

**Financial Statements and Reports of
Independent Certified Public Accountant
City of Dewey, Oklahoma
June 30, 2014**

**City of Dewey, Oklahoma
City Officials
June 30, 2014**

Mayor and City Council

Mayor	Ron Revard
Ward 1 Councilman	Wayne Sell
Ward 2 Councilman	Vacant
Ward 3 Councilman	Tom Hays
Ward 4 Councilwoman	Kay Bales

City Manager

Kevin Trease

Treasurer

Cassie Hayes

Clerk

Annette Breshears

City of Dewey, Oklahoma
Table of Contents

Independent Auditor's Report	1-2
Required Supplementary Information: Management's Discussion & Analysis	3-10
Basic Financial Statements:	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	11
Statement of Activities	12
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of Governmental Funds and Government-Wide Statement of Net Position	15-16
Statement of Net Position – Proprietary Fund	17
Statement of Revenues, Expenses and Changes in Fund Balance – Proprietary Fund	18
Statement of Cash Flows – Proprietary Fund	19-20
Notes to the Financial Statements	21-43
Required Supplementary Information: Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Regulatory Basis - General Fund	44
Other Supplementary Information:	
Combining Balance Sheet – General Fund	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	46
Combining Balance Sheet – Non-Major Governmental Funds	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental	48
Combining Statement of Net Position – Non-Major Enterprise Funds	49
Combining Statement of Revenues, Expenditures, and Changes in Net Position - Non-Major Enterprise	50
Schedule of Expenditures of State Awards	51
Report Required by <i>Government Auditing Standards</i> : Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52

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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, 2014, 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, 2014, 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 44 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 March 31, 2015 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
March 31, 2015

**City of Dewey, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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, 2014. 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 \$243,538 or less than 1% this fiscal year, resulting in total Net Position of \$5,461,056 as of June 30, 2014.
- Current year general fund revenues totaled \$1,068,322.
- Current year general fund expenditures were \$1,191,460.
- The City built and furnished a new Animal Shelter and purchased new computers, a Caterpillar Backhoe, and an 8' Tunnel Slide. The City also sold two 1991 Brush Trucks and disposed of several items of equipment.
- The Public Works Authority (PWA) had operating revenues of \$1,728,427 and operating expenses of \$1,633,569 for the year. Net non-operating revenues, combined with other non-operating revenues and expenses to produce a total net loss of \$27,332 for the year.
- Also, the PWA purchased a Lift Station and a Honeywell Recorder.

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 11-12) 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 13. 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, 2014

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, 2014

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 13 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, 2014**

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, 2014, the net position 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.)
	Restated			Restated			Restated		
	6/30/2014	6/30/2013		6/30/2014	6/30/2013		6/30/2014	6/30/2013	
Current Assets	\$ 1,076,683	\$ 1,189,056	(0.10)	\$ 1,139,507	\$ 1,232,150	(0.08)	\$ 2,216,190	\$ 2,421,206	-0.09
Restricted Assets	-	-	-	781,872	2,428,280	(2.11)	781,872	2,428,280	-2.11
Capital Assets	<u>1,623,353</u>	<u>1,641,118</u>	(0.01)	<u>3,867,923</u>	<u>2,341,352</u>	0.39	<u>5,491,276</u>	<u>3,982,470</u>	0.27
Total Assets	<u>2,700,036</u>	<u>2,830,174</u>	-	<u>5,789,302</u>	<u>6,001,782</u>	(0.04)	<u>8,489,338</u>	<u>8,831,956</u>	-0.04
Current Liabilities	170,255	133,672	0.21	272,827	271,859	0.00	443,082	405,531	0.08
Noncurrent Liabilities	<u>277,935</u>	<u>228,448</u>	0.18	<u>2,307,266</u>	<u>2,493,382</u>	(0.08)	<u>2,585,201</u>	<u>2,721,830</u>	-0.05
Total Liabilities	<u>448,190</u>	<u>362,120</u>	0.19	<u>2,580,093</u>	<u>2,765,241</u>	(0.07)	<u>3,028,283</u>	<u>3,127,361</u>	-0.03
Net Investment in Capital Assets	1,244,256	1,118,324	0.10	1,416,054	2,041,026	(0.44)	2,660,310	3,159,350	-0.19
Restricted	-	-	-	205,808	-	-	205,808	-	-
Unrestricted	<u>1,007,592</u>	<u>1,349,730</u>	(0.34)	<u>1,587,347</u>	<u>1,195,515</u>	0.25	<u>2,594,939</u>	<u>2,545,245</u>	0.02
Total Net Position	<u>\$ 2,251,848</u>	<u>\$ 2,468,054</u>	(0.10)	<u>\$ 3,209,209</u>	<u>\$ 3,236,541</u>	(0.01)	<u>\$ 5,461,057</u>	<u>\$ 5,704,595</u>	-0.04

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

City of Dewey, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Summary of Changes in Net Position

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	Restated			Restated			Restated		
	6/30/2014	6/30/2013		6/30/2014	6/30/2013		6/30/2014	6/30/2013	
Charges for services	\$ 45,499	\$ 40,669	0.11	\$ 1,560,376	\$ 1,578,184	-0.01	\$ 1,605,875	\$ 1,618,852	-0.01
Grants and contributions	6,483	2,235	0.66	-	-	-	6,483	2,235	0.66
Sales and use taxes	874,310	936,628	-0.07	133,891	150,583	-0.12	1,008,201	1,087,212	-0.08
Licenses and Permits	12,335	10,585	0.14	-	-	-	12,335	10,585	0.14
Fines and Forfeitures	313,657	343,688	-0.10	34,196	30,762	0.10	347,853	374,449	-0.08
Other	163,362	25,896	0.84	41,133	59,114	-0.44	204,495	85,010	0.58
Total Revenues	<u>1,415,646</u>	<u>1,359,701</u>	0.04	<u>1,769,596</u>	<u>1,818,643</u>	-0.03	<u>3,185,242</u>	<u>3,178,344</u>	0.00
Expenses:									
General Government	610,918	472,508	0.23	-	-	-	610,918	472,508	0.23
Public Safety	779,797	674,778	0.13	-	-	-	779,797	674,778	0.13
Street & Alley	227,254	84,889	0.63	-	-	-	227,254	84,889	0.63
Cemetery	3,835	2,872	0.25	-	-	-	3,835	2,872	0.25
Culture, Parks and Recreation	83,665	78,658	0.06	-	-	-	83,665	78,658	
Interest on Long-term debt	16,383	17,386	-0.06	-	-	-	16,383	17,386	-0.06
City Utilities	-	-	-	1,706,928	1,866,436	-0.09	1,706,928	1,866,436	-0.09
Total Expenses:	<u>1,721,852</u>	<u>1,331,091</u>	0.23	<u>1,706,928</u>	<u>1,866,436</u>	-0.09	<u>3,428,780</u>	<u>3,197,527</u>	0.07
Transfers	<u>90,000</u>	<u>74,283</u>	-	<u>(90,000)</u>	<u>(74,283)</u>	-	<u>-</u>	<u>-</u>	
Change in Net Position	(216,206)	102,893	1.48	(27,332)	(122,076)	-3.47	(243,438)	(19,183)	0.92
Beginning Net Position	<u>2,468,054</u>	<u>2,365,161</u>	0.04	<u>3,236,540</u>	<u>3,358,616</u>	-0.04	<u>5,704,594</u>	<u>5,723,777</u>	0.00
Ending Net Position	<u>\$ 2,251,848</u>	<u>\$ 2,468,054</u>	-0.10	<u>\$ 3,209,208</u>	<u>\$ 3,236,540</u>	-0.01	<u>\$ 5,461,056</u>	<u>\$ 5,704,594</u>	-0.04

