

**Financial Statements and Reports of  
Independent Certified Public Accountant  
City of Dewey, Oklahoma  
June 30, 2013**

**City of Dewey, Oklahoma  
City Officials  
June 30, 2013**

**Mayor and City Council**

Mayor	Ron Revard
Ward 1 Councilman	Wayne Sell
Ward 2 Councilman	Mike Banks
Ward 3 Councilman	Justin Lewis
Ward 4 Councilwoman	Kay Bales

**City Manager**

Kevin Trease

**Treasurer**

Cassie Hayes

**Clerk**

Annette Breshears

**City of Dewey, Oklahoma**  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Dewey, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information the City of Dewey, Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dewey, Oklahoma, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dewey's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 May 2, 2014 on our consideration of the City of Dewey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dewey, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "David Clanin CPA PLLC". The signature is written in a cursive, flowing style.

David Clanin, CPA PLLC

Claremore, OK  
May 2, 2014

**City of Dewey, Oklahoma**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

Our discussion and analysis of the City of Dewey's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the City's financial statements which begin on page 10.

**FINANCIAL HIGHLIGHTS**

- The City's Total Net Position decreased by \$75,320 or less than 1% this fiscal year, resulting in total Net Position of \$5,660,149 as of June 30, 2013.
- Current year general fund revenues totaled \$1,188,275.
- Current year general fund expenditures were \$1,146,727.
- The City purchased two new 2013 F350 fire trucks and installed new beds on them along with a 2008 Chevy Tahoe at \$79,949, and several pieces of equipment at \$ 27,305 for a total of \$107,254. The City also sold 5 of its police units and disposed of several items of equipment.
- The Public Works Authority had operating revenues of \$1,759,529 and an operating expenses of \$1,552,833 for the year. Net non-operating revenues, combined with other non-operating revenues and expenses to produce a total net loss of \$37,798 for the year.
- Also, the PWA purchased a 1990 GMC Bucket truck for \$8,500 and two pieces of equipment for \$30,000 for a total of \$38,500.
- The PWA issued a \$2,610,000 Sales Tax Revenue Note on December 13, 2012 to finance certain water and wastewater improvements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11-13) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

**City of Dewey, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

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

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

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is, Is the City as a whole better off or worse off as a result of this year's activities? The Statement of Net Position and the Statement of Activities provide information about the City as a whole and about its activities in a way that helps answer this question. The statements include *all* assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. You can think of the City's net position—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the fire, general administration, streets, animal control and police. Sales taxes, franchise fees, fines and state grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here.

**City of Dewey, Oklahoma**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

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

### **Fund Financial Statements**

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 14 and provide detailed information about the City's most significant funds—not the City as a whole. The City's two kinds of funds – governmental and proprietary – 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 in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.
- **Proprietary Funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities reported in the government-wide statements, but more detail and additional information (such as the Statement of Cash Flows) is provided in the fund financial statements.

**City of Dewey, Oklahoma**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

**THE CITY AS A WHOLE**

The City's Net Position is reported in the Statement of Net Position on page 11.

For the year ended June 30, 2013, the net assets for the City's Governmental and Business-type Activities changed as follows:

	Summary of Net Position									
	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)	
	6/30/2013	Restated 6/30/2012		6/30/2013	Restated 6/30/2012		6/30/2013	Restated 6/30/2012		
Current Assets	\$ 1,329,702	\$ 1,371,431	(0.03)	\$ 1,232,150	\$ 1,051,996	0.15	\$ 2,561,851	\$ 2,423,427	0.05	
Restricted Assets	-	-	-	2,428,280	236,280	0.90	2,428,280	236,280	0.90	
Capital Assets	1,662,933	1,711,131	(0.03)	2,351,861	2,277,533	0.03	4,014,793	3,988,664	0.01	
Total Assets	<u>2,992,635</u>	<u>3,082,562</u>	-	<u>6,012,290</u>	<u>3,567,508</u>	0.41	<u>9,004,924</u>	<u>6,650,070</u>	0.26	
Current Liabilities	133,672	131,039	0.02	288,679	154,177	0.47	422,351	285,216	0.32	
Noncurrent Liabilities	429,042	484,079	(0.13)	2,493,382	145,305	0.94	2,922,424	629,384	0.78	
Total Liabilities	<u>562,714</u>	<u>615,119</u>	(0.09)	<u>2,782,061</u>	<u>299,482</u>	0.89	<u>3,344,775</u>	<u>914,600</u>	0.73	
Net Investment in Capital Assets	1,139,842	1,113,777	0.02	2,051,535	2,107,098	(0.03)	3,191,377	3,220,875	-0.01	
Unrestricted	1,290,079	1,353,666	(0.05)	1,178,693	1,160,928	0.02	2,468,772	2,514,594	-0.02	
Total Net Position	<u>\$ 2,429,920</u>	<u>\$ 2,467,443</u>	(0.02)	<u>\$ 3,230,229</u>	<u>\$ 3,268,026</u>	(0.01)	<u>\$ 5,660,149</u>	<u>5,735,470</u>	-0.01	

This reflects a decrease of less than 1% for governmental activities and a decrease of less than 1% for business-type activities.

**City of Dewey, Oklahoma**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

Summary of Changes in Net Position

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	Restated			Restated			Restated		
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012			
Charges for services	\$ 40,669	\$ 26,946	0.34	\$ 1,578,184	\$ 1,476,991	0.06	\$ 1,618,852	\$ 1,503,937	0.07
Grants and contributions	2,235	54,413	-23.35	-	1,038	-	2,235	55,451	-23.81
Sales and use taxes	936,628	942,530	-0.01	150,583	68,985	0.54	1,087,212	1,011,515	0.07
Licenses and Permits	10,585	16,446	-0.55	-	-	-	10,585	16,446	-0.55
Fines and Forfeitures	453,688	324,633	0.28	30,762	-	1.00	484,449	324,633	0.33
Other	25,896	70,814	-1.73	59,114	76,272	-0.29	85,010	147,086	-0.73
<b>Total Revenues</b>	<b>1,469,701</b>	<b>1,435,782</b>	<b>0.02</b>	<b>1,818,643</b>	<b>1,623,286</b>	<b>0.11</b>	<b>3,288,344</b>	<b>3,059,068</b>	<b>0.07</b>
<b>Expenses:</b>									
General Government	462,913	410,137	0.11	-	-	-	462,913	410,137	0.11
Cemetery	2,872	4,042	-0.41	-	-	-	2,872	4,042	-0.41
Municipal Court	9,595	10,596	-0.10	-	-	-	9,595	10,596	-0.10
Fire Department	193,346	148,847	0.23	-	-	-	193,346	148,847	0.23
Police Department	632,785	620,742	0.02	-	-	-	632,785	620,742	0.02
Transportation:									
Street & Alley	46,323	48,423	-0.05	-	-	-	46,323	48,423	-0.05
Culture, Parks and Recreation									
Library	6,449	5,800	0.10	-	-	-	6,449	5,800	0.10
Parks	78,657	70,942	0.10	-	-	-	78,657	70,942	0.10
City Utilities	-	-	-	1,856,441	1,522,442	0.18	1,856,441	1,522,442	0.18
<b>Total Expenses:</b>	<b>1,432,941</b>	<b>1,319,529</b>	<b>0.08</b>	<b>1,856,441</b>	<b>1,522,442</b>	<b>0.18</b>	<b>3,289,381</b>	<b>2,841,971</b>	<b>0.14</b>
Transfers	-	15,000	-	-	-	-	-	15,000	
Debt Service	74,283	77,371	-0.04	-	-	-	74,282.50	77,371	-0.04
	74,283	92,371	-0.24	-	-	-	74,283	92,371	-0.24
<b>Change in Net Position</b>	<b>(37,522)</b>	<b>53,882</b>	<b>2.44</b>	<b>(37,798)</b>	<b>100,844</b>	<b>3.67</b>	<b>(75,320)</b>	<b>154,726</b>	<b>3.05</b>
Beginning Net Position	2,467,443	2,413,561	0.02	3,268,026	3,167,182	0.03	5,735,469	5,580,743	0.03
<b>Ending Net Position</b>	<b>\$ 2,429,920</b>	<b>\$ 2,467,443</b>	<b>-0.02</b>	<b>\$ 3,230,229</b>	<b>\$ 3,268,026</b>	<b>-0.01</b>	<b>5,660,149</b>	<b>5,735,469</b>	<b>-0.01</b>

### Governmental Activities

To aid in the understanding of the Statement of Activities on pages 12 and 13, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Net Position. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

**City of Dewey, Oklahoma**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

**Business-type Activities**

In reviewing the departmental Net (Expense)/Revenue on page 17, the PWA is showing a net operating income of \$206,696. However this number does not reflect the income from interest and miscellaneous income or the expense for depreciation and debt service. When these income numbers are included, the PWA shows a net loss for the year of \$37,798.

