payable from a year-to-year pledge of certain sales tax revenues; due in semi-annual installments, used to finance certain capital improvements, including specifically the repair and replacement of various streets throughout the City, the construction of a new municipal library, and the acquisition of vehicles and equipment for various departments, matures in April 2033, with 3.13% interest. In the event of default on the note, the lender shall have all the rights and remedies at law or equity as may be allowed by law, suit for specific performance of any or all of the covenants in the note indenture, requiring the Sales Tax Revenue be deposited directly as received with the Bank, and acceleration of the payment of principal of and interest accrued on all notes.

\$ 5,755,000

Line of Credit note payable to FNB Community Bank, original amount \$5,000,000, issued by the Del City Economic Development Authority in October 2020, secured by first mortgage of real estate dated 10/7/2014 on unassigned property in Del City, a first mortgage of real estate dated 6/27/16 on property located at 759 S. Scott Street, Del City, and a first mortgage of real estate dated 12/18/18 on property located at 3140 and 3204 Tinker Diagonal, Del City; due in one payment of all outstanding principal plus all accrued unpaid interest on 6/10/24, used for the purchase and development of land, with 5% interest. In the event of default on the note, the lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and lender shall have all the rights and remedies provided in the documents or available at law.

2,040,319

Total Notes Payable from Direct Borrowings

\$ 7,795,319

Current portion	\$ 2,640,319
Noncurrent portion	<u>5,155,000</u>
Total	<u>\$ 7,795,319</u>

*Business-Type activities long-term debt:*

**Notes Payable (direct borrowings):**

Contract payable to Central Oklahoma Master Conservancy District is Del City's estimated share of the cost of a new water facility. The project is a joint project with Norman, Del City, and Midwest City. The contract provides the City with a share of the District's water supply (15.8). Original amount of \$397,502 dated September 2009, and renewed January 1, 2017, payments made semi-annually, at 2.44% interest, default provisions include termination of water delivery and District assessing and collecting from City customers directly, maturity date 9/15/26.

\$ 56,255

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Contract payable to Central Oklahoma Master Conservancy District is Del City's estimated share of the cost of replacing the pipeline running from Lake Thunderbird facilities to the City of Del City. The project is a joint project with Norman, Del City, and Midwest City. Original amount of \$827,341 dated July 2019, payments made semi-annually, at 1.6% interest, default provisions include such defaulted amount shall bear interest at the rate of 14% per annum from the date of default until the date of payment thereof, maturity date 9/15/35.

694,214

2009 Oklahoma Water Resources Board note payable original amount \$1,190,000 issued 10/1/2009 by the Del City Municipal Services Authority, used for modifications to their wastewater treatment plant, secured by net revenues derived from the operation of the water and wastewater system, due in semi-annual installments, matures March 15, 2030, at 2.58% interest. In the event of default on the note, the lender shall have all the rights and remedies at law or equity as may be allowed by law, suit for specific performance of any or all of the covenants of the borrower contained in this loan agreement, acceleration of payment of principal of and interest accrued on the note, appointment of temporary trustees to take over, operate, and maintain the system on a profitable basis and ensure the payment of the principal of and interest and administrative fees on the note and any other borrower indebtedness, suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the loan agreement.

283,487

2016 Oklahoma Water Resources Board note payable original amount \$21,000,000 issued 11/1/2016 by the Del City Municipal Services Authority, used for the cost of constructing improvements to the sanitary sewer system, secured by revenues derived from the operation of the system and from the sales tax agreement, due in semi-annual installments, at 2% interest, matures March 2033. In the event of default on the note, the lender shall have all the rights and remedies at law or equity as may be allowed by law, suit for specific performance of any or all of the covenants of the borrower contained in the loan agreement, acceleration of payment of principal of and interest accrued on the note, appointment of temporary trustees to take over, operate, and maintain the system on a profitable basis and ensure the payment of the principal of and interest and administrative fees on the note and any other borrower indebtedness, suit at law or equity to enforce or enjoin the action or inaction of parties under the provisionment.