Governmental Activities

To aid in the understanding of the Statement of Activities on page 12, 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.

Unaudited

City of Dewey, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Business-type Activities

In reviewing the departmental Net (Expense)/Revenue on page 18, the PWA is showing a net operating income of \$94,858. 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 \$27,332.

THE CITY'S FUNDS

General Fund

The governmental balance sheet and statement of revenues, expenditures and changes in fund balances is presented on pages 13-14

General fund revenues of \$1,068,322 included \$628,221 or 58% 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 \$133,891 consist of sales tax revenue.

Other Governmental Funds

Other Governmental fund revenues of \$165,507 included \$112,198 or 67% sales tax revenues.

Proprietary Fund

The proprietary fund statements are presented on pages 17-20. The proprietary fund reported a decrease in net position of \$27,332, resulting in a balance of net position as of June 30, 2014 of \$3,209,209. The proprietary fund Statement of Cash Flows on page 19 indicates a total net cash outflow for the year from all proprietary activities of 1,806,780.

**City of Dewey, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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 44.

In the General Fund, actual revenues were \$206,361 more than budgeted and actual expenditures were \$52,655 more than budgeted, resulting in a general fund balance deficit of \$23,017.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the City had \$9,623,785 invested in a broad range of capital assets, including land, buildings, fire trucks, police cars, equipment and its water distribution system along with construction in progress. After additions and disposals this amount represents an increase of \$1,604,156 from last year, primarily due to construction in progress.

More information on the City's capital assets can be found in Note III on page 33.

**City of Dewey, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

Debt Administration

At June 30, 2014, the City had \$2,831,006 in capital leases and bonds/notes payable outstanding, with \$273,017 due within one year.

	Governmental Activities	Business-Type Activities	Total
Capital Lease Obligations	\$ 234,098	\$ 56,968	\$ 291,066
Bonds/Notes Payable	145,000	2,395,000	2,540,000
Total	<u>\$ 379,098</u>	<u>\$ 2,451,968</u>	<u>\$ 2,831,066</u>

More information on the City's long-term debt can be found in Note III on pages 34-37.

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, 2014, the City had \$145,000 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, 2014 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, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 925,036.38	\$ 851,698.36	\$ 1,776,734.74
Accounts Receivable, net	28,532.50	265,832.21	294,364.71
Taxes Receivable	103,976.83	19,169.02	123,145.85
Other Receivables	19,138.74	2,807.99	21,946.73
Total Current Assets	<u>1,076,684.45</u>	<u>1,139,507.58</u>	<u>2,216,192.03</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	-	781,871.69	781,871.69
Capital Assets:			
Property, Plant and Equipment, net	1,623,352.80	2,062,976.05	3,686,328.85
Construction in Progress	-	1,804,946.87	1,804,946.87
Total Noncurrent Assets	<u>1,623,352.80</u>	<u>4,649,794.61</u>	<u>6,273,147.41</u>
TOTAL ASSETS	<u>2,700,037.25</u>	<u>5,789,302.19</u>	<u>8,489,339.44</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	7,514.94	56,429.44	63,944.38
Accrued Payroll Payable	9,422.17	6,280.55	15,702.72
Accrued Interest Payable	2,383.39	6,824.67	9,208.06
Accrued Compensated Absences	37,767.32	20,441.77	58,209.09
Meter Funds	-	6,700.00	6,700.00
Other Payables	12,004.53	4,295.72	16,300.25
Current Portion of GO Bonds and Revenue			
Notes Payable	80,000.00	150,000.00	230,000.00
Current Portion of Capitalized Lease Obligation	21,162.35	21,854.91	43,017.26
Total Current Liabilities	<u>170,254.70</u>	<u>272,827.06</u>	<u>443,081.76</u>
Noncurrent Liabilities:			
Payable from Restricted Assets:			
Meter Deposits Payable	-	27,252.79	27,252.79
GO Bonds and Revenue Notes Payable	65,000.00	2,245,000.00	2,310,000.00
Capital Lease Obligation	212,934.86	35,013.71	247,948.57
Total Noncurrent Liabilities	<u>277,934.86</u>	<u>2,307,266.50</u>	<u>2,585,201.36</u>
TOTAL LIABILITIES	<u>448,189.56</u>	<u>2,580,093.56</u>	<u>3,028,283.12</u>
NET POSITION			
Net Investment in Capital Assets	1,244,255.59	1,416,054.30	2,660,309.89
Restricted:			
Debt Service	-	171,854.91	171,854.91
Meter Refunds Payable	-	33,952.79	33,952.79
Unrestricted	1,007,592.10	1,587,346.63	2,594,938.73
TOTAL NET POSITION	<u>\$ 2,251,847.69</u>	<u>\$ 3,209,208.63</u>	<u>\$ 5,461,056.32</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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities:							
General Government	\$ 610,917.86	\$ 31,763.70	\$ -	\$ -	\$ (579,154.16)	\$ -	\$ (579,154.16)
Public Safety	779,796.68	13,735.31	6,482.98	-	(759,578.39)	-	(759,578.39)
Street and Alley	227,254.02	-	-	-	(227,254.02)	-	(227,254.02)
Cemetery	3,834.83	-	-	-	(3,834.83)	-	(3,834.83)
Culture and Recreation	83,665.51	-	-	-	(83,665.51)	-	(83,665.51)
Interest on Long-term debt	16,382.74	-	-	-	(16,382.74)	-	(16,382.74)
Total Governmental Activities	<u>1,721,851.64</u>	<u>45,499.01</u>	<u>6,482.98</u>	<u>-</u>	<u>(1,669,869.65)</u>	<u>-</u>	<u>(1,669,869.65)</u>
Business-Type Activities:							
Water	1,143,707.95	845,997.83	-	-	-	(297,710.12)	(297,710.12)
Wastewater	395,356.22	364,396.22	-	-	-	(30,960.00)	(30,960.00)
Sanitation	167,864.31	349,982.35	-	-	-	182,118.04	182,118.04
Total Business-Type Activities	<u>1,706,928.48</u>	<u>1,560,376.40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,552.08)</u>	<u>(146,552.08)</u>
Total primary government	<u>\$ 3,428,780.12</u>	<u>\$ 1,605,875.41</u>	<u>\$ 6,482.98</u>	<u>\$ -</u>	<u>(1,669,869.65)</u>	<u>(146,552.08)</u>	<u>(1,816,421.73)</u>
General revenues:							
Taxes:							
Sales and use taxes					874,309.64	133,890.66	1,008,200.30
Licenses and permits					12,335.40	-	12,335.40
Fines and Forfeitures					313,657.33	34,195.86	347,853.19
Investment income					36,252.77	9,783.41	46,036.18
Miscellaneous					127,108.65	31,350.11	158,458.76
Transfers					90,000.00	(90,000.00)	-
Total general revenues and transfers					<u>1,453,663.79</u>	<u>119,220.04</u>	<u>1,572,883.83</u>
Change in net position					(216,205.86)	(27,332.04)	(243,537.90)
Net position - beginning					2,468,053.55	3,236,540.67	5,704,594.22
Net position - ending					<u>\$ 2,251,847.69</u>	<u>\$ 3,209,208.63</u>	<u>\$ 5,461,056.32</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, 2014

