

2023

CITY OF DEWEY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2023



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**City Council**

Tom Hays	Mayor
Wayne Sell	Ward 1
Ralph Stafford	Ward 2
Stan Barron	Ward 3
James Cook	Ward 4

**Management**

Kevin Trease	City Manager
Annette Breshears	City Clerk
Cassie Hayes	Treasurer
Jimmy Gray	Chief of Police
Joyce McClellan	Municipal Court Clerk
Terry Young	Fire Chief
Jordan Brewer-Mayer	Librarian
Wes Ware	Public Works Superintendent

**City Hall**

411 East Don Tyler  
Dewey, OK 74029  
918-534-2272

**INDEPENDENT AUDITOR'S REPORT**



## INDEPENDENT AUDITOR'S OPINION

The Board of Directors  
City of Dewey,  
Dewey, Oklahoma

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Dewey, Oklahoma of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dewey, Oklahoma , as of June 30, 2023, and the respective changes in modified cash basis financial position, and cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note B.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Dewey, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

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

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HOOD & ASSOCIATES CPAs, P.C.

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### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1-C, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Dewey, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dewey, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, on our consideration of the City of Dewey, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Dewey, Oklahoma's internal control over financial reporting or on compliance.

### **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 6 through 10 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 my 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dewey, Oklahoma's basic financial statements. The combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance 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 taken as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to me materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement exists, we are required to describe it in our report.

*Hood & Associates CPAs PC*

Hood & Associates, CPAs, P.C.  
Tulsa, Oklahoma  
February 15, 2024



## Management Discussion and Analysis

Our discussion and analysis of the City of Dewey's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023 within the limitation of the City's modified cash basis of accounting. Please read it in conjunction with the City's financial statements that begin on page 12.

### FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$1,017,495 and the assets of the City exceeded its liabilities at June 30, 2023, by \$8,719,099 (net position). Of this amount, \$3,324,398 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2023, the unassigned fund balance for the General Fund was \$1,838,471 or 79.1% of General Fund revenues for the year.

### USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirement of the Governmental Accounting Standards Board, as applicable to the City's modified cash basis of accounting.

### ABOUT THE CITY

The City of Dewey is a municipality with a population of approximately 3,502 located in Washington County in Northeast Oklahoma. The City is governed by a five-member City Council chaired by the Mayor and operates under Oklahoma state laws and City ordinances as a City Council/City Manager form of government.

The City provides typical municipal services such as public safety, street and alley maintenance, and through its Public Works Authority, certain utility services including water, wastewater, and sanitation.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of the following four parts:

1. *Government-wide financial statements.* The Statement of Net Position and the Statement of Activities (on pages 12-13) provide information about the activities of the City government-wide (or as a whole) and present a longer-term view of the City's finances.
2. *Fund financial statements.* Fund financial statements (starting on page 14) focus on the individual parts of the City government. 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 (major) funds. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. For proprietary activities, these statements offer short-term and long-term financial information about the activities the City operates like businesses such as water, sewer, and sanitation services.
3. *Notes to the financial statements.* The notes to the financial statements (starting on page 20) are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.
4. *Other information.* The annual report includes optional financial information, such as management's discussion and analysis, budgetary comparison schedules, and combining statements for non-major funds (that are added together and shown in the fund financial statements in a single column). This other supplemental financial information is provided to address certain specific needs of various users of the City's annual report.

## Reporting the City as a Whole

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

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

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

- **The City of Dewey** – an incorporated City established in 1905 that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government as "governmental" activities.*
- **The Dewey Public Works Authority (DPWA)** – a public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the City – *considered part of the primary government presentation for reporting purposes; reported as "business-type" activities.*

### ***Government-Wide Statement of Net Position and the Statement of Activities***

Our financial analysis of the City as a whole begins on page 12. The government-wide financial statements are presented on pages 12 and 13. 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 the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and its activities in a way that helps answer this question. These statements include all the City's assets, liabilities, and deferred inflows and outflows resulting from the use of the modified cash basis of accounting, as further defined in the notes to the financial statements.

These two statements report the City's net position and changes therein. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the City's net position – the difference among assets, deferred outflows of resources, liabilities, and deferred inflows – 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 sales 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 police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* – Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, and sanitation utilities are reported as business-type activities.

## Reporting the City's - Fund Financial Statements

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

Our analysis of the City's major funds begins on page 14. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and bond covenants. However, the City Council establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City'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 that focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures, not changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City’s program. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds in a reconciliation on page 16. The City considers the General Fund and Capital Improvement Fund to be its significant, or major governmental funds. All other governmental funds are aggregated in a single column titles “Non-major Funds.”

*Proprietary funds* - When the City, through the Utilities Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and Statement of Activities. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. In fact, the City’s proprietary (enterprise) fund financial statements are essentially the same as the business-type activities we report in the government-wide financial statements, but the fund statements provide more detail and additional information, such as cash flows. The City only has one enterprise fund: the Dewey Public Works Authority.

**THE CITY AS A WHOLE**

For the year ended June 30, 2023, net position for the governmental and business-type activities increased \$1,017,495.

	<b>Net position at June 30,</b>					
	<b>Governmental Activities</b>		<b>Business-type</b>		<b>Total</b>	
	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Beginning net position	\$ 4,124,772	\$ 3,347,798	\$ 3,576,832	\$ 3,390,555	\$ 7,701,604	\$ 6,738,353
Increase (Decrease)	1,062,783	776,974	(45,288)	186,277	\$ 1,017,495	\$ 963,251
Ending net position	<u>\$ 5,187,555</u>	<u>\$ 4,124,772</u>	<u>\$ 3,531,544</u>	<u>\$ 3,576,832</u>	<u>\$ 8,719,099</u>	<u>\$ 7,701,604</u>

The largest portion of the City’s net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding.