12,447,852

Total Notes Payable from Direct Borrowings and Direct Placements

13,481,808

Current portion	\$ 1,398,038
Noncurrent portion	<u>12,083,770</u>
Total Notes Payable	<u><u>\$ 13,481,808</u></u>

Long-term debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental-Type Activities				Business-Type Activities	
	Bonds Payable		Notes Payable (Direct Borrowings)		Notes and Contracts Payable (Direct Borrowings)	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	420,000	37,260	2,640,319	273,276	1,398,038	254,948
2026	420,000	27,360	620,000	156,500	1,426,485	227,568
2027	540,000	16,200	640,000	136,938	1,436,356	199,344
2028	-	16,740	660,000	116,749	1,459,507	171,397
2029	-	-	680,000	95,935	1,490,166	141,974
2030-2034	-	-	2,555,000	165,969	6,182,681	271,098
2035-2039	-	-	-	-	88,575	-
Totals	<u>\$ 1,380,000</u>	<u>\$ 97,560</u>	<u>\$ 7,795,319</u>	<u>\$ 945,367</u>	<u>\$ 13,481,808</u>	<u>\$ 1,266,329</u>

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**5. Net Position and Fund Balances**

Net position is displayed in three components:

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

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.

**Fund Balance:**

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

General Fund	Major Special Revenue Funds					Other Governmental Funds	TOTAL
	Limited Purpose Sales Tax	Economic Development	Neighborhood Enhancement	Del City Economic Dev. Authority	Public Safety		
Fund Balances:							
Restricted for:							
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ 1,652,206	\$ -	\$ 2,278,723
Debt service	-	406,155	-	-	204,811	-	1,196,161
Limited sales tax purposes	-	774,950	-	-	-	-	774,950
Economic Development	-	-	3,188,169	-	-	-	3,188,169
Neighborhood enhancement	-	-	-	3,936,033	-	-	3,936,033
CDBG	-	-	-	-	-	18,441	18,441
Economic and retail development, beautification and recreation purposes	-	-	-	-	-	334,354	334,354
Police training	-	-	-	-	-	33,756	33,756
Labor relations	-	-	-	-	-	33,564	33,564
Police grant	-	-	-	-	-	200	200
Sub-total Restricted	-	1,181,105	3,188,169	3,936,033	1,857,017	-	11,794,351
Unassigned (deficit)	(1,007,139)	-	-	-	(5,960,779)	-	(6,967,918)
TOTAL FUND BALANCES	\$ (1,007,139)	\$ 1,181,105	\$ 3,188,169	\$ 3,936,033	\$ (4,103,762)	\$ -	\$ 4,826,433

**Accounting Changes & Error Corrections:**

Beginning with the fiscal year ended June 30, 2024, the Public Safety Fund no longer met the quantitative threshold for presentation as a major fund. Additionally, in the current fiscal year, a restatement was made to correct an error, by modifying the balances of investments in judgments, and judgments payable. Finally, the City identified a fiduciary fund, called the Police Property Fund, and a restatement was made to add its beginning fund balance. The effects of these accounting changes to or within the financial reporting entity are summarized in the reconciliation below.

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**Reconciliations of Changes to or Within the Financial Reporting Entity (Modified Cash Basis) - Year Ended June 30, 2024**

<b>Statement of Activities</b>	<b>Balance Before Restatement 6/30/2024</b>	<b>Restatement for Correction of Error to Investment in Judgments</b>	<b>Restatement for Correction of Error to Judgemnts Payable</b>	<b>Balance After Restatement 6/30/2024</b>
Net poision - beginning	36,230,924	\$ (49,658)	\$ 116,738	\$ 36,298,004
Total government-wide level change	<u>\$ 36,230,924</u>	<u>\$ (49,658)</u>	<u>\$ 116,738</u>	<u>\$ 36,298,004</u>

<b>Statement of Revenues, Expenditures and Changes in Fund Balances Other Governmental Funds - Modified Cash Basis</b>	<b>Balance Before Restatement 6/30/2024</b>	<b>Restatement for Correction of Error to Investment in Judgments</b>	<b>Restatement for Reclassification of Public Safety Fund</b>	<b>Balance After Restatement 6/30/2024</b>
Debt Service Fund - fund balance - beginning	\$ 566,964	\$ (49,658)	\$ -	\$ 517,306
Public Safety Fund - fund balance - beginning	-	-	113,196	113,196
Total governmental fund level change	<u>\$ 566,964</u>	<u>\$ (49,658)</u>	<u>\$ 113,196</u>	<u>\$ 630,502</u>

<b>Statement of Changes in Fiduciary Net Position - Modified Cash Basis</b>	<b>Balance Before Restatement 6/30/2024</b>	<b>Restatement for Addition of Police Property Fund</b>	<b>Balance After Restatement 6/30/2024</b>
Police Property Fund - Fiduciary Net Position - Beginning	\$ -	\$ 53,932	\$ 53,932
Total fiduciary fund change	<u>\$ -</u>	<u>\$ 53,932</u>	<u>\$ 53,932</u>