	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 372,726.01	\$ 336,513.63	\$ 215,796.74	\$ 925,036.38
Accounts Receivable, net	28,532.50	-	-	28,532.50
Taxes Receivable	77,837.82	19,169.02	6,969.99	103,976.83
Other Receivables	17,592.68	-	1,546.06	19,138.74
Total Assets	<u>\$ 496,689.01</u>	<u>\$ 355,682.65</u>	<u>\$ 224,312.79</u>	<u>\$ 1,076,684.45</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 4,185.62	\$ -	\$ 3,329.32	\$ 7,514.94
Accrued Payroll	9,422.17	-	-	9,422.17
Other payables	12,004.53	-	-	12,004.53
Total Liabilities	<u>25,612.32</u>	<u>-</u>	<u>3,329.32</u>	<u>28,941.64</u>
Fund Balance:				
Unassigned	471,076.69	355,682.65	220,983.47	1,047,742.81
Total Liabilities and Fund Balance	<u>\$ 496,689.01</u>	<u>\$ 355,682.65</u>	<u>\$ 224,312.79</u>	<u>\$ 1,076,684.45</u>

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, 2014

	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 628,221.29	\$ 133,890.80	\$ 112,197.55	\$ 874,309.64
Licenses and permits	12,335.40	-	-	12,335.40
Grants	-	-	6,482.98	6,482.98
Charges for services	31,763.70	-	13,735.31	45,499.01
Fines and forfeitures	313,657.33	-	-	313,657.33
Investment Earnings	36,252.77	-	-	36,252.77
Miscellaneous	46,091.57	-	33,090.80	79,182.37
Total Revenues	<u>1,068,322.06</u>	<u>133,890.80</u>	<u>165,506.64</u>	<u>1,367,719.50</u>
EXPENDITURES				
Finance/Administration	362,383.22	72,284.05	22,267.00	456,934.27
Cemetery	3,074.85	-	759.98	3,834.83
Fire	91,721.21	-	21,923.42	113,644.63
Municipal Court	13,400.00	-	-	13,400.00
Police	631,693.00	-	606.00	632,299.00
Street and Alley	10,773.85	-	126,491.17	137,265.02
Parks Dept.	8,011.71	-	-	8,011.71
Library	70,401.72	-	3,809.88	74,211.60
Capital Outlay	-	116,452.00	-	116,452.00
Debt Service				
Principal	-	-	65,000.00	65,000.00
Interest	-	-	7,714.54	7,714.54
Total Expenditures	<u>1,191,459.56</u>	<u>188,736.05</u>	<u>248,571.99</u>	<u>1,628,767.60</u>
Excess (Deficit) of Revenues over Expenditures	(123,137.50)	(54,845.25)	(83,065.35)	(261,048.10)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	90,000.00	90,000.00
Net change in fund balances	(123,137.50)	(54,845.25)	6,934.65	(171,048.10)
Fund Balance, Beginning of Year	594,214.19	410,527.90	214,048.82	1,218,790.91
Fund Balance, End of Year	<u>\$ 471,076.69</u>	<u>\$ 355,682.65</u>	<u>\$ 220,983.47</u>	<u>\$ 1,047,742.81</u>

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

City of Dewey, Oklahoma
Reconciliation of Governmental Fund and Government-Wide Financial Statements
For the Year Ended June 30, 2014

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$ 1,047,742.81
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	1,623,352.80
Some liabilities (such as Notes Payable, Capital Lease Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	
Accrued interest payable	(2,383.39)
Capital lease obligation	(234,097.21)
General obligation bonds	(145,000.00)
Accrued compensated absences	(37,767.32)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 2,251,847.69</u>

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

City of Dewey, Oklahoma
Reconciliation of Governmental Fund and Government-Wide Financial Statements (continued)
For the Year Ended June 30, 2014

Net Change in Fund Balances - Governmental Funds	\$ (171,048.10)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>In the governmental funds, capital outlays are reported as expenditures while in the government-wide statement of activities, depreciation expense is reported to allocate those expenditures over the life of the assets.</p>	
Capital asset purchases capitalized	116,452.00
Depreciation expense	(132,118.35)
Disposal of Assets	(151,994.00)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statements.</p>	
Principal payments on long term debt	143,993.84
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds</p>	
Change in accrued interest payable	690.55
Change in accrued compensated absences	(22,181.80)
Change in Net Position of Governmental Activities	\$ (216,205.86)