**THE CITY'S FUNDS**

**General Fund**

The governmental balance sheet and statement of revenues, expenditures and changes in fund balances is presented on pages 14-15.

General fund revenues of \$1,188,275 included \$679,998 or 57% in taxes, including sales tax, use tax, franchise tax, occupational tax, motor vehicle collections, alcoholic beverage tax, tobacco tax and gasoline tax.

**Capital Improvement Fund**

Capital Improvement fund revenues of \$150,583 consist of sales tax revenue.

**Other Governmental Funds**

Other Governmental fund revenues of \$155,439 included \$106,047 or 68% sales tax revenues.

**Proprietary Fund**

The proprietary fund statements are presented on pages 16-19. The proprietary fund reported a decrease in net assets of \$37,798, resulting in a balance of net assets as of June 30, 2013 of \$3,230,229. The proprietary fund Statement of Cash Flows on page 18 indicates a total net cash inflow for the year from all proprietary activities of 2,416,380.

**City of Dewey, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's budget is prepared according to Oklahoma law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the fiscal year, the City Council authorizes revisions to the original budget if necessary to accommodate differences from the original budget to the actual expenditures of the City. A schedule showing the City's original and final budget amounts compared with amounts actually paid and received is provided on page 43.

In the General Fund, actual revenues were \$73,519 more than budgeted and actual expenditures were held to \$108,247 less than budgeted, resulting in a general fund balance carryover of \$259,727.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets – use gross amount and include the PWA**

At June 30, 2013, the City had \$8,019,630 invested in a broad range of capital assets, including land, buildings, fire trucks, police cars, equipment and its water distribution system. After additions, disposals and depreciation this amount represents a decrease of \$48,198 from last year.

More information on the City's capital assets can be found in Note III on page 32.

**City of Dewey, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

**Debt Administration**

At June 30, 2013, the City had \$3,140,696 in capital leases and bonds/notes payable outstanding, with \$259,785 due within one year.

	Governmental Activities	Business-Type Activities	Total
Capital Lease Obligations	\$ 313,091	\$ 77,605	\$ 390,696
Bonds/Notes Payable	210,000	2,540,000	2,750,000
Total	<u>\$ 523,091</u>	<u>\$ 2,617,605</u>	<u>\$ 3,140,696</u>

More information on the City's long-term debt can be found in Note III on pages 33-36.

The Oklahoma Constitution limits the amount of general obligation debt that municipalities can issue for non-utility or non-street purposes to no more than 10% of the net assessed valuation. For the year ending June 30, 2013, the City had \$210,000 in outstanding general obligation debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City Council and management considered many factors when setting the fiscal year June 30, 2013 budget, including economic trends and issues, trends in residential growth, and known information about State and Federal grants.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show 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 411 E. Don Tyler Ave, Dewey, OK 74029.

**City of Dewey, Oklahoma**  
**Statement of Net Position**  
**June 30, 2013**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,066,309.50	\$ 993,371.76	\$ 2,059,681.26
Accounts Receivable, net	97,253.50	209,765.67	307,019.17
Taxes Receivable	138,114.65	26,204.08	164,318.73
Other Receivables	28,024.33	2,807.99	30,832.32
Total Current Assets	<u>1,329,701.98</u>	<u>1,232,149.50</u>	<u>2,561,851.48</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	-	2,428,279.53	2,428,279.53
Capital Assets:			
Property, Plant and Equipment, net	1,662,932.59	2,351,860.52	4,014,793.11
Total Noncurrent Assets	<u>1,662,932.59</u>	<u>4,780,140.05</u>	<u>6,443,072.64</u>
<b>TOTAL ASSETS</b>	<u>2,992,634.57</u>	<u>6,012,289.55</u>	<u>9,004,924.12</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	11,486.76	91,088.97	102,575.73
Accrued Payroll Payable	9,673.36	7,795.20	17,468.56
Accrued Interest Payable	-	7,612.71	7,612.71
Accrued Compensated Absences	15,585.52	10,217.37	25,802.89
Other Payables	1,395.26	6,228.22	7,623.48
Deferred Revenue	1,482.36	-	1,482.36
Current Portion of GO Bonds and Revenue			
Notes Payable	65,000.00	145,000.00	210,000.00
Current Portion of Capitalized Lease Obligation	29,048.80	20,736.08	49,784.88
Total Current Liabilities	<u>133,672.06</u>	<u>288,678.55</u>	<u>422,350.61</u>
Noncurrent Liabilities:			
Payable from Restricted Assets:			
Meter Deposits Payable	-	41,513.61	41,513.61
GO Bonds and Revenue Notes Payable	145,000.00	2,395,000.00	2,540,000.00
Capital Lease Obligation	284,042.25	56,868.62	340,910.87
Total Noncurrent Liabilities	<u>429,042.25</u>	<u>2,493,382.23</u>	<u>2,922,424.48</u>
<b>TOTAL LIABILITIES</b>	<u>562,714.31</u>	<u>2,782,060.78</u>	<u>3,344,775.09</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,139,841.54	2,051,535.33	3,191,376.87
Unrestricted	1,290,078.72	1,178,693.44	2,468,772.16
<b>TOTAL NET POSITION</b>	<u>\$ 2,429,920.26</u>	<u>\$ 3,230,228.77</u>	<u>\$ 5,660,149.03</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Dewey, Oklahoma**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General Government	\$ 638,932.33	\$ 23,832.32	\$ -	\$ -	\$ (615,100.01)
Public Safety	758,586.08	7,758.38	-	-	(750,827.70)
Street and Alley	46,323.49	-	2,235.00	-	(44,088.49)
Cemetery	2,872.31	-	-	-	(2,872.31)
Culture and Recreation	85,105.90	-	-	-	(85,105.90)
<b>Total Governmental Activities</b>	<b>1,531,820.11</b>	<b>31,590.70</b>	<b>2,235.00</b>	<b>-</b>	<b>(1,497,994.41)</b>
<b>Business-Type Activities:</b>					
Water	1,505,228.27	879,915.44	-	-	(625,312.83)
Wastewater	123,945.50	381,248.91	-	-	257,303.41
Sanitation	202,670.56	317,019.35	-	-	114,348.79
<b>Total Business-Type Activities</b>	<b>1,831,844.33</b>	<b>1,578,183.70</b>	<b>-</b>	<b>-</b>	<b>(253,660.63)</b>
<b>Total</b>	<b>\$ 3,363,664.44</b>	<b>\$ 1,609,774.40</b>	<b>\$ 2,235.00</b>	<b>\$ -</b>	<b>\$ (1,751,655.04)</b>

(continued)

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Dewey, Oklahoma**  
**Statement of Activities (continued)**  
**For the Year Ended June 30, 2013**