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## 6. Sales Tax Revenue

Sales tax represents a 4.5 cent local tax on each dollar of taxable sales within the City. The following table shows the various restrictions placed on sales tax by voters:

Code Section	Purpose	Effective Date	Total Levy	Allocation				
				General Fund	Limited Purpose Sales Tax	Economic Develop.	Neigh. Enhance.	Public Safety
20-24	Support and functions of the municipal gov't	1973	2 cents	2.00				
20-20(B)1(a)	Payment of principle and interest for city, DCMSA and DCEDA. 10% for General Fund	1-1-18 thru 1-1-33	1/2 cent	0.05	0.45			
20-20(C)1(a)	Capital improvements or debt service for City, DCMSA or DCEDA. 10% may be used for General Fund	1-1-18 thru 1-1-33	1/2 cent	0.05	0.45			
20-20(D)1(a)	33% for maintenance repair and resurfacing of streets	1-1-18 thru 1-1-33	1/2 cent		0.15			
20-20(D)1(b)	33% for John Smith Sports Center remodel, the Senior Center, Eagle Lake Trail and other major recreational and beautification projects	1-1-18 thru 1-1-33			0.15			
20-20(D)1(c)	33% to raise and maintain salaries of police and fire personnel	1-1-18 thru 1-1-33			0.15			
20-20(D)1(d)	1% for juvenile justice	1-1-18 thru 1-1-33			0.00			
20-20(D)1(d)	10% may be used for General Fund	1-1-18 thru 1-1-33		0.05				
20-20(F)1(a)&(b)	Neighborhood and Community Development	1-1-16 indef.	1/2 cent			0.25	0.25	
20-20(H)1(b)	Police and firefighter salaries, staffing, benefits and competitive wages	4-1-18 indef.	1/2 cent					0.50
<b>4 1/2</b>				<b>2.15</b>	<b>1.35</b>	<b>0.25</b>	<b>0.25</b>	<b>0.5</b>

## Pledge of Future Revenues

*Net Water/Wastewater Revenues Pledge*- The City has pledged its net water and wastewater revenues to repay \$1,190,000 of 2009 Series Oklahoma Water Resources Board Notes Payable and \$19,780,000 of 2016 Series Oklahoma Water Resources Board Notes Payable. Proceeds from the notes provided financing for the wastewater system improvements. The bonds are payable through 2030 and 2033, respectively. The total principal and interest payable for the remainder of the life of these notes is \$13,996,726. Total pledged net water/wastewater revenues for the year was \$3,165,848. Debt service payments of \$1,571,329 for the current fiscal year were 50% of the net water/wastewater revenues.

*Sales Tax Pledge* – The City has pledged 90% of 1% of future sales tax revenues to repay \$19,780,000 of 2016 Series Oklahoma Water Resources Board Notes Payable. Proceeds from the note was used for wastewater system improvements. The note is payable through 2033. The total principal and interest payable for the remainder of the life of the note is \$13,688,541. Total pledged sales tax for the year was \$2,702,850. Debt service payments of \$1,520,949 for the current fiscal year were 56% of the pledged sales taxes.

## 7. Property Tax Levy

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. At the present time the City levies a property tax to fund the annual debt service requirements of its 2011A and 2011B General Obligation Bonds.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values

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with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

For the year ended June 30, 2024, the City's net assessed valuation of taxable property was \$130,541,640. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2024 was \$4.30.

## 8. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements 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 and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

### *Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2024 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	DCEDA	\$ 733,591	Transfer payment amount to EDA
General Fund	Worker's Compensation Fund	158,806	To Fund Worker's comp payments
Neighborhood Enhancement	CDBG Fund	18,241	To record revenue in appropriate fund
Limited Purpose Sales Tax Fund	General Fd Staffing	445,970	Staffing to General Fund
Limited Purpose Sales Tax Fund	Juvenile Justice	13,514	Juvenile Justice to General Fund
Limited Purpose Sales Tax Fund	DCMSA	1,520,949	WWTP Project payments
Limited Purpose Sales Tax Fund	DCEDA	1,392,936	Debt service
DCMSA	Worker's Compensation Fund	5,687	To fund Worker's Comp
DCMSA	General Fund	85,381	Transfer of capital assets
Total		<u>\$ 4,375,075</u>	