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, 2014

		Dewey Public Works Authority
ASSETS		
Cash and Cash Equivalents	\$	851,698.36
Accounts Receivable, net		265,832.21
Taxes Receivable		19,169.02
Other Receivables		2,807.99
Total Current Assets		1,139,507.58
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents		781,871.69
Capital Assets:		
Property, Plant, and Equipment, net		2,062,976.05
Construction in Progress		1,804,946.87
Total Noncurrent Assets		4,649,794.61
Total Assets		5,789,302.19
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts Payable		56,429.44
Accrued Payroll Payable		6,280.55
Accrued Interest Payable		6,824.67
Meter Deposits Due to Customers		6,700.00
Other payables		24,737.49
Notes Payable, current		150,000.00
Capital Lease Obligations, current		21,854.91
Total Current Liabilities		272,827.06
Noncurrent Liabilities		
Meter Deposits Due to Customers		27,252.79
Notes Payable, noncurrent		2,245,000.00
Capital Lease Obligations, noncurrent		35,013.71
Total Noncurrent Liabilities		2,307,266.50
Total Liabilities		2,580,093.56
NET POSITION		
Net investment in capital assets		1,416,054.30
Restricted		
Debt Service		171,854.91
Meter Refunds Payable		494.33
Unrestricted		1,620,805.09
Total Net Position	\$	3,209,208.63

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, 2014

	<u>Dewey Public Works Authority</u>
Revenues:	
Charges for services:	
Water	\$ 713,354.10
Sewer	364,396.22
Sanitation	349,982.35
Penalties	20,826.56
Tap Fees	2,240.50
Charges for Services	109,540.44
Taxes	133,890.66
Fees and fines	34,195.86
Total Revenues	<u>1,728,426.69</u>
Expenditures:	
Operating Expenses	
Administration	227,491.91
Water treatment plant	1,017,317.22
Wastewater treatment plant	167,864.31
Sanitation	220,895.56
Total Operating Expenses	<u>1,633,569.00</u>
Operating Income(Loss)	<u>94,857.69</u>
Non-Operating Revenues (Expenses)	
Miscellaneous	31,350.11
Interest Income	9,783.41
Transfer to Street & Alley	(90,000.00)
Debt Service	
Interest Expense	<u>(73,323.25)</u>
Total Non-Operating Revenue (Expenses)	<u>(122,189.73)</u>
Change in Net Position	(27,332.04)
Total net position, beginning	<u>3,236,540.67</u>
Total net position, ending	<u><u>\$ 3,209,208.63</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, 2014

	<u>Dewey Public Works Authority</u>
Cash Flows from Operating Activities	
Cash Inflows:	
Payments Received from Customers	\$ 1,544,983.87
Miscellaneous Revenue	299,063.97
Total Cash Provided	<u>1,844,047.84</u>
Cash Outflows:	
Payments for Salaries and Benefits	(707,473.19)
Payments for Goods and Services	(831,940.90)
Transfer out	(231,323.22)
Total Cash Used	<u>(1,770,737.31)</u>
Net Cash Provided (Used) by Operating Activities	<u>73,310.53</u>
 Cash Flows from Capital and Related Financing Activities	
Principal Paid on Capital Debt	(165,736.08)
Interest Paid on Capital Debt	(74,111.29)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(239,847.37)</u>
 Cash Flows from Investing Activities	
Purchase of Capital Assets	(1,650,206.55)
Interest Received	9,963.29
Net Cash Provided (Used) by Investing Activities	<u>(1,640,243.26)</u>
Net Cash Inflow (Outflow) from All Activities	(1,806,780.10)
Cash and Cash Equivalents, Beginning of Year	<u>3,440,350.15</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,633,570.05</u></u>
 Cash and Cash Equivalents	
Unrestricted	817,704.03
Restricted	815,866.02
	<u><u>\$ 1,633,570.05</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 (continued)
For the Year Ended June 30, 2014

		Dewey Public Works Authority
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$	94,857.69
Depreciation		123,635.15
(Increase) Decrease in:		
Accounts Receivable		(63,181.36)
Other Receivables		(33,813.27)
Increase (Decrease) in:		
Accounts Payable		(34,659.53)
Accrued Interest Payable		(788.04)
Payroll Taxes Payable		(5,179.29)
Meter Deposits Payable		(7,560.82)
Net Cash Provided (Used) by Operating Activities	\$	73,310.53

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, 2014

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.

Adoption of Accounting Principles

Effective July 1, 2012, the City implemented the following financial accounting and reporting standards issued by GASB:

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* (GASB 61). This statement provides guidance on information presented about the financial reporting entity and its component units and amends the criteria for blending in certain circumstances. The adoption of GASB Statement No. 61 did not have a material effect on the financial statements in the current year and had no effect on previously issued financial statements.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The adoption of GASB Statement No. 61 did not have a material effect on the financial statements in the current year and had no effect on previously issued financial statements.

Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). This statement establishes 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 City determined there were no deferred outflows or inflows during the current year.

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.

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

Component Unit	Brief Description/Inclusion Criteria	Reporting
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

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.

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

I. Summary of Significant Accounting Policies (continued)

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

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.
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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.

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

I. Summary of Significant Accounting Policies (continued)

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

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.

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.

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

I. Summary of Significant Accounting Policies (continued)

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.

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

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position (continued)

Capital Assets (continued)

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.

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.

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position (continued)

Net Position/Fund Balance (continued)

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 purposes 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).

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.

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

I. Summary of Significant Accounting Policies (continued)

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.

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 \$145,000 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, 2014, the City collected property taxes of \$77,045.

Deferred Revenue

Deferred revenue for the City consists of monies received for AT&T franchise fees, for the 2013-14 fiscal year no monies were received.

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, 2014

I. Summary of Significant Accounting Policies (continued)

F. Recent Accounting Pronouncements

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*. This Statement improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The City is evaluating the impact of this pronouncement on its financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the City in fiscal year 2015. The City is in the process of evaluating the impact of this pronouncement on its financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of GASB 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

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, 2014, 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, 2014

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 \$10,318,235. For the year ended June 30, 2014, the City had \$145,000 in outstanding general obligation debt, which leaves bonding capacity at \$10,173,235.