	Governmental Activities	Business-Type Activities	Total
<b>Changes in Net Position:</b>			
Net (Expense)/Revenue	\$ (1,497,994.41)	\$ (253,660.63)	\$ (1,751,655.04)
General Revenues:			
Taxes:			
Sales and Use Taxes	936,628.27	150,583.45	1,087,211.72
Licenses and Permits	10,585.25	-	10,585.25
Fines and Forfeitures	462,765.62	30,761.67	493,527.29
Investment Income	43.60	3.25	46.85
Miscellaneous	50,448.97	34,514.62	84,963.59
Total General Revenues and Transfers	<u>1,460,471.71</u>	<u>215,862.99</u>	<u>1,676,334.70</u>
Change in Net Position	(37,522.70)	(37,797.64)	(75,320.34)
Net Position, Beginning of Year	2,467,442.96	3,268,026.41	5,735,469.37
<b>Net Position, End of Year</b>	<u><u>\$ 2,429,920.26</u></u>	<u><u>\$ 3,230,228.77</u></u>	<u><u>\$ 5,660,149.03</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Dewey, Oklahoma**  
**Balance Sheet – Governmental Funds**  
**June 30, 2013**

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 468,982.73	\$ 390,906.96	\$ 206,419.81	\$ 1,066,309.50
Accounts Receivable, net	97,253.50	-	-	97,253.50
Taxes Receivable	103,696.30	25,923.94	8,494.41	138,114.65
Other Receivables	26,583.33	-	1,441.00	28,024.33
<b>Total Assets</b>	<b>\$ 696,515.86</b>	<b>\$ 416,830.90</b>	<b>\$ 216,355.22</b>	<b>\$ 1,329,701.98</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 2,877.36	\$ 6,303.00	\$ 2,306.40	\$ 11,486.76
Accrued Payroll	9,673.36	-	-	9,673.36
Accrued Compensated Absences	15,585.52	-	-	15,585.52
Deferred Revenue	1,482.36	-	-	1,482.36
Other payables	1,395.26	-	-	1,395.26
<b>Total Liabilities</b>	31,013.86	6,303.00	2,306.40	39,623.26
<b>Fund Balance:</b>				
Unassigned	665,502.00	410,527.90	214,048.82	1,290,078.72
<b>Total Liabilities and Fund Balance</b>	<b>\$ 696,515.86</b>	<b>\$ 416,830.90</b>	<b>\$ 216,355.22</b>	<b>\$ 1,329,701.98</b>

Reconciliation to the Statement of Net Assets

Total Governmental Funds Balance	\$ 1,290,078.72
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$3,359,236.78 and the accumulated depreciation is \$1,696,304.19 for a net book value of \$1,662,932.59.	1,662,932.59
Long-term liabilities, including capitalized lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Capitalized Lease Obligations Payable	(523,091.05)
Net Position of Governmental Activities	\$ 2,429,920.26

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Dewey, Oklahoma**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**  
**For the Year Ended June 30, 2013**

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 679,998.28	\$ 150,583.45	\$ 106,046.54	\$ 936,628.27
Licenses and permits	10,585.25	-	-	10,585.25
Grants	-	-	2,235.00	2,235.00
Charges for services	32,910.26	-	7,758.38	40,668.64
Fines and forfeitures	444,609.74	-	9,077.94	453,687.68
Investment Earnings	43.60	-	-	43.60
Miscellaneous	20,127.73	-	30,321.24	50,448.97
Transfers	-	-	-	-
<b>Total Revenues</b>	<u>1,188,274.86</u>	<u>150,583.45</u>	<u>155,439.10</u>	<u>1,494,297.41</u>
<b>Expenditures:</b>				
<b>General Government</b>				
Finance/Administration	326,512.71	115,626.65	20,773.21	462,912.57
Cemetery	2,611.89	-	260.42	2,872.31
Fire	85,344.21	67,545.50	40,456.77	193,346.48
Municipal Court	9,594.90	-	-	9,594.90
Police	632,133.61	-	651.49	632,785.10
Transportation				
Street and Alley	10,747.32	-	35,576.17	46,323.49
Parks and Recreation				
Parks Dept.	6,449.23	-	-	6,449.23
Library	73,333.34	-	5,323.33	78,656.67
Debt Service				
Principal	-	-	70,210.00	70,210.00
Interest	-	-	4,072.50	4,072.50
Transfer to PWA Debt Service	-	24,596.86	-	24,596.86
<b>Total Expenditures</b>	<u>1,146,727.21</u>	<u>207,769.01</u>	<u>177,323.89</u>	<u>1,531,820.11</u>
Excess (Deficit) of Revenues over Expenditures	41,547.65	(57,185.56)	(21,884.79)	(37,522.70)
Fund Balance, Beginning of Year	623,954.35	467,713.46	235,933.61	1,327,601.42
Fund Balance, End of Year	<u>\$ 665,502.00</u>	<u>\$ 410,527.90</u>	<u>\$ 214,048.82</u>	<u>\$ 1,290,078.72</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Dewey, Oklahoma**  
**Statement of Net Position – Proprietary Fund**  
**June 30, 2013**

	Dewey Public Works Authority
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 993,371.76
Accounts Receivable, net	209,765.67
Taxes Receivable	26,204.08
Other Receivables	2,807.99
Total Current Assets	1,232,149.50
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	2,428,279.53
Capital Assets:	
Property, Plant, and Equipment, net	2,351,860.52
Total Noncurrent Assets	4,780,140.05
<b>Total Assets</b>	6,012,289.55
 <b>LIABILITIES AND FUND BALANCE</b>	
Current Liabilities	
Accounts Payable	91,088.97
Accrued Payroll Payable	7,795.20
Accrued Interest Payable	7,612.71
Meter Deposits Due to Customers	41,513.61
Other payables	16,445.58
Notes Payable, current	165,736.08
Total Current Liabilities	330,192.15
Noncurrent Liabilities	
Notes Payable, noncurrent	2,451,868.62
<b>Total Liabilities</b>	2,782,060.77
 <b>NET POSITION</b>	
Net investment in capital assets	2,051,535.33
Unrestricted	1,178,693.45
<b>Total Net Position</b>	\$ 3,230,228.78

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Dewey, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>Dewey Public Works Authority</u>
Revenues:	
Charges for services:	
Water	\$ 781,394.81
Sewer	381,248.91
Sanitation	317,019.35
Penalties	20,352.14
Tap Fees	1,600.00
Charges for Services	76,568.49
Taxes	150,583.45
Fees and fines	30,761.67
Total Revenues	<u>1,759,528.82</u>
Expenditures:	
Operating Expenses	
Administration	253,965.65
Water treatment plant	1,050,082.60
Wastewater treatment plant	193,680.40
Sanitation	212,358.48
Total Operating Expenses	<u>1,710,087.13</u>
Operating Income(Loss)	<u>49,441.69</u>
Non-Operating Revenues (Expenses)	
Miscellaneous	34,514.62
Interest Income	3.25
Transfer from Capital Improvement	24,596.29
Revenue Note Cost	(75,386.20)
Debt Service Interest	(70,967.29)
Total Non-Operating Revenue (Expenses)	<u>(87,239.33)</u>
Change in Net Position	(37,797.64)
Total net position, beginning	3,268,026.41
<b>Total net position, ending</b>	<u><u>\$ 3,230,228.77</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Dewey, Oklahoma**  
**Statement of Cash Flows – Proprietary Fund**  
**For the Year Ended June 30, 2013**

	<u>Public Works Authority Enterprise Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash Inflows:	
Payments Received from Customers	\$ 1,673,114.03
Meter Deposits Received	2,413.59
Sales Tax Revenue	155,947.37
Total Cash Provided	<u>1,831,474.99</u>
Cash Outflows:	
Payments for Salaries and Benefits	(616,064.22)
Payments for Goods and Services	(778,036.01)
Transfer to Capital Improvement Fund	24,596.86
Total Cash Used	<u>(1,369,503.37)</u>
Net Cash Provided (Used) by Operating Activities	<u>461,971.62</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal Paid on Capital Debt	(414,210.58)
Interest Paid on Capital Debt	(34,472.19)
New Debt	2,610,000.00
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2,161,317.23</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Capital Assets	(206,985.32)
Interest Received	3.25
Net Cash Provided (Used) by Investing Activities	<u>(206,982.07)</u>
<b>Net Cash Inflow (Outflow) from All Activities</b>	<b>2,416,306.78</b>
Cash and Cash Equivalents, Beginning of Year	<u>1,005,271.44</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 3,421,578.22</u></b>
Cash and Cash Equivalents	
Unrestricted	\$ 993,371.76
Restricted	2,428,279.53
	<u>\$ 3,421,651.29</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Dewey, Oklahoma**  
**Statement of Cash Flows – Proprietary Fund (continued)**  
**For the Year Ended June 30, 2013**