### Reconciliation to Fund Financial Statements and Government-Wide Statement of Activities:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Government-Wide Net Transfers</u>	<u>Capital Asset Transfers</u>	<u>Government- Wide Net Transfers</u>
Governmental Funds	\$ 2,768,745	\$ (4,284,007)	\$ (1,515,262)	\$ (54,783)	\$ (1,570,045)
Proprietary Funds	1,520,949	(91,068)	1,429,881	140,164	1,570,045
Total	<u>\$ 4,289,694</u>	<u>\$ (4,375,075)</u>	<u>(85,381)</u>	<u>85,381</u>	<u>\$ -</u>

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*Balances:*

Interfund receivable and payables at June 30, 2024 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
DCMSA	General Fund	200	Prior year operating subsidy
General Fund	DCMSA	198,351	Prior year operating subsidy
General Fund	DCMSA	2,371,163	To cover negative cash
DCMSA	Debt Service	45,000	Prior year operating subsidy
DCEDA	General Fund	542,200	Prior year operating subsidy
DCEDA	General Fund	379,617	To cover negative cash
DCEDA	Limited Purpose Sales Tax	846,901	Prior year operating subsidy
DCEDA	Economic Development	1,638,944	Prior year operating subsidy
DCEDA	Economic Development	2,017,693	TIF note principal and interest payments
DCEDA	DCMSA	535,424	To cover negative cash
Limited Purpose Sales Tax	Neighborhood Enhancement	948,329	Prior year operating subsidy
DCMSA	Limited Purpose Sales Tax	380,237	Prior year
Economic Development Fund	General Fund	468,468	To cover negative cash
Total		<u>\$ 10,372,527</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 7,267,589	\$ (9,947,290)	\$ (2,679,701)
Proprietary Funds	3,104,938	(425,237)	2,679,701
Total	<u>\$ 10,372,527</u>	<u>\$(10,372,527)</u>	<u>\$ -</u>

## 9. 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 by securing commercial insurance for all risks, except for participation in the Oklahoma Municipal Assurance Group risk entity pool for certain coverage. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

## 10. Pension Plan Participation

The City of Del City participates in three pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
3. Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OMRF-DBP) – an agent multiple-employer defined benefit plan.

*Firefighter Pension System:*

*Plan Summary Information.* The City of Del City, as the employer, participates in the statewide cost sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and debt benefits to the plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.



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The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 264, Oklahoma City, Oklahoma 73105-3707.

*Funding Policy.* OFPRS plan members are required to contribute 9% of their annual salary. The City is required by state law to contribute 14% of the members' annual salary. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2022	\$ 375,550	\$ 375,550
2023	389,944	389,944
2024	400,567	400,567

*Police Pension System:*

*Plan Summary Information.* Pursuant to the requirements of Title 11, Section 22-102, the City of Del City participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS).

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63<sup>rd</sup>, Oklahoma City, Oklahoma, 73116-7335.

*Funding Policy.* The paid police person contributes 8% to the plan. The City is required by State law to contribute 13% per year per paid police person to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2022	319,062	319,062
2023	320,254	320,254
2024	340,016	340,016

*OMRF Defined Benefit Plan:*

The City contributes to the City of Del City Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the state Firefighter Pension System and the state Police Pension System. Administration of the City's individual plan rests with the City Council. The overall operations of OMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. JP Morgan of Oklahoma City acts as administrator and securities custodian.

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**1. Eligibility Factors, Contribution Methods and Benefit Provisions**

<b>Provision</b>	<b>OMRF Plan</b>
a. Eligible to Participate	Full-time, non-uniformed employees of the City after 1 year of service.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	16.57% of covered payroll
-Employee Rate	8% of earnings
c. Period Required to Vest	7 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 60 with 7 years of service -Early retirement at age 55 with 20 years of service -Disability retirement with 10 years of service -Marital death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	3% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 7 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

For the year ended June 30, 2024, the City's employer contribution to the plan was \$868,044 which was 17.71% of covered payroll; more than the actuarially required contribution. The OMRF contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2022	911,432	741,503
2023	1,079,226	911,307
2024	812,373	868,044

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1001 NW 63rd St., Suite 260, Oklahoma City, OK 73116.

**11. Commitments and Contingencies**

*Compensated Absences:*

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation 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:

- General Fund and DCMSA Enterprise Fund – total accrued compensated absences \$2,716,008

*Litigation:*

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City “Sinking Fund” for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City’s public trust Authorities. While the outcome of the above noted proceedings 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 Del City 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 significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan.