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, 2014, 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 may contain some financial restrictions or covenants. Notes Payable currently does not have any financial restrictions or covenants.

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, 2014.

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, 2014

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, 2014 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, 2014 are as follows:

Meter Deposits	\$ 33,952.79
Reserve Accounts	781,871.69
Total	<u>\$ 815,824.48</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, 2014 is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Receivable	<u>\$ 28,532.50</u>	<u>\$ 265,832.21</u>	<u>\$ 294,364.71</u>

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

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

D. Capital Assets

	Balance June 30, 2013	Additions	Disposals	Balance June 30, 2014
Governmental Activities:				
Non-depreciable assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	21,815.00	-	(21,815.00)	-
Total Non-depreciable assets	21,815.00	-	(21,815.00)	-
Depreciable assets:				
Buildings/Improvements	1,634,687.56	15,000.00	-	1,649,687.56
Vehicles, Equipment & Furniture	1,702,734.22	101,452.00	(130,179.00)	1,674,007.22
Total Depreciable assets	3,337,421.78	116,452.00	(130,179.00)	3,323,694.78
Total Assets	3,359,236.78	116,452.00	(151,994.00)	3,323,694.78
Accumulated Depreciation:				
Buildings/Improvements	(264,694.09)	(45,722.52)	-	(310,416.61)
Vehicles, Equipment & Furniture	(1,431,610.10)	(86,395.83)	128,080.56	(1,389,925.37)
Total Depreciation	(1,696,304.19)	(132,118.35)	128,080.56	(1,700,341.98)
Depreciable assets, net	1,641,117.59	(15,666.35)	(2,098.44)	1,623,352.80
Net Capital Assets	\$ 1,662,932.59	\$ (15,666.35)	\$ (23,913.44)	\$ 1,623,352.80
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 263,200.00	\$ -	\$ -	\$ 263,200.00
Construction in Progress	178,994.32	1,636,461.55	(10,509.00)	1,804,946.87
Total Non-depreciable assets	442,194.32	1,636,461.55	(10,509.00)	2,068,146.87
Depreciable assets:				
Utility System	3,354,153.29	-	-	3,354,153.29
Buildings/Improvements	103,825.33	-	-	103,825.33
Vehicles, Equipment & Furniture	760,220.21	24,900.00	(11,155.00)	773,965.21
Total Depreciable assets	4,218,198.83	24,900.00	(11,155.00)	4,231,943.83
Total Assets	4,660,393.15	1,661,361.55	(21,664.00)	6,300,090.70
Accumulated Depreciation:				
Utility System	(1,705,896.32)	(82,592.69)	-	(1,788,489.01)
Buildings/Improvements	(27,640.17)	(2,578.17)	-	(30,218.34)
Vehicles, Equipment & Furniture	(574,996.14)	(48,369.29)	9,905.00	(613,460.43)
Total Depreciation	(2,308,532.63)	(133,540.15)	9,905.00	(2,432,167.78)
Depreciable assets, net	1,909,666.20	(108,640.15)	(1,250.00)	1,799,776.05
Net Capital Assets	\$ 2,351,860.52	\$ 1,527,821.40	\$ (11,759.00)	\$ 3,867,922.92

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 65,000.00	\$ 2,405.00	\$ 67,405.00
2016	80,000.00	3,000.00	83,000.00
Totals	<u>\$ 145,000.00</u>	<u>\$ 5,405.00</u>	<u>\$ 150,405.00</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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 184,916.70</u>	<u>\$ 8,083.93</u>	<u>\$ 193,000.63</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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 6,326.90	\$ 176.16	\$ 6,503.06

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

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
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>\$ 42,853.61</u>	<u>\$ 2,740.33</u>	<u>\$ 45,593.94</u>

All governmental leases:

Year Ended June 30,	Principal	Interest	Total
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>\$ 234,097.21</u>	<u>\$ 11,000.42</u>	<u>\$ 245,097.63</u>

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

Notes Payable:

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
2015	\$ 150,000.00	\$ 69,074.75	\$ 219,074.75
2016	150,000.00	64,679.75	214,679.75
2017	155,000.00	60,211.50	215,211.50
2018	160,000.00	55,670.00	215,670.00
2019	160,000.00	51,004.00	211,004.00
2020-2024	900,000.00	179,535.75	1,079,535.75
2025-2028	720,000.00	42,849.25	762,849.25
Totals	<u>\$ 2,395,000.00</u>	<u>\$ 523,025.00</u>	<u>\$ 2,918,025.00</u>

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

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

E. Long-Term Debt (continued)

Business-type activities (continued)

Capital Lease Obligations:

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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 37,580.09</u>	<u>\$ 3,197.91</u>	<u>\$ 40,778.00</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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 19,288.53</u>	<u>\$ 1,425.62</u>	<u>\$ 20,714.15</u>

All business-type activities:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 171,854.91	\$ 71,816.70	\$ 243,671.61
2016	173,034.37	66,242.24	239,276.61
2017	166,979.34	60,530.59	227,509.93
2018	160,000.00	55,670.00	215,670.00
2019	160,000.00	51,004.00	211,004.00
2020-2024	900,000.00	179,535.75	1,079,535.75
2025-2028	720,000.00	42,849.25	762,849.25
Totals	<u>\$ 2,451,868.62</u>	<u>\$ 527,648.53</u>	<u>\$ 2,979,517.15</u>

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

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

E. Long-Term Debt (continued)

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

	Balance June 30, 2013	Proceeds	Payments	Balance June 30, 2014	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 210,000.00	\$ -	\$ 65,000.00	\$ 145,000.00	\$ 80,000.00
Lease Obligations	313,091.05	-	78,993.84	234,097.21	21,162.35
	<u>\$ 523,091.05</u>	<u>\$ -</u>	<u>\$ 143,993.84</u>	<u>\$ 379,097.21</u>	<u>\$ 101,162.35</u>
Business-Type Activities:					
Notes Payable	\$ 2,540,000.00	\$ -	\$ 145,000.00	\$ 2,395,000.00	\$ 150,000.00
Lease Obligations	77,604.70	-	20,736.08	56,868.62	21,854.91
	<u>\$ 2,617,604.70</u>	<u>\$ -</u>	<u>\$ 165,736.08</u>	<u>\$ 2,451,868.62</u>	<u>\$ 171,854.91</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.