	Public Works Authority <u>Enterprise Fund</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>	
<b>Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 206,695.68
Depreciation	132,657.70
(Increase) Decrease in:	
Accounts Receivable	29,654.04
Other Receivables	4,071.76
Increase (Decrease) in:	
Accounts Payable	61,151.26
Accrued Interest Payable	7,540.21
Payroll Taxes Payable	17,787.38
Meter Deposits Payable	<u>2,413.59</u>
 Net Cash Provided (Used) by Operating Activities	 <u><u>\$ 461,971.62</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**I. Summary of Significant Accounting Policies**

The following notes to the financial statements are an integral part of the City's financial statements.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

**A. Reporting Entity**

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

Primary Government:	City of Dewey
Blended Component Units:	Dewey Public Works Authority

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/fiscally responsible.

*Blended Component Units*

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

*Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

**Blended Component Units**

<b>Component Unit</b>	<b>Brief Description/Inclusion Criteria</b>	<b>Reporting</b>
Dewey Public Works Authority	Created to finance, develop and operate the utility services activities. The current City Council appoints the governing body (Trustees).	Enterprise Fund

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**I. Summary of Significant Accounting Policies (continued)**

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements and financial statements of component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, other taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**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 activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes.

**Proprietary Fund**

*Enterprise Fund*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund:

Dewey Public Works Authority

Accounts for activities of the public trust in providing water services to the public.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**I. Summary of Significant Accounting Policies (continued)**

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation (continued)**

**Proprietary Fund (continued)**

*Enterprise Fund (continued)*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Enterprise Funds, or component units, are reported separately from the primary government and are not included in our report.

**Major and Non-Major Funds**

*Major:*           General Fund  
                   Capital Improvement Fund

*Non-Major:*   Special Revenue Fund:   Cemetery Care Fund  
                   Special Revenue Fund:   Street and Alley Fund  
                   Special Revenue Fund:   PSO Franchise/Economic Development Fund  
                   Special Revenue Fund:   Police Department Benefits Fund  
                   Special Revenue Fund:   Special Fire Fund  
                   Special Revenue Fund:   Special Library Fund  
                   Special Revenue Fund:   GO Bond Sinking Fund

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

**Measurement Focus**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities, as reported separately, are presented using the economic resources measurement focus as defined in item b. below.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applied to them.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation (continued)**

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities, as reported separately, are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds (the City has none) are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. All proprietary funds, or component units, are reported separately from the primary government and are not included in our report.

**D. Assets, Liabilities and Net Position**

**Cash and Investments**

For the presentation of the statement of net assets, cash includes all checking and savings accounts held by the City.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax and other intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

**City of Dewey, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2013**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Position (continued)**

**Capital Assets**

The accounting treatment over property, plant and equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

*Government-Wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

A capitalization threshold of \$1,000 is used to report capital assets. Donated capital assets are reported at estimated fair market value at the date of donation.

The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Machinery and Equipment	3-20 years
Utility System	10-50 years
Infrastructure	5-50 years

*Fund Financial Statements*

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**II. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Position (continued)**

**Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of note payable and capitalized lease obligations.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payments of principal and interest are reported as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

**Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences (when material) is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

**Equity Classifications**

*Net Position/Fund Balance*

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints places on the use of resources for specific purposed versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e, fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**III. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Position (continued)**

*Net Assets/Fund Balance (continued)*

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

**Restricted** fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

**Committed** fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The City's Board of Trustees is the highest level of decision making authority of the City.

**Assigned** fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

**Unassigned** fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

*Resource Use Policy*

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the City considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

**E. Revenues, Expenditures and Expenses**

**Sales Tax**

Sales tax revenue represents a 3.0 cent local tax on each dollar of taxable sales within the City. ½ cent is voter restricted for debt service on DPWA debt; ½ cent is voter restricted for economic development; and, 1 cent is voter-restricted for capital improvements and/or job growth if needed (per Ordinance 2005-1447). Ordinance 2005-has a termination date of January 3, 2015. 1 cent of the sales tax is received and recorded in the General Fund with 2 cents recorded in the appropriate funds as noted above.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**I. Summary of Significant Accounting Policies (continued)**

**E. Revenues, Expenditures and Expenses (continued)**

**Sales Tax (continued)**

*Pledge of Future Revenues:*

*Utility System and Sales Tax Revenue* – The City has pledged ½ of one percent (.05%) of sales tax revenues and certain water, sanitary sewer, and garbage system revenues to repay the \$2,610,000 note for water and wastewater improvements. The payments extend through 2027.

**Use Tax**

The City levies a use-tax on personal property purchased outside the City limits but stored, used or consumed within the City. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund. Use taxes collected by the State in June and July and received by the City in July and August are included under the caption “Due from other governments.”

**Property Tax Levy**

The City presently levies a property tax as allowed by state law for the retirement of general obligation debt. The City has outstanding general obligation debt of \$210,000 for its Series 2005 bonds. These bonds mature in 2016. The debt service payments for these bonds this year were \$65,000. During the year ended June 30, 2013, the City collected property taxes of \$77,073.

**Deferred Revenue**

Deferred revenue for the City consists of monies received for AT&T franchise fees for the 2013-13 fiscal year.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified by character, such as Current (further classified by function), Debt Service, and Capital Outlay. In the fund financial statements, governmental funds report expenditures of financial resources.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**I. Summary of Significant Accounting Policies (continued)**

**F. Recent Accounting Pronouncements**

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* (GASB 61). GASB 61 modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that were previously required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, GASB 61 clarifies the matter in which that determination should be made and the types of relationships that generally should be considered in making the determination.

GASB 61 amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantially the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

The City adopted GASB 61 on July 1, 2012, which did not have a significant impact on the City's financial statements.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). The objective of GASB 63 is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The pronouncement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of this statement were effective for financial statements for periods beginning after December 15, 2011. The City adopted GASB 63 effective July 1, 2012. The adoption of the statement required the City to adopt the term "net position" as required. In addition, as required by GASB 63, the City determined as of June 30, 2013, there were no items of deferred inflows or outflows of resources, as presently defined, to be reported.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of GASB 65 is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement were effective for financial statements for periods beginning after December 15, 2012.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**II. Stewardship, Compliance and Accountability**

By its nature as a local government unit, the City is subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

**A. Fund Accounting Requirements**

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<u>Fund</u>	<u>Required By</u>
Utility Authority Fund	Trust Indenture

**B. Deposit and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in note III A., all deposits were fully insured or collateralized.

**C. Revenue Restrictions**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	Capital Improvement Economic Development Utility Debt Service
Utility Revenue	Debt Service and Utility Capital Assets
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes

For the year ended June 30, 2013, the City complied, in all material respects, with these revenue restrictions.

**City of Dewey, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2013**

**II. Stewardship, Compliance and Accountability (continued)**

**D. Debt Restrictions and Covenants**

**General Obligation Debt – City debt**

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation of \$9,890,187. For the year ended June 30, 2013, the City had \$210,000 in outstanding general obligation debt, which leaves bonding capacity at \$9,680,187.

**Other Long-Term Debt**

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2013, the City had not become indebted.

**Notes Payable – trust debt**

The various loan agreements relating to the notes payable issuances of Dewey Public Works Authority contain some financial restrictions or covenants. These include covenants such as the required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance thereon as of June 30, 2013.