The following is a summary of net position for the City of Dewey as of June 30:

	<b>Governmental Activities</b>		<b>Business-type</b>		<b>Total</b>	
	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>Assets:</b>						
Current and other assets	\$ 2,974,165	\$ 2,165,379	\$ 792,338	\$ 774,351	\$ 3,766,503	\$ 2,939,730
Capital assets, net	2,740,392	2,514,393	3,804,898	4,087,217	6,545,290	6,601,610
Total assets	<u>5,714,557</u>	<u>4,679,772</u>	<u>4,597,236</u>	<u>4,861,568</u>	<u>10,311,793</u>	<u>9,541,340</u>
<b>Liabilities:</b>						
Long-term debt	527,002	555,000	1,010,016	1,228,760	1,537,018	1,783,760
Other liabilities	-	-	55,676	55,976	55,676	55,976
Total liabilities	<u>527,002</u>	<u>555,000</u>	<u>1,065,692</u>	<u>1,284,736</u>	<u>1,592,694</u>	<u>1,839,736</u>
<b>Net position:</b>						
Net investment in capital assets	2,213,390	1,959,393	2,964,882	2,858,457	5,178,272	4,817,850
Restricted	349,829	337,324	36,600	36,471	386,429	373,795
Unrestricted	2,624,336	1,828,055	530,062	681,904	3,154,398	2,509,959
Total net position	<u>\$ 5,187,555</u>	<u>\$ 4,124,772</u>	<u>\$ 3,531,544</u>	<u>\$ 3,576,832</u>	<u>\$ 8,719,099</u>	<u>\$ 7,701,604</u>

<b>Changes in Net Position</b>						
<b>Year Ended June 30,</b>						
	<b>Governmental Activities</b>		<b>Business-type</b>		<b>Total</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Revenues:						
Program revenues:						
Charges for services	\$ 455,356	\$ 392,187	\$ 2,026,772	\$ 2,008,953	\$ 2,482,128	\$ 2,401,140
Grants	324,350	370,774	-	-	324,350	370,774
General revenues:						
Taxes	1,692,499	1,526,097	171,439	162,212	1,863,938	1,688,309
Other general revenues	280,479	13,181	38,174	24,678	318,653	37,859
<b>Total revenues</b>	<b><u>2,752,684</u></b>	<b><u>2,302,239</u></b>	<b><u>2,236,385</u></b>	<b><u>2,195,843</u></b>	<b><u>4,989,069</u></b>	<b><u>4,498,082</u></b>
Program expenses:						
General government	599,566	467,418	-	-	599,566	467,418
Public safety	925,729	829,836	-	-	925,729	829,836
Street and alley	70,718	64,351	-	-	70,718	64,351
Cemetery	10,296	12,043	-	-	10,296	12,043
Culture and recreation	113,393	105,228	-	-	113,393	105,228
Interest on long term debt	21,443	20,201	30,764	38,334	52,207	58,535
City utilities	-	-	2,199,665	1,997,420	2,199,665	1,997,420
<b>Total expenses</b>	<b><u>1,741,145</u></b>	<b><u>1,499,077</u></b>	<b><u>2,230,429</u></b>	<b><u>2,035,754</u></b>	<b><u>3,971,574</u></b>	<b><u>3,534,831</u></b>
Transfers	51,244	(26,188)	(51,244)	26,188	-	-
<b>Changes in net position</b>	<b><u>1,062,783</u></b>	<b><u>776,974</u></b>	<b><u>(45,288)</u></b>	<b><u>186,277</u></b>	<b><u>1,017,495</u></b>	<b><u>963,251</u></b>
Beginning net position	4,124,772	3,347,798	3,576,832	3,390,555	7,701,604	6,738,353
<b>Ending net position</b>	<b><u>\$ 5,187,555</u></b>	<b><u>\$ 4,124,772</u></b>	<b><u>\$ 3,531,544</u></b>	<b><u>\$ 3,576,832</u></b>	<b><u>\$ 8,719,099</u></b>	<b><u>\$ 7,701,604</u></b>

**Governmental Activities**

The increase in net position related to governmental activities of \$1,062,783 is primarily attributable to higher tax receipts and charges for services as well as controlled spending.

**Business-type Activities**

The decrease of \$45,288 for business-type activities includes a transfer to governmental activities of \$51,244.

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

As the City completed its 2023 fiscal year, Governmental Funds reported total fund balances of \$2,974,165 for the year ended June 30, 2023, the Governmental Funds' total fund balances increased by \$808,786, primarily due to higher sales and use tax receipts and controlled spending.

**Budgetary Highlights**

General fund revenues were \$512,549 higher than the final budget, reflecting higher tax receipts, fines and forfeitures, and miscellaneous revenues. Expenditures were \$281,259 lower than budgeted, as spending for every department in the city was below appropriations.

For fiscal year 2023-2024, general fund revenues are expected to decrease 8% due to lower ARPA revenues, somewhat offset by slightly higher tax revenues. Planned governmental expenditures are also higher, primarily due to higher capital outlay utilizing the ARPA grant funds.

**CAPITAL ASSETS & DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2023, the City had approximately \$6.5 million in capital assets (net of accumulated depreciation). Below are details regarding the City’s capital assets for the year ended June 30, 2023:

	<b>Capital Assets</b>					
	<b>June 30,</b>					
	<b>Governmental Activities</b>		<b>Business-type</b>		<b>Total</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Land and other non-depreciable assets	\$ 478,581	\$ 308,581	\$ 124,493	\$ 263,200	\$ 603,074	\$ 571,781
Building improvements	2,172,295	2,172,295	108,923	108,923	2,281,218	2,281,218
Equipment	1,741,695	1,599,103	1,041,254	951,035	2,782,949	2,550,138
Utility systems and equipment	-	-	6,678,465	6,652,315	6,678,465	6,652,315
Infrastructure	521,228	512,228	-	-	521,228	512,228
Totals	<u>4,913,799</u>	<u>4,592,207</u>	<u>7,953,135</u>	<u>7,975,473</u>	<u>12,866,934</u>	<u>12,567,680</u>
Less accumulated depreciation	<u>(2,173,407)</u>	<u>(2,077,814)</u>	<u>(4,148,237)</u>	<u>(3,888,256)</u>	<u>(6,321,644)</u>	<u>(5,966,070)</u>
Totals, net	<u>\$ 2,740,392</u>	<u>\$ 2,514,393</u>	<u>\$ 3,804,898</u>	<u>\$ 4,087,217</u>	<u>\$ 6,545,290</u>	<u>\$ 6,601,610</u>

This year’s capital asset additions include the following:

- The purchase of three new police vehicles
- The purchase of a Bobcat for the water and sewer department
- Initial project stages for a waterline replacement
- The replacement of an engine for a firetruck

**Debt Administration**

The City entered into a capital lease for the purchase of 3 police vehicles in the amount of \$139,769 at an annual percentage rate of 3.69%, payable over 3 years. Amortization of long-term debt obligations was \$167,767 for government activities and \$218,744 for business-type activities.

**Contacting the City’s Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk’s office at 411 East Don Tyler, Dewey, Oklahoma, 74029 or telephone at 918-534-2272.