**12. Subsequent Events**

The City evaluated subsequent events through the date of the audit report. The City concluded that no events have occurred subsequent to year end that would require recognition in the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule – General Fund (Budgetary Basis) – Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance</b>	\$ 4,616,548	\$ 4,616,548	\$ 4,431,713	\$ (184,835)
<b>Resources (Inflows):</b>				
Taxes	8,843,191	8,843,191	9,470,548	627,357
Intergovernmental	3,062,370	3,000,449	376,875	(2,623,574)
Charges for services	405,430	405,430	287,693	(117,737)
Fines and forfeitures	674,732	674,732	557,341	(117,391)
Licenses and permits	191,550	191,550	233,234	41,684
Investment income	-	-	32,896	32,896
Miscellaneous	490,562	490,562	741,945	251,383
Use of Money and Property	201,271	201,271	-	(201,271)
Transfers in	1,790,520	1,790,520	459,484	(1,331,036)
<b>Total resources (Inflows)</b>	<u>15,659,626</u>	<u>15,597,705</u>	<u>12,160,016</u>	<u>(3,437,689)</u>
<b>Amounts available for appropriation</b>	<u>20,276,174</u>	<u>20,214,253</u>	<u>16,591,729</u>	<u>(3,622,524)</u>
<b>Charges to Appropriations (Outflows):</b>				
City Management	226,724	226,724	237,249	(10,525)
Municipal Court	288,223	306,471	253,742	52,729
City Attorney	227,329	227,447	253,457	(26,010)
Human Resources	431,465	423,515	287,807	135,708
City Clerk	404,913	418,217	478,806	(60,589)
Community Services	324,264	326,511	417,775	(91,264)
Recreation	183,288	188,288	73,979	114,309
Eagle Harbor Aquatic	116,850	116,850	104,133	12,717
Street and Alley	1,097,403	1,116,204	744,381	371,823
Park Maintenance	44,554	44,554	132,741	(88,187)
Fire	3,894,792	3,891,644	3,802,592	89,052
Police	5,866,152	5,866,325	4,827,794	1,038,531
General Government	1,144,185	1,130,507	5,252,631	(4,122,124)
Drainage	200,000	200,000	11,474	188,526
Transfers Out	1,000,000	1,000,000	892,397	107,603
<b>Total Charges to Appropriations</b>	<u>15,450,142</u>	<u>15,483,257</u>	<u>17,770,958</u>	<u>(2,287,701)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 4,826,032</u>	<u>\$ 4,730,996</u>	<u>\$ (1,179,229)</u>	<u>\$ (5,910,225)</u>

**Budgetary Comparison Schedule – Neighborhood Enhancement Fund (Budgetary Basis) – Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance</b>	\$ 3,911,554	\$ 3,911,554	\$ 3,911,554	\$ -
<b>Resources (Inflows):</b>				
Taxes	724,670	724,670	750,792	26,122
Intergovernmental	-	-	540,380	540,380
Investment income	-	-	38,025	38,025
<b>Total resources (Inflows)</b>	<u>724,670</u>	<u>724,670</u>	<u>1,329,197</u>	<u>604,527</u>
<b>Amounts available for appropriation</b>	<u>4,636,224</u>	<u>4,636,224</u>	<u>5,240,751</u>	<u>604,527</u>
<b>Charges to Appropriations (Outflows):</b>				
Neighborhood Enhancement	2,641,744	2,641,744	1,286,477	1,355,267
<b>Total Charges to Appropriations</b>	<u>2,641,744</u>	<u>2,641,744</u>	<u>1,286,477</u>	<u>1,355,267</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 1,994,480</u>	<u>\$ 1,994,480</u>	<u>\$ 3,954,274</u>	<u>\$ 1,959,794</u>

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**Footnotes to Budgetary Comparison Schedule:**

1. The budgetary comparison schedule is reported on the modified cash basis of accounting.
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. Reconciliation of the budgetary basis to modified cash basis is as follows:

General Fund:

Total Resources (Inflows) - Budgetary Basis	\$ 12,160,016
Charges to Appropriations (Outflows) - Budgetary Basis	<u>17,770,958</u>
Change in Fund Balance - Budgetary Basis	(5,610,942)
Change in Fund Balance - Modified Cash Basis	<u><u>\$ (5,610,942)</u></u>