<u>Requirement</u>	<u>Level of Compliance</u>
Reserve Account Requirement (OWRB Loan Agreements) Account balance should be equal to 12 months of debt service payments.	Paid off in October 2012.

**E. Fund Equity Restrictions**

**Deficit Prohibition**

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City complied with this statute in all material respects for the year ended June 30, 2013.

**III. Detailed Notes on Transaction Classes/Accounts**

**A. Cash and Investments**

Authorized Investments

City policy for eligible investments is governed by State statutes which, in general, allow the City to invest in obligations of the United States and insured or collateralized Certificate of Deposits. Investment income is recorded in the fund in which it is earned.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**III. Detailed Notes on Transaction Classes/Accounts (continued)**

**A. Cash and Investments (continued)**

*Custodial Credit Risk – Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's cash deposits are maintained in financial institutions. As of June 30, 2013 none of City's deposits was exposed to custodial credit risk.

*Interest rate risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**B. Restricted Assets**

The amounts reported as restricted assets are comprised of cash held in trust on behalf of the Public Works Authority related to their required note payable reserve account and amounts held in trust for customer utility meter deposits.

The restricted assets as of June 30, 2013 are as follows:

Meter Deposits	\$ 41,000.02
Note Proceeds	2,387,279.51
Total	<u>\$ 2,428,279.53</u>

**C. Accounts Receivable**

Accounts receivable of the governmental activities consists of franchise tax, occupation tax, sales and use tax, motor vehicle collections and gasoline tax, alcoholic beverage tax, and grants receivable. Accounts receivable of the business-type activities consists of utilities receivable.

Accounts receivable as of June 30, 2013 is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Receivable	<u>\$ 97,253.50</u>	<u>\$ 209,765.67</u>	<u>\$ 307,019.17</u>

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**III. Detailed Notes on Transaction Classes/Accounts (continued)**

**D. Capital Assets**

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
<b>Governmental Activities:</b>				
Non-depreciable assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	21,815.00	-	-	21,815.00
Total Non-depreciable assets	<u>21,815.00</u>	<u>-</u>	<u>-</u>	<u>21,815.00</u>
Depreciable assets:				
Buildings/Improvements	1,634,687.56	-	-	1,634,687.56
Vehicles, Equipment & Furniture	1,663,472.12	107,254.10	(67,992.00)	1,702,734.22
Total Depreciable assets	<u>3,298,159.68</u>	<u>107,254.10</u>	<u>(67,992.00)</u>	<u>3,337,421.78</u>
Total Assets	<u>3,319,974.68</u>	<u>107,254.10</u>	<u>(67,992.00)</u>	<u>3,359,236.78</u>
Accumulated Depreciation:				
Buildings/Improvements	(219,804.90)	(44,889.19)	-	(264,694.09)
Vehicles, Equipment & Furniture	(1,389,039.05)	(108,408.55)	65,837.50	(1,431,610.10)
Total Depreciation	<u>(1,608,843.95)</u>	<u>(153,297.74)</u>	<u>65,837.50</u>	<u>(1,696,304.19)</u>
Depreciable assets, net	<u>1,689,315.73</u>	<u>(46,043.64)</u>	<u>(2,154.50)</u>	<u>1,641,117.59</u>
Net Capital Assets	<u>\$ 1,711,130.73</u>	<u>\$ (46,043.64)</u>	<u>\$ (2,154.50)</u>	<u>\$ 1,662,932.59</u>
<b>Business-Type Activities:</b>				
Non-depreciable assets:				
Land	\$ 263,200.00	\$ -	\$ -	\$ 263,200.00
Construction in Progress	10,509.00	168,485.32	-	178,994.32
Total Non-depreciable assets	<u>273,709.00</u>	<u>168,485.32</u>	<u>-</u>	<u>442,194.32</u>
Depreciable assets:				
Utility System	3,354,153.29	-	-	3,354,153.29
Buildings/Improvements	103,825.33	-	-	103,825.33
Vehicles, Equipment & Furniture	721,720.21	38,500.00	-	760,220.21
Total Depreciable assets	<u>4,179,698.83</u>	<u>38,500.00</u>	<u>-</u>	<u>4,218,198.83</u>
Total Assets	<u>4,453,407.83</u>	<u>206,985.32</u>	<u>-</u>	<u>4,660,393.15</u>
Accumulated Depreciation:				
Utility System	(1,623,303.63)	(82,592.69)	-	(1,705,896.32)
Buildings/Improvements	(25,062.00)	(2,578.17)	-	(27,640.17)
Vehicles, Equipment & Furniture	(527,509.30)	(47,486.84)	-	(574,996.14)
Total Depreciation	<u>(2,175,874.93)</u>	<u>(132,657.70)</u>	<u>-</u>	<u>(2,308,532.63)</u>
Depreciable assets, net	<u>2,003,823.90</u>	<u>(94,157.70)</u>	<u>-</u>	<u>1,909,666.20</u>
Net Capital Assets	<u>\$ 2,277,532.90</u>	<u>\$ 74,327.62</u>	<u>\$ -</u>	<u>\$ 2,351,860.52</u>

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**III. Detailed Notes on Transaction Classes/Accounts (continued)**

**E. Long-Term Debt**

*Governmental-type activities*

*General Obligation Bonds:*

General obligation bonds dated September 1, 2005, authorized amount of \$670,000, payable in annual installments of \$65,000, including principal with an interest rate ranging from 3.19% to 3.75%, with final payment of \$80,000 due September 1, 2015 secured by and payable from ad valorem.

Year Ended June 30,	Principal	Interest	Total
2014	\$ 65,000.00	\$ 2,340.00	\$ 67,340.00
2015	65,000.00	2,405.00	67,405.00
2016	80,000.00	3,000.00	83,000.00
Totals	<u>\$ 210,000.00</u>	<u>\$ 7,745.00</u>	<u>\$ 217,745.00</u>

*Capital Lease Obligations:*

\$433,244 lease obligation for the down town capital improvement project, beginning March 2010 payable in quarterly installments of \$17,545.50 with an annual interest rate of 2.880%, final payment due March 2017.

Year Ended June 30,	Principal	Interest	Total
2014	\$ 63,705.58	\$ 6,476.42	\$ 70,182.00
2015	65,560.21	4,621.79	70,182.00
2016	67,468.83	2,713.17	70,182.00
2017	51,887.66	748.97	52,636.63
Totals	<u>\$ 248,622.28</u>	<u>\$ 14,560.35</u>	<u>\$ 263,182.63</u>

\$19,648 lease obligation for two Hustler mowers beginning April 18, 2011, payable in semi-annual payments every May and November, with interest of 5.571%, and a final payment on November 18, 2014.

Year Ended June 30,	Principal	Interest	Total
2014	\$ 3,935.70	\$ 517.47	\$ 4,453.17
2015	6,326.90	176.16	6,503.06
Totals	<u>\$ 10,262.60</u>	<u>\$ 693.63</u>	<u>\$ 10,956.23</u>

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**III. Detailed Notes on Transaction Classes/Accounts (continued)**

**E. Long-Term Debt (continued)**

*Governmental-type activities (continued)*

\$59,742 lease obligation for two Fire Trucks beginning December 4, 2012, payable in quarterly payments, with interest of 3.350%, and a final payment on December 4, 2017.

Year Ended June 30,	Principal	Interest	Total
2014	\$ 11,352.56	\$ 1,674.28	\$ 13,026.84
2015	11,737.67	1,289.17	13,026.84
2016	12,135.85	890.99	13,026.84
2017	12,547.55	479.29	13,026.84
2018	6,432.54	80.88	6,513.42
Totals	<u>\$ 54,206.17</u>	<u>\$ 4,414.61</u>	<u>\$ 58,620.78</u>

*All governmental leases:*

Year Ended June 30,	Principal	Interest	Total
2014	\$ 78,993.84	\$ 8,668.17	\$ 87,662.01
2015	83,624.78	6,087.12	89,711.90
2016	79,604.68	3,604.16	83,208.84
2017	64,435.21	1,228.26	65,663.47
2018	6,432.54	80.88	6,513.42
Totals	<u>\$ 313,091.05</u>	<u>\$ 19,668.59</u>	<u>\$ 332,759.64</u>

*Business-type activities* long-term debt payable from net revenues generated by utility resources pledged to the debt include the following:

*Notes Payable:*

1991 Promissory Note payable to Oklahoma Water Resources Board, original amount of \$255,000, dated December 1, 1991, by Dewey Public Works Authority, secured by and payable from utility revenues and pledged sales tax, variable interest rate at 1.55% with final payment due May 15, 2014. Paid off during the current year.