**BASIC FINANCIAL STATEMENTS**

**Statement of Net Position (Modified Cash Basis) – June 30, 2023**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 2,793,229	\$ 755,738	\$ 3,548,967
Non-current assets			
Restricted assets:			
Cash and cash equivalents	180,936	36,600	217,536
Capital assets, net of depreciation	2,740,392	3,804,898	6,545,290
Total non-current assets	<u>2,921,328</u>	<u>3,841,498</u>	<u>6,762,826</u>
Total assets	<u>5,714,557</u>	<u>4,597,236</u>	<u>10,311,793</u>
<b>Liabilities:</b>			
Current liabilities:			
Leases payable, current portion	46,274	31,590	77,864
Bonds payable, current portion	130,000	-	130,000
Note payable, current portion	-	190,000	190,000
Total current liabilities	<u>176,274</u>	<u>221,590</u>	<u>397,864</u>
Noncurrent liabilities			
Meter deposit liability	-	55,676	55,676
Leases payable, noncurrent	55,728	68,426	124,154
Bonds payable, noncurrent	295,000	-	295,000
Note payable, noncurrent	-	720,000	720,000
Total noncurrent liabilities	<u>350,728</u>	<u>844,102</u>	<u>1,194,830</u>
Total liabilities	<u>527,002</u>	<u>1,065,692</u>	<u>1,592,694</u>
<b>Net Position:</b>			
Net investment in capital assets	2,213,390	2,794,882	5,008,272
Restricted for cemetery	168,893	-	168,893
Restricted for debt service	180,936	36,600	217,536
Unrestricted	2,624,336	700,062	3,324,398
Total net position	<u>\$ 5,187,555</u>	<u>\$ 3,531,544</u>	<u>\$ 8,719,099</u>

See accompanying notes to the basic financial statements.

**Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Change in Net Position</b>		
		<b>Charges for Services</b>	<b>Capital Grants</b>	<b>Operating Grants</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 599,566	\$ 121,481	\$ -	\$ -	\$ (478,085)	\$ -	\$ (478,085)
Public safety	925,729	325,849	-	324,350	(275,530)	-	(275,530)
Street and alley	70,718	-	-	-	(70,718)	-	(70,718)
Cemetery	10,296	8,026	-	-	(2,270)	-	(2,270)
Culture and recreation	113,393	-	-	-	(113,393)	-	(113,393)
Interest on long term debt	21,443	-	-	-	(21,443)	-	(21,443)
<b>Total governmental activities</b>	<b>1,741,145</b>	<b>455,356</b>	<b>-</b>	<b>324,350</b>	<b>(961,439)</b>	<b>-</b>	<b>(961,439)</b>
<b>Business-type activities</b>							
Administration	426,156	167,647	-	-	-	(258,509)	(258,509)
Water	1,357,678	914,298	-	-	-	(443,380)	(443,380)
Wastewater	206,324	476,725	-	-	-	270,401	270,401
Sanitation	240,271	468,102	-	-	-	227,831	227,831
<b>Total business-type activities</b>	<b>2,230,429</b>	<b>2,026,772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(203,657)</b>	<b>(203,657)</b>
<b>Total primary government</b>	<b>\$ 3,971,574</b>	<b>\$ 2,482,128</b>	<b>\$ -</b>	<b>\$ 324,350</b>	<b>\$ (961,439)</b>	<b>\$ (203,657)</b>	<b>\$ (1,165,096)</b>
General revenues:							
Taxes:							
Sales and use					1,461,329	171,439	1,632,768
Franchise and lodging					167,699	-	167,699
Intergovernmental					63,471	-	63,471
Investment income					11,482	5,364	16,846
Miscellaneous					268,997	32,810	301,807
<b>Total general revenues</b>					<b>1,972,978</b>	<b>209,613</b>	<b>2,182,591</b>
Change in net position before transfers					1,011,539	5,956	1,017,495
Transfer from (to)					51,244	(51,244)	-
<b>Change in net position</b>					<b>1,062,783</b>	<b>(45,288)</b>	<b>1,017,495</b>
Net position - beginning					4,124,772	3,576,832	7,701,604
<b>Net position - ending</b>					<b>\$ 5,187,555</b>	<b>\$ 3,531,544</b>	<b>\$ 8,719,099</b>

See accompanying notes to the basic financial statements.



**Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2023**

	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,130,977	\$ 487,263	\$ 174,989	\$ 2,793,229
Restricted assets:				
Cash and cash equivalents	-	-	180,936	\$ 180,936
Total assets	<u>\$ 2,130,977</u>	<u>\$ 487,263</u>	<u>\$ 355,925</u>	<u>\$ 2,974,165</u>
<b>Fund Balances:</b>				
Restricted	\$ 168,893	\$ -	\$ 180,936	\$ 349,829
Unrestricted				
Assigned	123,613	487,263	174,989	785,865
Unassigned	1,838,471	-	-	1,838,471
Total fund balances	<u>\$ 2,130,977</u>	<u>\$ 487,263</u>	<u>\$ 355,925</u>	<u>\$ 2,974,165</u>

See accompanying notes to the basic financial statements.

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2023**

	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,270,504	\$ 171,439	\$ 187,085	\$ 1,629,028
Intergovernmental	33,128	-	30,343	63,471
Licenses and permits	15,455	-	-	15,455
Grants	298,318	-	26,032	324,350
Charges for services	106,026	-	8,026	114,052
Fines and forfeitures	325,849	-	-	325,849
Investment earnings	11,482	-	-	11,482
Sale of land	247,855	-	-	247,855
Miscellaneous	15,112	-	6,028	21,140
Total Revenues	2,323,729	171,439	257,514	2,752,682
<b>Expenditures:</b>				
Finance/administration	476,709	60,760	35,298	572,767
Cemetery	7,049	-	1,148	8,197
Fire	83,270	-	11,594	94,864
Municipal court	13,776	-	-	13,776
Police	713,660	-	1,286	714,946
Street and alley	2,957	-	39,458	42,415
Parks department	5,571	-	-	5,571
Library	74,550	-	19,797	94,347
Capital outlay	239,768	9,000	10,280	259,048
Debt service				
Principal	37,766	-	130,000	167,766
Interest	3,955	-	17,488	21,443
Total expenditures	1,659,031	69,760	266,349	1,995,140
Excess of revenues over expenditures	664,698	101,679	(8,835)	757,542
<b>Other financing uses:</b>				
Transfers in (out)	82,246	(31,002)	-	51,244
Net other financing uses	82,246	(31,002)	-	51,244
<b>Net change in fund balance</b>	746,944	70,677	(8,835)	808,786
<b>Fund balance - beginning</b>	1,384,033	416,586	364,760	2,165,379
<b>Fund balance - ending</b>	\$ 2,130,977	\$ 487,263	\$ 355,925	\$ 2,974,165

See accompanying notes to the basic financial statements.