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.

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

IV. Other Information (continued)

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 \$1,380 for the OFPRS plan and was equal to the City's actual contribution for the fiscal year 2014.

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

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. 63rd 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 2014, the City's annual required contribution was \$39,756 for the OPPRS plan and was equal to the City's actual contribution. The state made on behalf payments of \$27,829 (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, 2014 were \$7,475.

Summary of Contributions:

<u>Oklahoma Firefighter's Pension and Retirement System</u>			<u>Oklahoma Police Pension and Retirement System</u>			<u>Oklahoma Municipal Retirement System</u>		
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
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%
2014	\$ 1,380	100%	2014	\$ 39,756	100%	2014	\$ 7,475	100%

City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014

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, 2014

Eligibility Factors, Contribution Methods, and Benefit Provisions

Provision	OMRF Plan
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	11.45% 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-14
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, 2014

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
1/1/2005	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%
1/1/2014	1,292,015	Actuarial	1,633,444	EAN	341,428	79.1%	576,689	59.2%

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 3, 2015, which is the date the financial statements were available to be issued.

E. Correction of an Error

The beginning Government-Wide Governmental Fund net position was understated the prior year by a net of \$38,133.29 due to cash in the General Fund being incorrectly recorded in the amount of (\$71,184.03); construction in progress in the amount of \$21,815.00 that has been carried on the books but there's no support; Compensated Absences recorded in the fund balance in the amount of \$15,585.52; and (\$4,349.78) in accounts payable incorrectly booked in the prior year. To correct these errors, the beginning Government-Wide Governmental net position of \$2,429,920.26, as originally reported, has been increased to \$2,468,053.55.

**City of Dewey, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

IV. Other Information (continued)

E. Correction of an Error (continued)

The beginning Public Works Authority net position was understated the prior year by a net of \$21,020.14 due to construction in progress in the amount of (\$10,509.00) that has been carried on the books but there's no support, and (280.00) in Taxes Receivable carried on the books; \$18,699.58 of Debt payments not recorded; and \$1,598.68 recorded previously as a prior period adjustment that should not have been. To correct these errors, the beginning net assets of \$3,230,228.77, as originally reported, has been increased to \$3,236,540.67.

REQUIRED SUPPLEMENTARY INFORMATION

City of Dewey, Oklahoma
Budgetary Comparison Schedule (Budgetary Basis) Year ended June 30, 2014

	<u>Budgeted Amounts</u>			<u>Budget Variance</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Taxes	\$ 555,000.00	\$ 555,000.00	\$ 666,613.39	\$ -	\$ 111,613.39
Licenses and permits	15,900.00	15,900.00	12,335.40	-	(3,564.60)
REAP Grants	-	-	-	-	-
Charges for services	174,325.00	174,325.00	31,763.70	-	(142,561.30)
Fines and forfeitures	174,400.00	174,400.00	354,130.66	-	179,730.66
Investments	-	-	36,241.77	-	36,241.77
Miscellaneous	21,000.00	21,000.00	45,901.57	-	24,901.57
Total Revenues Collected	940,625.00	940,625.00	1,146,986.49	-	206,361.49
Expenditures:					
Administration	382,850.00	382,850.00	370,012.19	-	(12,837.81)
Police	581,800.00	581,800.00	660,443.32	-	78,643.32
Municipal Court	13,400.00	13,400.00	13,400.00	-	-
Fire Department	93,700.00	93,700.00	91,721.21	-	(1,978.79)
Street Department	12,000.00	12,000.00	10,773.85	-	(1,226.15)
Cemetery	4,150.00	4,150.00	3,074.85	-	(1,075.15)
Parks Department	10,000.00	10,000.00	8,011.71	-	(1,988.29)
Library	78,725.00	78,725.00	71,842.92	-	(6,882.08)
Total Expenditures Paid	1,176,625.00	1,176,625.00	1,229,280.05	-	52,655.05
Excess (Deficit) of Revenues					
Collected Over (Under)					
Expenditures Paid	(236,000.00)	(236,000.00)	(82,293.56)	-	259,016.54
Cash Fund Balance					
Beginning of Year	236,000.00	236,000.00	-	-	(236,000.00)
Cash Fund Balance					
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,293.56)</u>	<u>\$ -</u>	<u>\$ 23,016.54</u>

UNAUDITED

OTHER SUPPLEMENTARY INFORMATION

City of Dewey, Oklahoma
Combining Balance Sheet – General Fund Accounts
For the Year Ended June 30, 2014

	General Fund	Don Tyler Park Fund	Law Enforcement Tech Fund	CLEET Fund	Tech Support Fund	Perpetual Cemetery Fund	Employee Benefit Fund	Total Combined General Fund
ASSETS								
Cash and Cash Equivalents	\$ 226,764.26	\$ 1.00	\$ 15,178.91	\$ 16,729.30	\$ 10,521.50	\$ 102,483.64	\$ 1,047.40	\$ 372,726.01
Accounts Receivable, net	28,532.50	-	-	-	-	-	-	28,532.50
Taxes Receivable	77,837.82	-	-	-	-	-	-	77,837.82
Other Receivables	17,592.68	-	-	-	-	-	-	17,592.68
Total Assets	\$ 350,727.26	\$ 1.00	\$ 15,178.91	\$ 16,729.30	\$ 10,521.50	\$ 102,483.64	\$ 1,047.40	\$ 496,689.01
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 4,185.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,185.62
Accrued Payroll	9,422.17	-	-	-	-	-	-	9,422.17
Other payables	12,004.53	-	-	-	-	-	-	12,004.53
Total Liabilities	25,612.32	-	-	-	-	-	-	25,612.32
Fund Balance:								
Unassigned	325,114.94	1.00	15,178.91	16,729.30	10,521.50	102,483.64	1,047.40	471,076.69
Total Liabilities and Fund Balance	\$ 350,727.26	\$ 1.00	\$ 15,178.91	\$ 16,729.30	\$ 10,521.50	\$ 102,483.64	\$ 1,047.40	\$ 496,689.01

City of Dewey, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund Accounts
For the Year Ended June 30, 2014