Neighborhood Enhancement:

Total Resources (Inflows) - Budgetary Basis	\$ 1,329,197
Charges to Appropriations (Outflows) - Budgetary Basis	<u>1,286,477</u>
Change in Fund Balance - Budgetary Basis	42,720
Reconciling items:	
Adjustment for transfer to General Fund	(18,241)
Change in Fund Balance - Modified Cash Basis	<u><u>\$ 24,479</u></u>

4. Expenditures Exceeded appropriations in the following departments:

General Fund – City Management	\$10,525
General Fund – City Attorney	26,010
General Fund – City Clerk	60,589
General Fund – Community Services	91,264
General Fund – Park Maintenance	88,187
General Fund – General Government	4,122,124

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

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**OTHER INFORMATION**

**CITY OF DEL CITY, OKLAHOMA**  
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**Combining Balance Sheet – Nonmajor Governmental Funds (Modified Cash Basis) –June 30, 2024**

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total Governmental Funds
	CDBG	Hotel/Motel Tax	Police Training	Labor Relations	Police Grant	Public Safety Fund	Debt Service Fund	Capital Improvements Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 18,441	\$ 334,354	\$ 300	\$ 33,564	\$ 200	\$ 33,456	\$ 540,195	\$ 626,517
Due from other funds	-	-	-	-	-	-	45,000	-
Total assets	18,441	334,354	300	33,564	200	33,456	585,195	626,517
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
<b>FUND BALANCES:</b>								
Restricted	18,441	334,354	300	33,564	200	33,456	585,195	626,517
Total fund balances	18,441	334,354	300	33,564	200	33,456	585,195	626,517
Total liabilities and fund balances	\$ 18,441	\$ 334,354	\$ 300	\$ 33,564	\$ 200	\$ 33,456	\$ 585,195	\$ 626,517

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

	Special Revenue Funds					Debt Service Fund	Capital Project Fund	Total-Other Governmental Funds
	CDBG Fund	Hotel/Motel Tax Fund	Police Training Fund	Labor Relations Fund	Police Grant Fund	Public Safety Fund	Debt Service Fund	Capital Improvements Fund
<b>REVENUES</b>								
Taxes	\$ -	\$ 192,534	\$ -	\$ -	\$ -	\$ 1,501,584	\$ 535,529	\$ -
Miscellaneous	-	6,000	15,741	5,390	-	198,166	-	-
Total revenues	-	198,534	15,741	5,390	-	1,699,750	535,529	-
<b>EXPENDITURES</b>								
Current:								
Public Safety	-	-	16,379	-	-	1,779,490	-	-
Economic development	-	40,142	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	420,000	-
Interest	-	-	-	-	-	-	47,640	-
Capital Outlay	-	80,992	-	-	-	-	-	-
Total Expenditures	-	121,134	16,379	-	-	1,779,490	467,640	-
Excess (deficiency) of revenues over expenditures	-	77,400	(638)	5,390	-	(79,740)	67,889	-
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	18,241	-	-	-	-	-	-	-
Total other financing sources and uses	18,241	-	-	-	-	-	-	-
Net change in fund balances	18,241	77,400	(638)	5,390	-	(79,740)	67,889	-
Fund balances - beginning as previously reported	200	256,954	938	28,174	200	-	566,964	626,517
Restatements (See Note 5)	-	-	-	-	-	113,196	(49,658)	-
Fund balances - beginning as restated	200	256,954	938	28,174	200	113,196	517,306	626,517
Fund balances - ending	\$ 18,441	\$ 334,354	\$ 300	\$ 33,564	\$ 200	\$ 33,456	\$ 585,195	\$ 626,517



**CITY OF DEL CITY, OKLAHOMA**  
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**Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – For the Year Ended June 30, 2024**

	<u>General Fund</u>	<u>Employee Benefit</u>	<u>Worker's Compensation</u>	<u>Total General Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 115,571	\$ 66,601	\$ 182,172
Investments	-	-	67,080	67,080
Due from other funds	1,390,485	-	-	1,390,485
Total assets	<u>\$ 1,390,485</u>	<u>\$ 115,571</u>	<u>\$ 133,681</u>	<u>\$ 1,639,737</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	2,569,714	-	-	2,569,714
Other payables	-	77,162	-	77,162
Total liabilities	<u>2,569,714</u>	<u>77,162</u>	<u>-</u>	<u>2,646,876</u>
 Fund balances:				
Unassigned (deficit)	(1,179,229)	38,409	133,681	(1,007,139)
Total fund balances	<u>(1,179,229)</u>	<u>38,409</u>	<u>133,681</u>	<u>(1,007,139)</u>
Total liabilities and fund balances	<u>\$ 1,390,485</u>	<u>\$ 115,571</u>	<u>\$ 133,681</u>	<u>\$ 1,639,737</u>