**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

**Fund balances of governmental funds** **\$ 2,974,165**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities of \$4,913,799 net of accumulated depreciation of \$2,173,407 are not financial resources and, therefore, are not reported in the funds. 2,740,392

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements. (527,002)

**Net position of governmental activities** **\$ 5,187,555**

**Net changes in fund balances - total governmental funds** **\$ 808,786**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchased with cash	259,049
Depreciation expense plus book value of disposed assets	<u>(172,819)</u>
	<u>86,230</u>

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long term debt	<u>167,767</u>
	<u>167,767</u>

**Change in net position of governmental activities** **\$ 1,062,783**

See accompanying notes to the basic financial statements.

**Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2023**

	<b>Dewey Public Works Authority</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 755,738
Total current assets	755,738
Noncurrent assets:	
Restricted cash and cash equivalents	36,600
Capital assets, net	3,804,898
Total noncurrent assets	3,841,498
Total assets	4,597,236
<b>Liabilities</b>	
Current liabilities:	
Lease obligation - current portion	31,590
Note payable - current portion	190,000
Total current liabilities	221,590
Noncurrent liabilities:	
Meter deposit liability	55,676
Lease obligation - noncurrent portion	68,426
Note payable - noncurrent portion	720,000
Total noncurrent liabilities	844,102
Total liabilities	1,065,692
<b>Net Position</b>	
Net investment in capital assets	2,794,882
Restricted for debt service	36,600
Unrestricted	700,062
Total net position	\$ 3,531,544

See accompanying notes to the basic financial statements.

**Proprietary Fund Statement of Revenues, Expenses and Change in Net position (Modified Cash Basis) –  
Year Ended June 30, 2023**

	<b>Dewey Public Works Authority</b>
<b>Operating revenues:</b>	
Charges for sales and services:	
Water	\$ 914,298
Sewer	476,725
Sanitation	468,102
Penalties	20,497
Tap fees	1,928
Charges for services	145,222
Miscellaneous	32,810
Total operating revenues	2,059,582
<b>Operating expenses:</b>	
Administration	349,196
Water treatment plant	1,235,400
Wastewater treatment plant	108,817
Sanitation	240,271
Depreciation	265,981
Total operating expenses	2,199,665
Operating loss	(140,083)
<b>Nonoperating revenue (expense):</b>	
Taxes	171,439
Transfer in	(51,244)
Interest and fees expense	(30,764)
Investment income	5,364
Total nonoperating revenue (expense)	94,795
<b>Change in net position</b>	<b>(45,288)</b>
<b>Net position - beginning</b>	<b>3,576,832</b>
<b>Net position - ending</b>	<b>\$ 3,531,544</b>

See accompanying notes to the basic financial statements.

**Proprietary Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2023**

	<b>Dewey Public Works Authority</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 2,059,282
Payments to suppliers	(1,141,821)
Payments to employees	(791,863)
Net cash provided by operating activities	125,598
<b>Cash flows from noncapital financing activities:</b>	
Transfers from other funds	200,928
Transfers to other funds	(252,173)
Receipt of sales tax	171,439
Net cash flows provided by noncapital financing activities	120,194
<b>Cash flows from capital and related financing activities:</b>	
Purchases of capital assets	(153,662)
Asset transferred to general fund	170,000
Principal paid on capital debt	(218,744)
Interest and fees paid on capital debt	(30,764)
Net cash used in capital and related financing activities	(233,170)
<b>Cash flows from investing activities</b>	
Investment and dividends	5,365
Net cash provided by investing activities	5,365
<b>Net increase in cash and cash equivalents</b>	17,987
<b>Cash and equivalents - beginning of year</b>	774,351
<b>Cash and equivalents - end of year</b>	\$ 792,338
<b>Reconciliation to the Statement of Net Position:</b>	
Cash and cash equivalents	\$ 755,738
Restricted cash and cash equivalents	36,600
	\$ 792,338
<b>Reconciliation of operating income to net cash provided:</b>	
Operating loss	(140,083)
Adjustments to reconcile operating income to net cash provided	
by operating activities:	
Increase in meter deposit liability	(300)
Depreciation expense	265,981
Net cash provided by operating activities	\$ 125,598

See accompanying notes to the basic financial statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

As discussed further in Note 1.C, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and constraints of the measurement and recognition criteria of the modified cash basis of accounting.

**A. Financial Reporting Entity**

The City’s financial reporting entity comprises the following:

- Primary Government: City of Dewey
- Blended Component Unit: Dewey Public Works Authority

*Primary Government*

The City of Dewey’s primary government is a general-purpose local government formed as a statutory City form of municipal government under the laws of the State of Oklahoma. The governing body is a five-member City Council, with the mayor serving as the head of the City government for all ceremonial purposes and has other powers, duties, and functions as prescribed by law or ordinance and is elected by the City Council. The City operates the general government activities of the community, including police and fire protection, street and road maintenance, municipal cemetery operation, parks and other culture and recreation, and various administrative functions.

*Blended Component Unit*

A *blended component unit* is a separate legal entity for which the elected officials of the primary government are financially accountable and that meets the blended component unit criteria. A blended component unit meets at least one of the following criteria: (a) the blended component unit’s governing body is the same or substantially the same as the City Council, and there is a financial benefit or burden relationship with the City, or City management has operational responsibility for the component unit; (b) the component unit provides services entirely or almost entirely to the City; or (c) the component unit’s debt is expected to be repaid entirely or almost entirely with resources of the City. The blended component unit’s funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The City’s blended component unit is presented subsequently:

<b><i>Component Unit</i></b>	<b><i>Brief Description/Inclusion Criteria</i></b>
Dewey Public Works Authority (DPWA)	A trust that operates the water, sewer, and sanitation services for the Town. The Town is the beneficiary of the DPWA. The City Council also serves as the governing body for the DPWA. Debt issued by the Authority requires two-thirds approval of the City Council.

The component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. A Public Trust (Trust) has no taxing power. The Trust is generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Trust. The Trust generally retains title to assets which are acquired or constructed with the Trust debt or other Trust generated resources. In addition, the City has leased certain existing assets at the creation for the Trust to the Trustees on a

long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

**B. Basis of Presentation**

*Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods and services.

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues, and expenditures or expenses. The City’s funds are organized into two main categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of the category or type.
- b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

**Governmental Funds**

**General Fund**

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

**Capital Project Fund**

Capital project funds are used to account for and report financial resources restricted, committed, or assigned for capital outlays, including the acquisition or construction of specific capital facilities or other capital items. The City includes the following capital project fund that is reported as a major fund:

<i><b>Fund</b></i>	<i><b>Brief Description</b></i>
Capital Improvement Fund	Accounts for sales tax and other revenues as directed by the City Council that are to be used for capital outlays and projects as the City Council may designate.

**Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specific purposes other than debt service or capital projects. The following special revenue funds, are reported as non-major funds:



<i><b>Fund</b></i>	<i><b>Brief Description</b></i>
Street and Alley Fund	Funded from motor vehicle tax and State shared motor fuel tax constrained by State Law for the purpose of construction, maintenance, and/or repair of streets and alleys.
Special Library Fund	Accounts for grants and donations received for library equipment and improvements
Special Fire Fund	Funded by contractual fire protection service fees that have been set aside by the City Council in addition to grants from other governments and/or organizations for purchase of capital assets used to support fire protection services
Cemetery Care Fund	Funded by revenue from lot sales and interments, constrained to a separate fund by action of the City Council, committed to maintenance and provision of services for the cemetery
Police Benefit	Accounts for grants and donations received for police equipment and operations
PSO/Franchise Economic Development Fund	Accounts for franchise taxes received that are constrained for support of the County Historical Society

**Debt Service Fund**

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The following fund is reported as a non-major fund:

<i><b>Fund</b></i>	<i><b>Brief Description</b></i>
Sinking fund	Accounts for the receipt of property taxes levied by the City that are restricted for the payment of principal and interest for general obligation bonds.

**Proprietary Funds**

**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 that is reported as a major fund:

<i><b>Fund</b></i>	<i><b>Brief Description</b></i>
Dewey Public Works Authority Fund	Accounts for the activities of the DPWA public trust, a blended component unit, in providing water, wastewater, and sanitation services to the public.

**C. Measurement Focus and Basis of Accounting**

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

*Measurement Focus*

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

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

- a) All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. 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 within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

#### *Basis of Accounting*

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

### **D. Financial Position**

#### **Cash and Cash Equivalents**

For the purpose of financial reporting, cash and cash equivalents include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of six months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

#### **Investments**

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds six months. Investments are carried at cost, which approximates fair value.

#### **Due from Other Funds or Governments**

Receivables and payables to other funds or governments arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

### **Capital Assets**

The City's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

#### *Government-wide Statements*

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2001. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since July 1, 2001 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions or events 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. The range of estimated useful lives by type of asset is as follows:

- |                                      |             |
|--------------------------------------|-------------|
| • Buildings and improvements         | 15-40 years |
| • Vehicles, equipment, and furniture | 5-20 years  |
| • Utility systems                    | 15-40 years |

#### *Fund Financial Statements*

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

### **Long-term Debt**

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

### **Net Position/Fund Balance Classifications**

#### *Government-wide Statements*

Net position is classified and displayed in three components:

1. **Net investment in capital assets** – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. **Restricted** – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

3. **Unrestricted** – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

#### *Fund Financial Statements*

##### Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

- **Nonspendable** – Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted** – Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.
- **Committed** – Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision-making authority (In the City of Dewey's case, commitments are evidenced by adoption of an ordinance by the City Council.)
- **Assigned** – Amounts constrained by the City's intent to be used for specific purposes but that are neither restricted nor committed. (In the case of the City of Dewey, assignments are evidenced by resolution of the City Council)
- **Unassigned** – The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also the City's policy to use committed fund balance before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classification are available to be used.

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

##### Proprietary Funds

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

## **E. Revenues, Expenditures, and Expenses**

### *Sales tax*

The City has levied a sales tax of 3.0 cents on each dollar of taxable sales within the City. ½ cent is restricted for debt service on the DPWA debt; ½ cent is restricted for economic development; and 1 cent is restricted for capital improvements and/or job growth if needed. The remaining 1.0 cent is recorded in the General Fund for general use of the City. In May 2022 the citizens approved an addition 0.4 cent sales tax to be used for general government purposes.

### *Property tax*

Under State statutes, municipalities are limited in their ability to levy property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by the voters and

any court-assessed judgments. For the year ended June 30, 2023, the City levied a property (ad valorem) tax to fund the annual debt service requirement of the 2015 General Obligation Bonds.

The property tax levy, as determined by the City's debt service needs, is submitted to the County excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A state Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2023, the City's net assessed valuation of taxable property was \$15,058,756. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023 was \$10.26.

#### *Program revenues*

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

- General government – licenses and permits
- Public Safety – fine revenue, operating and capital grants include State Department of Agriculture and US Department of Justice
- Cemetery – grave openings/closing fees and lot sales
- Culture and recreation – rental income, library fines, grants, and specific donations,

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

#### *Operating Revenues and Expenses*

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

## **F. Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

#### *Fund Financial Statements*

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a) *Interfund loans* – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b) *Interfund services* – Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.
- c) *Interfund reimbursements* – Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.
- d) *Interfund transfers* – Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

*Government-wide Financial Statements*

Interfund activity and balances resulting from cash transactions or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a) *Internal balances* – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the “Governmental” and “Business-Type Activities” columns of the State of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b) *Internal activities* – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any are not eliminated in the Statement of Activities.

**G. Use of Estimates**

The preparation of financial statements in accordance with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**2. Stewardship, Compliance and Accountability**

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations.

**3. Detail Notes – Transaction Classes and Accounts**

**A. Cash and Investments**

For the year ended June 30, 2023, the City recognized \$16,846 of investment income. At June 30, 2023, the primary government held the following deposits and investments:

<u>Type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Carrying Value</u>
Demand deposits	\$ 2,974,165	\$ 755,738	\$ 3,729,903
Government money market fund	-	36,600	36,600
Total deposits	<u>\$ 2,974,165</u>	<u>\$ 792,338</u>	<u>\$ 3,766,503</u>

**Reconciliation to the statement of net position:**

Cash and cash equivalents	\$ 2,793,229	\$ 755,738	\$ 3,548,967
Restricted cash and cash equivalents	180,936	36,600	217,536
Total	<u>\$ 2,974,165</u>	<u>\$ 792,338</u>	<u>\$ 3,766,503</u>

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by a counterparty or a counterparty’s trust, department or agent, but not in the government’s name.

The City’s policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2023 all of the City’s deposits and investments were either covered by federal deposit insurance or were fully collateralized.

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City Council monitors the investment performance on an ongoing basis to limit the City’s interest rate risk. As of June 30, 2023, the City’s deposits consisted of demand deposits and investments in a money market fund targeting short term US Treasuries. All of the City’s investments had a maturity date of 12 months or less.

*Investment Credit Risk* – The City follows the Oklahoma state statutes that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. These investment limitations do not apply to the City’s public trusts. As of June 30, 2023, the City did not hold any securities with credit ratings.

*Concentration of Investment Credit Risk* – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no policy regarding concentration of credit risk. At June 30, 2023, the City had no concentration of credit risk as defined above.