	General Fund	Don Tyler Park Fund	Law Enforcement Tech Fund	Tech Support Fund	Perpetual Cemetery Fund	CLEET Fund	Employee Benefit Fund	Total Combined General Fund
REVENUES								
Taxes	\$ 628,221.29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628,221.29
Licenses and permits	12,335.40	-	-	-	-	-	-	12,335.40
Charges for services	26,583.00	-	-	-	5,180.70	-	-	31,763.70
Fines and forfeitures	274,918.38	-	12,155.95	4,689.00	-	21,894.00	-	313,657.33
Investment Earnings	36,252.77	-	-	-	-	-	-	36,252.77
Miscellaneous	45,901.57	-	-	-	-	-	190.00	46,091.57
Total Revenues	<u>1,024,212.41</u>	<u>-</u>	<u>12,155.95</u>	<u>4,689.00</u>	<u>5,180.70</u>	<u>21,894.00</u>	<u>190.00</u>	<u>1,068,322.06</u>
EXPENDITURES								
Finance/Administration	343,779.83	-	15,603.39	3,000.00	-	-	-	362,383.22
Cemetery	3,074.85	-	-	-	-	-	-	3,074.85
Fire	91,721.21	-	-	-	-	-	-	91,721.21
Municipal Court	13,400.00	-	-	-	-	-	-	13,400.00
Police	610,273.91	-	-	-	-	21,419.09	-	631,693.00
Street and Alley	10,773.85	-	-	-	-	-	-	10,773.85
Parks Dept.	8,011.71	-	-	-	-	-	-	8,011.71
Library	70,401.72	-	-	-	-	-	-	70,401.72
Total Expenditures	<u>1,151,437.08</u>	<u>-</u>	<u>15,603.39</u>	<u>3,000.00</u>	<u>-</u>	<u>21,419.09</u>	<u>-</u>	<u>1,191,459.56</u>
Net change in fund balances	(127,224.67)	-	(3,447.44)	1,689.00	5,180.70	474.91	190.00	(123,137.50)
Fund Balance, Beginning of Year	452,339.61	1.00	18,626.35	8,832.50	97,302.94	16,254.39	857.40	594,214.19
Fund Balance, End of Year	<u>\$ 325,114.94</u>	<u>\$ 1.00</u>	<u>\$ 15,178.91</u>	<u>\$ 10,521.50</u>	<u>\$ 102,483.64</u>	<u>\$ 16,729.30</u>	<u>\$ 1,047.40</u>	<u>\$ 471,076.69</u>

City of Dewey, Oklahoma
Combining Balance Sheet – Non-Major Governmental Funds
For the Year Ended June 30, 2014

	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 Func
ASSETS								
Cash and Cash Equivalents	\$ 21,854.95	\$ 6,116.60	\$ 44,770.34	\$ 52,388.91	\$ 4,736.96	\$ -	\$ 85,928.98	\$ 215,796.74
Taxes Receivable	5,589.52	-	-	-	-	-	1,380.47	6,969.99
Other Receivables	-	-	-	-	-	1,546.06	-	1,546.06
Total Assets	<u>\$ 27,444.47</u>	<u>\$ 6,116.60</u>	<u>\$ 44,770.34</u>	<u>\$ 52,388.91</u>	<u>\$ 4,736.96</u>	<u>\$ 1,546.06</u>	<u>\$ 87,309.45</u>	<u>\$ 224,312.79</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 1,809.24	\$ 183.25	\$ 1,336.83	\$ -	\$ -	\$ -	\$ -	\$ 3,329.32
Fund Balance:								
Unassigned	25,635.23	5,933.35	43,433.51	52,388.91	4,736.96	1,546.06	87,309.45	220,983.47
Total Liabilities and Fund Balance	<u>\$ 27,444.47</u>	<u>\$ 6,116.60</u>	<u>\$ 44,770.34</u>	<u>\$ 52,388.91</u>	<u>\$ 4,736.96</u>	<u>\$ 1,546.06</u>	<u>\$ 87,309.45</u>	<u>\$ 224,312.79</u>

City of Dewey, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2014

	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 Funds
REVENUES:								
Taxes	\$ 35,152.56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,044.99	\$ 112,197.55
Grants	-	2,009.00	4,473.98	-	-	-	-	6,482.98
Charges for services	-	700.00	7,782.61	5,252.70	-	-	-	13,735.31
Miscellaneous	-	600.00	10,118.74	-	-	22,372.06	-	33,090.80
Total Revenues	<u>35,152.56</u>	<u>3,309.00</u>	<u>22,375.33</u>	<u>5,252.70</u>	<u>-</u>	<u>22,372.06</u>	<u>77,044.99</u>	<u>165,506.64</u>
EXPENDITURES:								
Finance/Administration	-	-	-	-	-	22,267.00	-	22,267.00
Cemetery	-	-	-	759.98	-	-	-	759.98
Fire	-	-	21,923.42	-	-	-	-	21,923.42
Police	-	-	-	-	606.00	-	-	606.00
Street and Alley	126,491.17	-	-	-	-	-	-	126,491.17
Library	-	3,809.88	-	-	-	-	-	3,809.88
Debt Service	-	-	-	-	-	-	65,000.00	65,000.00
Principal	-	-	-	-	-	-	7,714.54	7,714.54
Interest	-	-	-	-	-	-	-	-
Total Expenditures	<u>126,491.17</u>	<u>3,809.88</u>	<u>21,923.42</u>	<u>759.98</u>	<u>606.00</u>	<u>22,267.00</u>	<u>72,714.54</u>	<u>248,571.99</u>
Excess (Deficit) of Revenues over Expenditures	(91,338.61)	(500.88)	451.91	4,492.72	(606.00)	105.06	4,330.45	(83,065.35)
OTHER FINANCING SOURCES (USES)								
Transfers in	<u>90,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000.00</u>
Net change in fund balances	(1,338.61)	(500.88)	451.91	4,492.72	(606.00)	105.06	4,330.45	6,934.65
Fund Balance, Beginning 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>
Fund Balance, End of Year	<u>\$ 25,635.23</u>	<u>\$ 5,933.35</u>	<u>\$ 43,433.51</u>	<u>\$ 52,388.91</u>	<u>\$ 4,736.96</u>	<u>\$ 1,546.06</u>	<u>\$ 87,309.45</u>	<u>\$ 220,983.47</u>

City of Dewey, Oklahoma
Combining Statement of Net Position – Non-Major Enterprise Funds
For the Year Ended June 30, 2014