1994 Promissory Note payable to Oklahoma Water Resources Board, original amount of \$570,929, dated August 1, 1994, by Dewey Public Works Authority, secured by and payable from utility revenues and pledged sales tax, fixed interest rate at 0.0% with final payment due August 15, 2012. Paid off during the current year.

2004 Promissory Note payable to Oklahoma Water Resources Board, original amount of \$550,000, dated May 12, 2004, by Dewey Public Works Authority, secured by and payable from utility revenues and pledged sales tax, fixed interest rate at 3.20% with final payment due September 1, 2012. Paid off during the current year.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**III. Detailed Notes on Transaction Classes/Accounts (continued)**

**E. Long-Term Debt (continued)**

*Business-type activities (continued)*

The Public Works Authority executed a lease purchase agreement to purchase three trucks, original amount of \$70,336.70, dated July 25, 2011, fixed interest rate at 5.571% with final payment due July 25, 2016.

Year Ended June 30,	Principal	Interest	Total
2014	\$ 13,644.89	\$ 2,666.31	\$ 16,311.20
2015	14,415.63	1,895.57	16,311.20
2016	15,229.90	1,081.30	16,311.20
2017	7,934.56	221.04	8,155.60
Totals	<u>\$ 51,224.98</u>	<u>\$ 5,864.22</u>	<u>\$ 57,089.20</u>

The Public Works Authority executed a lease purchase agreement to purchase a 2012 Ford F550 truck with Dump Bed, original amount of \$37,129, dated January 19, 2012, fixed interest rate at 4.850% with final payment due August 19, 2016.

Year Ended June 30,	Principal	Interest	Total
2014	\$ 7,091.19	\$ 1,194.47	\$ 8,285.66
2015	7,439.28	846.38	8,285.66
2016	7,804.47	481.19	8,285.66
2017	4,044.78	98.05	4,142.83
Totals	<u>\$ 26,379.72</u>	<u>\$ 2,620.09</u>	<u>\$ 28,999.81</u>

The Public Works Authority issued a \$2,610,000 Sales Tax Revenue Note to finance certain water and wastewater improvements, dated December 13, 2012, semi-annual payments with fixed interest rate at 2.93% with final payment due December 1, 2027.

Year Ended June 30,	Principal	Interest	Total
2014	\$ 145,000.00	\$ 2,124.25	\$ 147,124.25
2015	150,000.00	2,197.50	152,197.50
2016	150,000.00	2,197.50	152,197.50
2017	155,000.00	2,270.75	157,270.75
2018	160,000.00	2,344.00	162,344.00
2019-2023	870,000.00	12,745.50	882,745.50
2024-2028	910,000.00	13,331.50	923,331.50
Totals	<u>\$ 2,540,000.00</u>	<u>\$ 37,211.00</u>	<u>\$ 2,577,211.00</u>

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**III. Detailed Notes on Transaction Classes/Accounts (continued)**

**E. Long-Term Debt (continued)**

*All business-type activities (continued):*

Year Ended June 30,	Principal	Interest	Total
2014	\$ 165,736.08	\$ 5,985.03	\$ 171,721.11
2015	171,854.91	4,939.45	176,794.36
2016	173,034.37	3,759.99	176,794.36
2017	166,979.34	2,589.84	169,569.18
2018	160,000.00	2,344.00	162,344.00
2019-2023	870,000.00	12,745.50	882,745.50
2024-2028	910,000.00	13,331.50	923,331.50
Totals	<u>\$ 2,617,604.70</u>	<u>\$ 45,695.31</u>	<u>\$ 2,663,300.01</u>

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

	Balance June 30, 2012	Proceeds	Payments	Balance June 30, 2013	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 275,000.00	\$ -	\$ 65,000.00	\$ 210,000.00	\$ 65,000.00
Lease Obligations	322,353.89	59,742.00	69,004.84	313,091.05	29,048.80
	<u>\$ 597,353.89</u>	<u>\$ 59,742.00</u>	<u>\$ 134,004.84</u>	<u>\$ 523,091.05</u>	<u>\$ 94,048.80</u>
Business-Type Activities:					
Notes Payable	\$ 117,430.55	\$ 2,610,000.00	\$ 187,430.55	\$ 2,540,000.00	\$ 145,000.00
Lease Obligations	97,279.44	-	19,674.74	77,604.70	20,736.08
	<u>\$ 214,709.99</u>	<u>\$ 2,610,000.00</u>	<u>\$ 207,105.29</u>	<u>\$ 2,617,604.70</u>	<u>\$ 165,736.08</u>

**IV. Other Information**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The City purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The City is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that City, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**IV. Other Information (continued)**

**A. Risk Management (continued)**

As a member of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. The City is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A Loss Fund has been established from the proceeds of fees paid by the City. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's liability for claim loss is limited to the balance of that fund. However, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

**B. Pension Plan Participation**

The City of Dewey participates in four 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 Fund Defined Contribution Plan (OMRF-DCP) – an agent multi-employer defined contribution plan
4. Oklahoma Municipal Retirement Defined Benefit Plan (OMRF-DBP) - an agent multi-employer defined benefit pension plan

*Firefighter's Pension System:*

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

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

*Funding Policy.* OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The City is required by state law to contribute \$60 per year for each volunteer firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The City's annual required contribution was \$2,580 for the OFPRS plan and was equal to the City's actual contribution for the fiscal year 2013.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**IV. Other Information (continued)**

**B. Pension Plan Participation (continued)**

*Police Pension System:*

*Plan Summary Information.* Pursuant to the requirements in Title 11, section 50-102, the 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 financial report that includes financial statements, which may be obtained by writing to OPPRS, 1001 N.W. 63<sup>rd</sup> Street, Oklahoma City, OK 73116-7335.

*Funding Policy.* The paid police officer contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid police officer to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For 2013, the City's annual required contribution was \$36,077 for the OPPRS plan and was equal to the City's actual contribution. The state made on behalf payments of \$11,140 (or 9.1% of covered payroll) for the fiscal year.

*OMRF Defined Contribution Plan:*

*Plan Summary Information.* Effective October 1, 2008, the City has provided a defined contribution plan and trust known as the City of Dewey City Manager Retirement Plan and Trust (CMO Plan). The defined contribution plan is only available to any person who holds the position of City Manager. Separate audited GAAP basis financial statements are not available.

*Funding Policy.* According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. The employee does not contribute to the plan and the employer makes variable contributions to the fund. Contributions to the plan for the year ended June 30, 2013 were \$4,960.