*Restricted Cash and Investments* – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for debt service.

**B. Restricted Assets**

The amounts reported as restricted assets are comprised of the following:

<u>Restricted purpose:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Debt service funds	\$ 180,936	\$ 36,600	\$ 217,536

**C. Capital Assets**

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2023, was as follows:

	<u>Balance at</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>June 30, 2023</u>
<b>Governmental:</b>				
Capital assets not being depreciated:				
Land	\$ 308,581	\$ 170,000	\$ -	\$ 478,581
Total capital assets not being depreciated:	<u>308,581</u>	<u>170,000</u>	<u>-</u>	<u>478,581</u>
Capital assets being depreciated:				
Buildings/improvements	2,172,295	-	-	2,172,295
Vehicles, equipment & furniture	1,599,103	219,817	77,225	1,741,695
Infrastructure	512,228	9,000	-	521,228
Total capital assets being depreciated	<u>4,283,626</u>	<u>228,817</u>	<u>77,225</u>	<u>4,435,218</u>
Less accumulated depreciation:				
Buildings/improvements	701,021	61,062	-	762,083
Vehicles, equipment & furniture	1,328,982	90,771	69,866	1,349,887
Infrastructure	47,810	13,627	-	61,437
Total accumulated depreciation	<u>2,077,813</u>	<u>165,460</u>	<u>69,866</u>	<u>2,173,407</u>
Governmental, net capital assets	<u>\$ 2,514,394</u>	<u>\$ 233,357</u>	<u>\$ 7,359</u>	<u>\$ 2,740,392</u>
<b>Business-type:</b>				
Capital assets not being depreciated:				
Land	\$ 263,200	\$ -	\$ 170,000	\$ 93,200
Construction in progress	-	31,293	-	31,293
Total capital assets not being depreciated:	<u>263,200</u>	<u>31,293</u>	<u>170,000</u>	<u>124,493</u>
Capital assets being depreciated:				
Buildings/improvements	108,923	-	-	108,923
Utility system	6,652,315	26,150	-	6,678,465
Vehicles, equipment & furniture	951,035	96,219	6,000	1,041,254
Total capital assets being depreciated	<u>7,712,273</u>	<u>122,369</u>	<u>6,000</u>	<u>7,828,642</u>
Less accumulated depreciation				
Buildings/improvements	51,390	3,088	-	54,478
Utility system	3,135,295	185,445	-	3,320,740
Vehicles, equipment & furniture	701,571	77,448	6,000	773,019
Total accumulated depreciation	<u>3,888,256</u>	<u>265,981</u>	<u>6,000</u>	<u>4,148,237</u>
Business-type, net capital assets	<u>\$ 4,087,217</u>	<u>\$ (112,319)</u>	<u>\$ 170,000</u>	<u>\$ 3,804,898</u>



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

<b>Governmental activities:</b>	<b>Business-type activities:</b>
Finance/administration \$ 26,799	Utility administration \$ 76,960
Cemetery 2,099	Sewer 106,896
Fire 45,639	Water <u>82,125</u>
Police 49,145	Total depreciation <u>265,981</u>
Streets and alleys 28,303	
Parks department 4,563	
Library <u>8,912</u>	
Total depreciation <u>165,460</u>	

**D. Debt Service and Coverage Requirements**

For the year ended June 30, 2023, the City's long-term debt changed as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amount Due</u> <u>Within One Year</u>
<b>Governmental Activities:</b>					
Leases payable	\$ -	\$ 139,769	\$ 37,767	\$ 102,002	\$ 46,274
Bonds payable	555,000	-	130,000	425,000	130,000
	<u>\$ 555,000</u>	<u>\$ 139,769</u>	<u>\$ 167,767</u>	<u>\$ 527,002</u>	<u>\$ 176,274</u>
<b>Business-type:</b>					
Leases payable	\$ 133,760	\$ -	\$ 33,744	\$ 100,016	\$ 31,590
Notes payable	1,095,000	-	185,000	910,000	190,000
	<u>\$ 1,228,760</u>	<u>\$ -</u>	<u>\$ 218,744</u>	<u>\$ 1,010,016</u>	<u>\$ 221,590</u>

At June 30, 2023, the City had the following debt outstanding, arising from cash transactions, to be repaid from governmental activities:

General obligation bonds dated October 1, 2015, in the amount of \$1,205,000 with an interest rate ranging from 1.00% to 2.40%, payable in annual installments of \$130,000 with a final payment of \$165,000 due October 1, 2025, to be paid from ad valorem tax levies.	\$ 425,000
Capital lease agreement to Arvest Bank, dated August 10, 2022, in the amount of \$139,769 with an interest rate of 3.686%, secured by three police vehicles to be paid in monthly installments of \$4,110 with a final payment due August 2025.	<u>102,002</u>
Total to be repaid from governmental activities	<u>\$ 527,002</u>

At June 30, 2023, the City had the following debt outstanding, arising from cash transactions, to be repaid from business-type activities:

Dewey Public Works Authority Utility System & Sales Tax Revenue Note, Series 2012, dated December 13, 2012, in the amount of \$2,610,000 with an interest rate of 2.93%. The remaining amount is scheduled to be paid in semi-annual installments with a final payment of \$110,000 due December 1, 2027	\$ 910,000
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Interim finance agreement to Arvest Bank, dated July 23, 2020 in the amount of \$158,539 with an interest rate of 3.10%, secured by five public works trucks. A permanent lease was issued July 13, 2023 to be paid in monthly installments of \$2,859 with a final payment due July 2026.	<u>100,016</u>
Total to be repaid from business-type activities	<u><u>\$1,010,016</u></u>

*Payment Requirements to Maturity:*

Year ended	Governmental Activities		Business-type activities	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 176,274	\$ 15,002	\$ 221,590	\$ 27,991
2025	178,040	9,173	232,604	21,337
2026	172,688	2,926	233,643	14,437
2027	-	-	212,179	7,845
2028	-	-	110,000	1,612
Total	<u>\$ 527,002</u>	<u>\$ 27,101</u>	<u>\$ 1,010,016</u>	<u>\$ 73,222</u>

*Debt Service Coverage*

The Dewey Public Works Authority Utility System & Sales Tax Note, Series 2012 requires the Authority to maintain a schedule of charges, fees, and rates sufficient to produce annual net revenues not less than 125% of the actual principal and interest requirements on the bonds after payment of all operating and maintenance expenses. The appropriation of sales tax by the City of Dewey to the Authority is included for the purpose of calculating net revenue. The debt service coverage is calculated to be 121% for the year ended June 30, 2023:

Ratio of net revenue to debt service:	
Operating revenue	\$ 2,059,582
Sales tax appropriations	171,439
Operating expenses	(2,199,665)
Depreciation	265,981
Investment income	5,364
Revenue available for debt service	<u>\$ 302,701</u>
Annual debt service	<u>\$ 249,581</u>
Coverage ratio	1.21 to 1

**4. Other Notes**

**A. Risk Management**

The City and its public trust are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks except workers' compensation. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years. The deductibles for each line of coverage are as follows:

General liability, including property	\$0 - \$5,000 per occurrence
Automobile liability	\$0

The City participated in the Oklahoma Municipal Assurance Group’s (OMAG) Workmen’s Compensation Plan.