	SRF Debt Fund - 304	Meter Trust Fund - 513	PWA Enterprise Fund - 514	Utility Capital Improvement Fund - 523	Total
ASSETS					
Cash and Cash Equivalents	\$ 183,633.97	\$ 33,994.33	\$ 652,050.39	\$ (17,980.33)	\$ 851,698.36
Accounts Receivable, net	-	-	266,012.09	(179.88)	265,832.21
Taxes Receivable	19,169.02	-	-	-	19,169.02
Other Receivables	-	-	2,807.99	-	2,807.99
Total Current Assets	<u>202,802.99</u>	<u>33,994.33</u>	<u>920,870.47</u>	<u>(18,160.21)</u>	<u>1,139,507.58</u>
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	-	-	-	781,871.69	781,871.69
Capital Assets:					
Property, Plant, and Equipment, net	-	-	2,062,976.05	-	2,062,976.05
Construction in Progress	-	-	-	1,804,946.87	1,804,946.87
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>2,062,976.05</u>	<u>2,586,818.56</u>	<u>4,649,794.61</u>
Total Assets	<u>202,802.99</u>	<u>33,994.33</u>	<u>2,983,846.52</u>	<u>2,568,658.35</u>	<u>5,789,302.19</u>
LIABILITIES AND FUND BALANCE					
Current Liabilities					
Accounts Payable	-	-	56,429.44	-	56,429.44
Accrued Payroll Payable	-	-	6,280.55	-	6,280.55
Accrued Interest Payable	-	-	6,824.67	-	6,824.67
Meter Deposits Due to Customers	-	6,247.21	452.79	-	6,700.00
Other payables	-	-	24,737.49	-	24,737.49
Notes Payable, current	-	-	-	150,000.00	150,000.00
Capital Lease Obligations, current	-	-	21,854.91	-	21,854.91
Total Current Liabilities	<u>-</u>	<u>6,247.21</u>	<u>116,579.85</u>	<u>150,000.00</u>	<u>272,827.06</u>
Noncurrent Liabilities					
Meter Deposits Due to Customers	-	27,252.79	-	-	27,252.79
Notes Payable, noncurrent	-	-	-	2,245,000.00	2,245,000.00
Capital Lease Obligations, noncurrent	-	-	35,013.71	-	35,013.71
Total Noncurrent Liabilities	<u>-</u>	<u>27,252.79</u>	<u>35,013.71</u>	<u>2,245,000.00</u>	<u>2,307,266.50</u>
Total Liabilities	<u>-</u>	<u>33,500.00</u>	<u>151,593.56</u>	<u>2,395,000.00</u>	<u>2,580,093.56</u>
NET POSITION					
Net investment in capital assets	-	-	2,006,107.43	(590,053.13)	1,416,054.30
Restricted					
Debt Service	-	-	21,854.91	150,000.00	171,854.91
Meter Refunds Payable	-	494.33	-	-	494.33
Unrestricted	<u>202,802.99</u>	<u>-</u>	<u>804,290.62</u>	<u>613,711.48</u>	<u>1,620,805.09</u>
Total Net Position	<u>\$ 202,802.99</u>	<u>\$ 494.33</u>	<u>\$ 2,832,252.96</u>	<u>\$ 173,658.35</u>	<u>\$ 3,209,208.63</u>

City of Dewey, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Net Position – Non-Major Enterprise Funds
For the Year Ended June 30, 2014

	SRF Debt Fund - 304	Meter Trust Fund - 513	PWA Enterprise Fund - 514	Utility Capital Improvement Fund - 523	Dewey Public Works Authority
Revenues:					
Charges for services:					
Water	\$ -	\$ -	\$ 713,354.10	\$ -	\$ 713,354.10
Sewer	-	-	364,396.22	-	364,396.22
Sanitation	-	-	349,982.35	-	349,982.35
Penalties	-	-	20,826.56	-	20,826.56
Tap Fees	-	-	2,240.50	-	2,240.50
Charges for Services	-	-	8,441.42	101,099.02	109,540.44
Taxes	133,890.66	-	-	-	133,890.66
Fees and fines	-	-	34,195.86	-	34,195.86
Total Revenues	133,890.66	-	\$ 1,493,437.01	101,099.02	1,728,426.69
Expenditures:					
Operating Expenses					
Administration	-	-	227,491.91	-	227,491.91
Water treatment plant	-	-	1,017,317.22	-	1,017,317.22
Wastewater treatment plant	-	-	167,864.31	-	167,864.31
Sanitation	-	-	220,895.56	-	220,895.56
Total Operating Expenses	-	-	1,633,569.00	-	1,633,569.00
Operating Income(Loss)	133,890.66	-	(140,131.99)	101,099.02	94,857.69
Non-Operating Revenues (Expenses)					
Miscellaneous	-	-	31,350.11	-	31,350.11
Interest Income	-	-	9,143.92	639.49	9,783.41
Transfer to Utility Capital Improvement	(141,323.22)	-	-	141,323.22	-
Transfer to Street & Alley	-	-	(90,000.00)	-	(90,000.00)
Debt Service					
Principal	-	-	-	-	-
Interest Expense	-	-	-	(73,323.25)	(73,323.25)
Total Non-Operating Revenue (Expenses)	(141,323.22)	-	(49,505.97)	68,639.46	(122,189.73)
Change in Net Position	(7,432.56)	-	(189,637.96)	169,738.48	(27,332.04)
Total net position, beginning	210,235.55	494.33	3,021,890.92	3,919.87	3,236,540.67
Total net position, ending	\$ 202,802.99	\$ 494.33	\$ 2,832,252.96	\$ 173,658.35	\$ 3,209,208.63

City of Dewey, Oklahoma
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2014

Grantor/Pass Through Grantor/Program Title	Program or Award Amount	Revenue Collected	Total Expenditures
State of Oklahoma Programs :			
Passed through the Oklahoma Department of Agriculture Rural Fire Defense Grant	\$ 4,473.98	\$ 4,473.98	\$ 4,473.98
Passed through the Oklahoma Department of Libraries State Library Assistance	<u>2,009.00</u>	<u>2,009.00</u>	<u>2,009.00</u>
Total Expenditures of State Awards	<u><u>\$ 6,482.98</u></u>	<u><u>\$ 6,482.98</u></u>	<u><u>\$ 6,482.98</u></u>

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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, 2014, 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 March 31, 2015.

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.



Claremore, OK
March 31, 2015