*Summary of Contributions:*

Oklahoma Firefighter's Pension and Retirement System			Oklahoma Police Pension and Retirement System			Oklahoma Municipal Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2010	\$ 1,558	100%	2010	\$ 37,113	100%	2010	\$ 2,079	100%
2011	\$ 1,140	100%	2011	\$ 23,890	100%	2011	\$ 4,075	100%
2012	\$ 1,260	100%	2012	\$ 42,325	100%	2012	\$ 4,530	100%
2013	\$ 2,580	100%	2013	\$ 36,077	100%	2013	\$ 4,960	100%

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**IV. Other Information (continued)**

**B. Pension Plan Participation (continued)**

*OMRF Defined Benefit Plan:*

The City provides a retirement plan, the Oklahoma Municipal Retirement Fund Employee Retirement System of Dewey, Oklahoma, an agent multi-employer – defined benefit plan, for all eligible employees except those covered by the Firefighter and Police Pension Systems. The plan operates as a trust maintained by the Oklahoma Municipal Retirement Fund (OMRF). 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. BankOne of Oklahoma City acts as administrator and securities custodian.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

Eligibility Factors, Contribution Methods, and Benefit Provisions

<b>Provision</b>	<b>OMRF Plan</b>
a. Eligible to Participate	Regular full-time employees except police, firefighters and other employees who are covered under an approved system
b. Contribution Requirements:	
- Authorization	By City Ordinance
- Actuarially Determined	Yes
- Employer Rate	8.03% of covered payroll
- Employee Rate	4.00% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	Normal retirement at age 65 with 10 years of service Early retirement at age 55 with 10 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 compensation multiplied by the number of years credited service
- Early Retirement	Actuarially reduced benefit based on 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 benefits with accrued interest
g. Form of Benefit Payments	Normal form is a 60 month certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

Actuarial Assumptions

Date of Last Actuarial Valuation	1-Jul-13
a. Actuarial Cost Method	Entry age Normal
b. Rate of Return on Investments	7.50%
c. Projected Salary Increase	Rates by age
d. Post Retirement Cost of Living Increase	N/A
e. Inflation Rate	N/A
f. Mortality	UP 1994 tables
g. Asset Valuation Method	Actuarial method

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**IV. Other Information (continued)**

**B. Pension Plan Participation (continued)**

Schedule of Pension Plan Funding Progress – OMRF Defined Benefit Plan

Actuarial Valuation Date	Value of Assets	Asset Valuation Basis	Actuarial Accrued Liability (AAL)	Type	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2004	1,156,562	Actuarial	951,953	EAN	(204,609)	121.5%	324,941	-63.0%
1/1/2005	1,118,824	Actuarial	945,419	EAN	(173,405)	118.3%	317,566	-54.6%
1/1/2006	1,134,332	Actuarial	964,451	EAN	(169,881)	117.6%	334,637	-50.8%
1/1/2007	1,167,004	Actuarial	1,035,027	EAN	(131,977)	112.8%	348,081	-37.9%
1/1/2008	1,207,403	Actuarial	1,143,215	EAN	(64,188)	105.6%	421,983	-15.2%
1/1/2009	1,082,405	Actuarial	1,136,022	EAN	53,617	95.3%	454,547	11.8%
1/1/2010	1,073,576	Actuarial	1,205,815	EAN	132,239	89.0%	486,642	27.2%
1/1/2011	1,105,118	Actuarial	1,257,448	EAN	152,330	87.9%	476,611	32.0%
1/1/2012	1,126,865	Actuarial	1,368,767	EAN	241,902	82.3%	474,866	50.9%
1/1/2013	1,188,029	Actuarial	1,502,480	EAN	314,451	79.1%	528,107	59.5%

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

**C. Contingent Liabilities**

The City of Dewey and Dewey Public Work's Authority are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings or threatened litigation cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

**D. Subsequent Events**

Management has evaluated subsequent events through February 7, 2014, which is the date the financial statements were available to be issued.

**E. Correction of an Error**

The beginning General Fund net assets were understated the prior year by \$6,386.98 due to beginning fund balances in the trial balance not having recorded all revenue from the prior year. To correct this error, the beginning net assets of \$617,567.37, as originally reported, has been increased to \$623,954.35.

**City of Dewey, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**IV. Other Information (continued)**

**E. Correction of an Error (continued)**

The beginning Special Revenue net assets were overstated the prior year by \$2,800.82 due to beginning balances of the Street & Alley fund and the GO Bond Sinking fund did not account for all revenue in the prior year. To correct this error, the beginning net assets of \$238,734.43, as originally reported, has been decreased to \$235,933.61.

The beginning Public Works Authority net assets were understated the prior year by \$25,975.30 due to debt payments for the Capital Improvement Fund – a Governmental Fund were paid from the PWA. To correct this error, the beginning net assets of \$3,242,051.11, as originally reported, has been increased to \$3,268,026.41.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Dewey, Oklahoma**  
**Budgetary Comparison Schedule (Budgetary Basis) Year ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget Variance</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>Revenues:</b>					
Taxes	\$ 578,830.00	\$ 578,830.00	\$ 647,376.50	\$ -	\$ 68,546.50
Licenses and permits	20,400.00	20,400.00	13,034.25	-	(7,365.75)
REAP Grants	-	-	-	-	-
Charges for services	165,200.00	165,200.00	180,206.35	-	15,006.35
Fines and forfeitures	162,000.00	162,000.00	172,042.79	-	10,042.79
Investments	-	-	42.93	-	42.93
Miscellaneous	32,777.14	32,777.14	20,023.73	-	(12,753.41)
<b>Total Revenues Collected</b>	<b>959,207.14</b>	<b>959,207.14</b>	<b>1,032,726.55</b>	<b>-</b>	<b>73,519.41</b>
<b>Expenditures:</b>					
Administration	364,681.00	364,681.00	291,474.05	-	(73,206.95)
Police	600,352.14	600,352.14	596,642.61	-	(3,709.53)
Municipal Court	11,260.00	11,260.00	9,543.44	-	(1,716.56)
Fire Department	98,274.00	98,274.00	85,338.15	-	(12,935.85)
Street Department	14,000.00	14,000.00	10,747.32	-	(3,252.68)
Cemetery	3,650.00	3,650.00	2,611.89	-	(1,038.11)
Parks Department	8,000.00	8,000.00	6,449.23	-	(1,550.77)
Library	83,990.00	83,990.00	73,153.65	-	(10,836.35)
<b>Total Expenditures Paid</b>	<b>1,184,207.14</b>	<b>1,184,207.14</b>	<b>1,075,960.34</b>	<b>-</b>	<b>(108,246.80)</b>
<b>Excess (Deficit) of Revenues Collected Over (Under)</b>					
Expenditures Paid	(225,000.00)	(225,000.00)	(43,233.79)	-	(34,727.39)
<b>Cash Fund Balance</b>					
Beginning of Year	225,000.00	225,000.00	-	-	(225,000.00)
<b>Cash Fund Balance</b>					
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,233.79)</u>	<u>\$ -</u>	<u>\$ (259,727.39)</u>

*UNAUDITED*

**OTHER SUPPLEMENTARY INFORMATION**

**City of Dewey, Oklahoma**  
**Combining Balance Sheet – General Fund Accounts**  
**For the Year Ended June 30, 2013**

	General Fund	Don Tyler Park Fund	Law Enforcement Tech Fund	CLEET Fund	CDBG Fund	Tech Support Fund	Perpetual Cemetery Fund	Employee Benefit Fund	Total Combined General Fund
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 327,004.37	\$ 1.00	\$ 18,626.35	\$ 16,254.39	\$ 103.78	\$ 8,832.50	\$ 97,302.94	\$ 857.40	\$ 468,982.73
Accounts Receivable, net	97,253.50	-	-	-	-	-	-	-	97,253.50
Taxes Receivable	103,696.30	-	-	-	-	-	-	-	103,696.30
Other Receivables	26,583.33	-	-	-	-	-	-	-	26,583.33
Prepaid Insurance	-	-	-	-	-	-	-	-	-
Property, Plant, and Equipment, net	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 554,537.50</u>	<u>\$ 1.00</u>	<u>\$ 18,626.35</u>	<u>\$ 16,254.39</u>	<u>\$ 103.78</u>	<u>\$ 8,832.50</u>	<u>\$ 97,302.94</u>	<u>\$ 857.40</u>	<u>\$ 696,515.86</u>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>Liabilities:</b>									
Accounts Payable	\$ 2,877.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,877.36
Accrued Payroll	9,673.36	-	-	-	-	-	-	-	9,673.36
Compensated Absences	15,585.52	-	-	-	-	-	-	-	15,585.52
Deferred Revenue	1,482.36	-	-	-	-	-	-	-	1,482.36
Other payables	1,395.26	-	-	-	-	-	-	-	1,395.26
<b>Total Liabilities</b>	<u>31,013.86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,013.86</u>
<b>Fund Balance:</b>									
Unassigned	523,523.64	1.00	18,626.35	16,254.39	103.78	8,832.50	97,302.94	857.40	665,502.00
<b>Total Liabilities and Fund Balance</b>	<u>\$ 554,537.50</u>	<u>1.00</u>	<u>18,626.35</u>	<u>\$ 16,254.39</u>	<u>103.78</u>	<u>8,832.50</u>	<u>97,302.94</u>	<u>857.40</u>	<u>696,515.86</u>