The OMAG Workers’ Compensation Plan (the Plan) became effective October 1, 1984. The purpose of the Plan is to provide workers’ compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, 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. A plan year normally begins at 12:01 am on July 1, in any year and ends at Midnight June 30, of the following calendar year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

The City has entered into an agreement with the Plan to participate in the coverages and services that the Plan offers. The City has the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, the City is responsible for complying with all requirements of the Oklahoma Workers Compensation Act. The City has a right to the return of any Loss Funds set aside for claims which have not been paid out in benefits.

The City maintains Loss Fund balances with OMAG in respect to the City’s worker’s compensation retention. CompSource Oklahoma provides coverage in excess of the City’s retention levels so each participant’s liability for claim losses is limited to these retention levels. Failure of CompSource Oklahoma to honor its obligations could result in losses to the Plan. However, OMAG’s evaluation of the financial condition of CompSource Oklahoma indicates that CompSource Oklahoma is presently financially sound and will be able to meet its contractual obligations.

**B. Employee Retirement Plan Participation**

Oklahoma Firefighter’s Pension and Retirement System

The City participates in a statewide, cost-sharing, multiple-employer benefit plan on behalf of firefighters. The system is administered by an agency of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For 2023, the City’s annual required contribution was \$840 for the OFPRS plan which was equal to the City’s actual contribution. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Eligibility to participate	All full-time or voluntary firefighters of a participating municipality hired before age 45 (the City only has volunteer firefighters)
Authority establishing contribution obligations and benefit provisions	State Statute
Plan members’ contribution rate	None
City’s contribution rate	\$60 per volunteer
Period required to vest	10 years
Benefits and eligibility for distribution (volunteer)	20 years credited service equal to \$5.46 per month per year of service with a maximum of 30 years considered
Deferred retirement option	Yes, 20 years credited service with continued service for 30 or more years

Provisions for:

Cost of living adjustments (normal retirement)	Yes, if vested by May, 1983
Death (duty, non-duty, post retirement)	Yes
Disability	Yes
Cost of living allowances	Yes

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

Oklahoma Police Pension and Retirement System

The City participates in a statewide, cost-sharing, multiple-employer benefit plan on behalf of police officers. The system is administered by an agency of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For 2023, the City's annual required contribution was \$56,096 for the OPPRS plan which was equal to the City's actual contribution. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Eligibility to participate	All full-time police officers of a participating municipality
Authority establishing contribution obligations and benefit provisions	State Statute
Plan members' contribution rate	8% of annual covered pay
City's contribution rate	13% of annual covered pay
Period required to vest	10 years
Benefits and eligibility for distribution (volunteer)	2.5% of final annual salary multiplied by year of service with a maximum of 20 years considered
Deferred retirement option	Yes, after 10 years of credited service

Provisions for:

Cost of living adjustments (normal retirement)	Yes
Death (duty, non-duty, post retirement)	Yes
Disability	Yes
Cost of living allowances	Yes

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OPPRS  
1001 NW 63<sup>rd</sup> Street, Suite 305  
Oklahoma City, OK 73116-7335

Oklahoma Municipal Retirement Fund

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 OFPRS and OPPRS. 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. For 2023, the City's annual required contribution was \$69,911 for the OMRF plan which was equal to the City's actual contribution. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Eligibility to participate	Regular, full-time employees except police, firefighters, and other employees who are covered under an approved system
Authority establishing contribution obligations and benefit provisions	By City ordinance
Plan members' contribution rate	4% of covered pay
City's contribution rate	9.75% of covered pay
Period required to vest	10 years
Benefits	For normal retirement, 3% time the average of the five-highest consecutive annual salaries out the of last 10 calendar years of service
Eligibility for distribution	Normal retirement at age 65 with 10 years of service Early retirement at age 55 with 10 years of service (actuarially reduced based on age and years of service) Disability retirement with 10 years of service (same as normal retirement) Marital death benefit with 10 years of service (50% of employee's accrued benefit, but terminates upon spouse remarriage)
Actuarial Assumptions (last valuation July 1, 2016)	
Actuarial cost method	Entry Age Normal
Rate of Return on Investments	7.5%
Projected salary increases	Rated by age
Cost of living allowances	No
Inflation rate	3%
Mortality	UP 1994 tables
Asset valuation method	Actuarial method

*Schedule of Pension Plan Funding Progress – OMRF Defined Benefit Plan*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2013	\$1,292,015	\$1,633,444	\$341,428	79.10%	\$576,689	59.20%
January 1, 2014	\$1,352,935	\$1,663,267	\$310,332	81.34%	\$553,347	56.08%
July 1, 2014	\$1,422,656	\$1,608,367	\$185,711	88.45%	\$553,347	33.56%
July 1, 2015	\$1,462,494	\$1,642,858	\$252,613	89.02%	\$542,101	46.60%
July 1, 2016	\$1,476,321	\$1,728,934	\$252,613	85.39%	\$550,632	45.88%
July 1, 2017	\$1,679,623	\$1,925,540	\$245,917	87.23%	\$561,927	43.76%
July 1, 2018	\$1,821,368	\$2,045,772	\$224,404	89.03%	\$556,494	40.32%
July 1, 2019	\$1,974,066	\$2,223,540	\$249,474	88.78%	\$511,199	48.80%
July 1, 2020	\$2,125,862	\$2,397,974	\$272,112	88.65%	\$623,396	43.65%
July 1, 2021	\$2,691,823	\$2,464,208	(\$227,615)	109.24%	\$521,117	-43.68%
July 1, 2022	\$2,356,887	\$2,585,855	\$228,968	91.15%	\$556,805	41.12%

*OMRF Defined Contribution Plan*

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) and is only available to the person holding the position of City Manager. The authority for establishing and amending the plan's provisions rests with the City Council. Only the employer contributes to the plan. Contributions for the year ended June 30, 2023, were \$3,370.