**CITY OF DEL CITY, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund**  
**Accounts (Modified Cash Basis) – For the Year Ended June 30, 2024**

	<u>General Fund</u>	<u>Employee Benefit</u>	<u>Worker's Compensation</u>	<u>Total General Fund</u>
<b>REVENUES</b>				
Taxes	\$ 9,470,548	\$ -	\$ -	\$ 9,470,548
Intergovernmental	376,875	-	-	376,875
Charges for services	287,693	-	-	287,693
Fees and fines	557,341	-	-	557,341
Licenses and permits	233,234	-	-	233,234
Investment earnings	32,896	-	11,090	43,986
Miscellaneous	741,945	-	12,945	754,890
Total revenues	<u>11,700,532</u>	<u>-</u>	<u>24,035</u>	<u>11,724,567</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,829,850	-	-	2,829,850
Administration	-	-	201,273	201,273
Municipal court	253,742	-	-	253,742
Community services	504,532	-	-	504,532
Public safety	8,508,147	-	-	8,508,147
Street and alley	730,776	-	-	730,776
Drainage	11,474	-	-	11,474
Culture and recreation	160,754	-	-	160,754
Capital Outlay	3,879,286	-	-	3,879,286
Total Expenditures	<u>16,878,561</u>	<u>-</u>	<u>201,273</u>	<u>17,079,834</u>
Excess (deficiency) of revenues over expenditures	<u>(5,178,029)</u>	<u>-</u>	<u>(177,238)</u>	<u>(5,355,267)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	459,484	-	164,493	623,977
Transfers out	(892,397)	-	-	(892,397)
Total other financing sources and uses	<u>(432,913)</u>	<u>-</u>	<u>164,493</u>	<u>(268,420)</u>
Net change in fund balances	(5,610,942)	-	(12,745)	(5,623,687)
Fund balances - beginning	4,431,713	38,409	146,426	4,616,548
Fund balances - ending	<u>\$ (1,179,229)</u>	<u>\$ 38,409</u>	<u>\$ 133,681</u>	<u>\$ (1,007,139)</u>

**CITY OF DEL CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE**



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

To the City Council  
City of Del City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Del City, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Del City, Oklahoma's basic modified cash basis financial statements, and have issued our report thereon dated August 12, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We consider the deficiency described in the accompanying schedule of findings as item 2024-3 to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Del City, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings under items 2024-1 and 2024-2.

### **City of Del City, Oklahoma's Response to Findings**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "HBC CPAs & Advisors".

Oklahoma City, Oklahoma  
August 12, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council  
City of Del City, Oklahoma

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Del City, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Del City, Oklahoma's major federal programs for the year ended June 30, 2024. City of Del City, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Del City, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Del City, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Del City, Oklahoma's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implantation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Del City, Oklahoma's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Del City, Oklahoma's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Del City, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Del City, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Del City, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Del City, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Oklahoma City, Oklahoma  
August 12, 2025

**CITY OF DEL CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Schedule of Expenditures of Federal Awards (Modified Cash Basis)– Year Ended June 30, 2024**

<b>Federal Grantor/Pass through agency Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Pass Thru Grant #</b>	<b>Contract Expenditures</b>
<b>FEDERAL AWARDS:</b>			
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed through OMES:			
ARPA Grant	21.027	ARPA FY22	\$ 2,419,464
Total U.S. Department of Treasury			<u>2,419,464</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
<i>Highway Safety Cluster:</i>			
Oklahoma Highway Safety Office FY24	20.600	PT-24-03-12-09	20,118
Oklahoma Highway Safety Office FY23	20.600	PT-23-03-11-08	836
<i>Total Highway Safety Cluster</i>			<u>20,954</u>
Total U.S. Department of Transportation			<u>20,954</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
City of Oklahoma City JAG grant	16.738	O-BJA-2023-171790	12,725
Total U.S. Department of Justice			<u>12,725</u>
<u>U.S. HOUSING AND URBAN DEVELOPMENT</u>			
CDBG - CARES Act (including CDBG-CV carryover funds)	14.228	18515 CDBG-CR20	817,505
Total U.S. Housing and Urban Development			<u>817,505</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><b>\$ 3,270,648</b></u>

**Footnotes to Federal Awards Schedules:**

*1. Basis of Presentation*

This schedule includes the federal grant activity of the City of Del City, Oklahoma under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

*2. Summary of Significant Accounting Policies*

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10% de minimis indirect cost rate allowed under 2 CFR Part 200.414 of the Uniform Guidance.