**City of Dewey, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund Accounts**  
**For the Year Ended June 30, 2013**

	General Fund	Don Tyler Park Fund	Law Enforcement Tech Fund	CDBG Fund	Tech Support Fund	Perpetual Cemetery Fund	CLEET Fund	Employee Benefit Fund	Total Combined General Fund
<b>Revenues:</b>									
Taxes	\$ 679,998.28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 679,998.28
Licenses and permits	10,585.25	-	-	-	-	-	-	-	10,585.25
Charges for services	23,832.32	-	-	-	-	9,077.94	-	-	32,910.26
Fines and forfeitures	411,694.74	-	4,863.00	-	4,941.00	-	23,111.00	-	444,609.74
Investment Earnings	42.93	-	-	0.67	-	-	-	-	43.60
Miscellaneous	20,023.73	-	-	104.00	-	-	-	-	20,127.73
<b>Total Revenues</b>	<b>1,146,177.25</b>	<b>-</b>	<b>4,863.00</b>	<b>104.67</b>	<b>4,941.00</b>	<b>9,077.94</b>	<b>23,111.00</b>	<b>-</b>	<b>1,188,274.86</b>
<b>Expenditures:</b>									
<b>General Government</b>									
Finance/Administration	309,165.21	-	14,347.50	-	3,000.00	-	-	-	326,512.71
Cemetery	2,611.89	-	-	-	-	-	-	-	2,611.89
Fire	85,344.21	-	-	-	-	-	-	-	85,344.21
Municipal Court	9,594.90	-	-	-	-	-	-	-	9,594.90
Police	609,523.01	-	-	-	-	-	22,610.60	-	632,133.61
<b>Transportation</b>									
Street and Alley	10,747.32	-	-	-	-	-	-	-	10,747.32
<b>Parks and Recreation</b>									
Parks Dept.	6,449.23	-	-	-	-	-	-	-	6,449.23
Library	73,333.34	-	-	-	-	-	-	-	73,333.34
<b>Total Expenditures</b>	<b>1,106,769.11</b>	<b>-</b>	<b>14,347.50</b>	<b>-</b>	<b>3,000.00</b>	<b>-</b>	<b>22,610.60</b>	<b>-</b>	<b>1,146,727.21</b>
Excess (Deficit) of Revenues over Expenditures	39,408.14	-	(9,484.50)	104.67	1,941.00	9,077.94	500.40	-	41,547.65
Fund Balance, Beginning of Year	484,115.50	1.00	28,110.85	(0.89)	6,891.50	88,225.00	15,753.99	857.40	623,954.35
<b>Fund Balance, End of Year</b>	<b>\$ 523,523.64</b>	<b>\$ 1.00</b>	<b>\$ 18,626.35</b>	<b>\$ 103.78</b>	<b>\$ 8,832.50</b>	<b>\$ 97,302.94</b>	<b>\$ 16,254.39</b>	<b>\$ 857.40</b>	<b>\$ 665,502.00</b>

**City of Dewey, Oklahoma**  
**Combining Balance Sheet – Other Governmental Funds**  
**For the Year Ended June 30, 2013**

	Street and Alley Fund	Special Library Fund	Special Fire Fund	Cemetery Care Fund	Police Benefit Fund	PSO/Franchise Economic Devel. Fund	Debt Service Fund	Total Combined Non-Major Fund
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 23,081.12	\$ 7,000.40	\$ 42,981.60	\$ 47,896.19	\$ 5,342.96	\$ -	\$ 80,117.54	\$ 206,419.81
Taxes Receivable	5,632.95	-	-	-	-	-	2,861.46	8,494.41
Other Receivables	-	-	-	-	-	1,441.00	-	1,441.00
<b>Total Assets</b>	<u>\$ 28,714.07</u>	<u>\$ 7,000.40</u>	<u>\$ 42,981.60</u>	<u>\$ 47,896.19</u>	<u>\$ 5,342.96</u>	<u>\$ 1,441.00</u>	<u>\$ 82,979.00</u>	<u>\$ 216,355.22</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ 1,740.23	\$ 566.17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,306.40
<b>Fund Balance:</b>								
Unassigned	26,973.84	6,434.23	42,981.60	47,896.19	5,342.96	1,441.00	82,979.00	214,048.82
<b>Total Liabilities and Fund Balance</b>	<u>\$ 28,714.07</u>	<u>\$ 7,000.40</u>	<u>\$ 42,981.60</u>	<u>\$ 47,896.19</u>	<u>\$ 5,342.96</u>	<u>\$ 1,441.00</u>	<u>\$ 82,979.00</u>	<u>\$ 216,355.22</u>

**City of Dewey, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2013**

	Street and Alley Fund	Special Library Fund	Special Fire Fund	Cemetery Care Fund	Police Benefit Fund	PSO/Franchise Economic Devel. Fund	Debt Service Fund	Total Combined Non-Major Fund
<b>Revenues:</b>								
Taxes	\$ 30,121.19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,925.35	\$ 106,046.54
Grants	-	2,235.00	-	-	-	-	-	2,235.00
Charges for services	-	850.00	6,908.38	9,077.94	-	-	-	16,836.32
Investment Earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	1,117.00	8,431.03	-	-	20,773.21	-	30,321.24
Transfers	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>30,121.19</u>	<u>4,202.00</u>	<u>15,339.41</u>	<u>9,077.94</u>	<u>-</u>	<u>20,773.21</u>	<u>75,925.35</u>	<u>155,439.10</u>
<b>Expenditures:</b>								
General Government								
Finance/Administration	-	-	-	-	-	20,773.21	-	20,773.21
Cemetery	-	-	-	260.42	-	-	-	260.42
Fire	-	-	40,456.77	-	-	-	-	40,456.77
Police	-	-	-	-	651.49	-	-	651.49
Transportation								
Street and Alley	35,576.17	-	-	-	-	-	-	35,576.17
Parks and Recreation								
Library	-	5,323.33	-	-	-	-	-	5,323.33
Debt Service								
Principal	-	-	-	-	-	-	70,210.00	70,210.00
Interest	-	-	-	-	-	-	4,072.50	4,072.50
<b>Total Expenditures</b>	<u>35,576.17</u>	<u>5,323.33</u>	<u>40,456.77</u>	<u>260.42</u>	<u>651.49</u>	<u>20,773.21</u>	<u>74,282.50</u>	<u>177,323.89</u>
Excess (Deficit) of Revenues over Expenditures	(5,454.98)	(1,121.33)	(25,117.36)	8,817.52	(651.49)	-	1,642.85	(21,884.79)
Fund Balance, Beginning of Year	32,428.82	7,555.56	68,098.96	39,078.67	5,994.45	1,441.00	81,336.15	235,933.61
Fund Balance, End of Year	<u>\$ 26,973.84</u>	<u>\$ 6,434.23</u>	<u>\$ 42,981.60</u>	<u>\$ 47,896.19</u>	<u>\$ 5,342.96</u>	<u>\$ 1,441.00</u>	<u>\$ 82,979.00</u>	<u>\$ 214,048.82</u>

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

Honorable Mayor and Town Council  
City of Dewey, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dewey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Dewey, Oklahoma's basic financial statements, and have issued our report thereon dated May 2, 2014.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

 CPA PLLC

Claremore, OK  
May 2, 2014