*3. Subrecipients*

During the year ended June 30, 2024, the City did not provide federal awards to subrecipients.



**City of Del City, Oklahoma**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of audit report issued Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No
- Noncompliance which is material to the financial statements noted? Yes

**Federal Rewards**

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

**Identification of major programs**

<b>CDFA Number</b>	<b>Name of Federal Program or Cluster</b>
21.027	US Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds (ARPA)
14.228	US Housing and Urban Development – CDBG – CARES Act (including CDBG-CV carryover funds)

Dollar threshold to distinguish between Type A and Type B programs \$750,000

Auditee qualifies as a low-risk auditee? No

**City of Del City, Oklahoma**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

**II. Financial Statement Findings**

<b>Finding No.</b>	2024-1 <i>Compliance with Oklahoma Municipal Budget Act</i>
<b>Criteria:</b>	<p>Title 11, Section 17-211 prohibits the creation of a deficit fund balance in any fund except for a public trust fund.</p> <p>The City prepares its budget in accordance with the Oklahoma Municipal Budget Act of 1979. As part of compliance with that budget act, the City prepares and administers its budget at the department level. This is the City's legal level of control.</p>
<b>Condition:</b>	During the 2023-2024 budget year, the expenditures of the General fund and Del City Economic Development Authority fund exceeded the appropriations, resulting in a deficit fund balance.
<b>Cause:</b>	The City's expenditures exceeded the allocated amounts specified in the budget for the 2023-2024 fiscal year.
<b>Effect or Potential Effect:</b>	The City's actions indicate a violation of state budget laws, as a deficit fund balance was allowed in the General fund and the Del City Economic Development Authority fund.
<b>Recommendation:</b>	Procedures and controls should be implemented to ensure the proper monitoring of the budget and fund balance.
<b>Management's Response:</b>	DCMSA admin transfer of \$1,000,000.00 not processed this year due to previous staff providing inaccurate fund balances. ARPA funds recorded as revenue and budgeted against instead of being recorded as restricted funds. Cares Act funds overstated by previous staff.

**City of Del City, Oklahoma**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

**II. Financial Statement Findings (continued)**

<b>Finding No.</b>	<i>2024-2 Budget Appropriations</i>
<b>Criteria:</b>	The City prepares its budget in accordance with the Oklahoma Municipal Budget Act of 1979. As part of compliance with that budget act, the City prepares and administers its budget at the department level. This is the City's legal level of control.
<b>Condition:</b>	As reported in the notes to financial statements, the amount of expenditures of several departments within the City exceeded their appropriations.
<b>Cause:</b>	The City expended more than the amounts appropriated to these specific departments during the budget year 2023-2024.
<b>Effect or Potential Effect:</b>	The City appears to have violated state budget laws.
<b>Recommendation:</b>	We recommend that the City review its procedures, particularly as it relates to ensure that appropriations are sufficient.
<b>Management's Response:</b>	Enabled encumbrance software to prevent budget line items from being able to go in the negative to prevent overspending.

**City of Del City, Oklahoma**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

**II. Financial Statement Findings (continued)**

<b>Finding No.</b>	<i>2024-3 Bank Reconciliations</i>
<b>Criteria:</b>	Government entities must maintain complete and accurate cash reconciliations. This includes timely identification and resolution of all reconciling items to ensure accurate financial reporting and accountability for public funds.
<b>Condition:</b>	During our audit, we identified unreconciled differences in the entity's cash balance that have not yet been resolved. The organization continues operating with unexplained variances between the general ledger cash balance and bank statement balances.
<b>Cause:</b>	Conversion to pooled cash using incode had difficulties properly transitioning to the new system.
<b>Effect or Potential Effect:</b>	Unresolved reconciling differences may conceal errors or irregularities.
<b>Management's Response</b>	Continuing process with Tyler Technologies, our ERP software company, to clear unexplained variances from prior years not reconciled withn the program.

**City of Del City, Oklahoma**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2024**

**III. Prior Year Findings**

None