*Summary of Contributions*

Oklahoma Firefighter's Pension and Retirement System			Oklahoma Police Pension and Retirement System			Oklahoma Municipal Retirement Fund		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2021	\$ 1,680	100%	2021	\$ 44,586	100%	2021	\$ 76,813	100%
2022	\$ 840	100%	2022	\$ 51,056	100%	2022	\$ 54,724	100%
2023	\$ 640	100%	2023	\$ 56,096	100%	2023	\$ 69,911	100%

**C. Compensated Absences**

Regular, full time employees accrue vacation days per year as follows:

Up to one year of service	.0308 hours for each hour worked; 8 days maximum
Years 1-4 of service	.0462 hours for each hour worked; 12 days maximum
Years 5-9 of service	.0577 hours for each hour worked; 15 days maximum
Years 10-14 of service	.6592 hours for each hour worked; 18 days maximum
Years 15-18 of service	.0846 hours for each hour worked; 22 days maximum
Years 19+ of service	.0962 hours for each hour worked; 25 days maximum

Regular part-time employees accrue vacation at the rate of .0269 hours for each hour worked after completion of 1,040 hours of work.

Employees are permitted to carry vacation accruals forward from one calendar year to the next not to exceed a 30-day accumulation and are paid for any unused days upon termination. In the case of death, the compensation is paid to the surviving spouse or employee's estate.

Regular full time and part-time employees also accrue paid sick leave at the rate of .0462 hours per hour worked or 12 days per year, not to exceed 1,000 hours. Employees with a minimum of 15 years of service received 25% of unused sick leave upon termination or permanent disability due to work-related injuries. Semi-annually, on the first day of January and July, employees who have accumulated at least 600 hours of sick leave may convert up to 80 hours of sick leave to vacation leave at a rate of 2 hours of sick leave for 1 hour of vacation if it does not cause the total vacation hours to exceed 30 days.

Due to the modified cash basis of accounting, the City does not report a liability for compensated absences in its financial statements. At June 30, 2023, the City showed accruals for vacation leave of \$88,782, compensatory time of \$3,597, and sick leave of \$226,812.

## **5. Commitments and Contingencies**

### *Litigation:*

From time to time, the City and its public trust may be parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations; however, the City's legal counsel advises that at report date there were no pending issues. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a sinking fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts.) The City also carries insurance that provides some degree of protection for litigation and legal proceedings.

### *Federal and State Award Programs:*

The City of Dewey participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

## **6. Subsequent Events**

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through the date on which the financial statements were available to be issued and has determined that no additional disclosures are necessary.

**OTHER INFORMATION**



**Budgetary Comparison Schedule (Modified Cash Basis) – Year Ended June 30, 2023 - UNAUDITED**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning budgetary fund balance</b>	<b>\$ 71,431</b>	<b>\$ 75,000</b>	<b>\$ 1,119,663</b>	<b>\$ 1,044,663</b>
<b>Resources (inflows)</b>				
Taxes	1,028,420	1,096,200	1,270,504	174,304
Intergovernmental	34,189	31,800	33,128	1,328
Licenses and permits	13,200	16,092	15,455	(637)
Grants	546,022	312,604	298,318	(14,286)
Charges for services	63,000	56,700	98,000	41,300
Fines and forfeitures	100,000	175,475	229,117	53,642
Investment income	-	2,001	11,482	9,481
Miscellaneous	50,050	15,550	262,967	247,417
<b>Total resources (inflows)</b>	<b>1,834,881</b>	<b>1,706,422</b>	<b>2,218,971</b>	<b>512,549</b>
<b>Amounts available for appropriation</b>	<b>1,906,312</b>	<b>1,781,422</b>	<b>3,338,634</b>	<b>1,557,212</b>
<b>Charges to appropriations (outflows):</b>				
Administration	861,112	690,624	639,855	50,769
Police	821,600	843,746	755,381	88,365
Municipal court	17,300	17,300	13,776	3,524
Fire department	101,700	120,012	83,270	36,742
Street department	12,200	10,000	2,957	7,043
Cemetery	7,500	7,500	7,049	451
Parks department	8,050	8,050	5,571	2,479
Library	76,850	84,190	74,550	9,640
Transfer to other funds	-	-	(82,246)	82,246
<b>Total charges to appropriations</b>	<b>1,906,312</b>	<b>1,781,422</b>	<b>1,500,163</b>	<b>281,259</b>
<b>Ending budgetary fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,838,471</b>	<b>\$ 1,838,471</b>

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balances:

<b>General Fund fund balance, End of Year</b>	<b>\$ 2,130,977</b>
Less funds not included in General Fund for budget purposes:	
Law Enforcement Fund	(56,181)
CLEET Fund	(22,519)
Tech Support Fund	(44,913)
Perpetual Cemetery Fund	(168,893)
<b>General Fund budgetary fund balance</b>	<b>\$ 1,838,471</b>

**Footnotes to Budgetary Comparison Schedule:**

- The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
- The legal level of appropriation control is the department level within a fund. Transfer appropriations require the Mayor's approval and supplemental appropriations require the City Council's approval.

**Combining Balance Sheet (Modified Cash Basis) – General Fund – June 30, 2023**

	General Fund	Law Enforcement Tech Fund	CLEET	Tech Support Fund	Perpetual Cemetery Fund	Total Combined General Fund
<b>Assets:</b>						
Cash and cash equivalents	\$ 1,838,471	\$ 56,181	\$ 22,519	\$ 44,913	\$ 168,893	\$ 2,130,977
<b>Fund Balances:</b>						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 168,893	\$ 168,893
Unrestricted						
Assigned	-	56,181	22,519	44,913	-	123,613
Unassigned	1,838,471	-	-	-	-	1,838,471
Total fund balances	\$ 1,838,471	\$ 56,181	\$ 22,519	\$ 44,913	\$ 168,893	\$ 2,130,977

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) – General Fund – Year ended June 30, 2023**

	General Fund	Law Enforcement Tech Fund	CLEET Fund	Tech Support Fund	Perpetual Cemetery Fund	Total Combined General Fund
<b>Revenues:</b>						
Taxes	\$ 1,270,504	\$ -	\$ -	\$ -	\$ -	\$ 1,270,504
Intergovernmental	33,128	-	-	-	-	33,128
Licenses and permits	15,455	-	-	-	-	15,455
Grants	298,318	-	-	-	-	298,318
Charges for services	98,000	-	-	-	8,026	106,026
Fines and forfeitures	229,117	27,086	42,691	26,955	-	325,849
Investment earnings	11,482	-	-	-	-	11,482
Sale of land	247,855	-	-	-	-	247,855
Miscellaneous	15,112	-	-	-	-	15,112
Total Revenues	<u>2,218,971</u>	<u>27,086</u>	<u>42,691</u>	<u>26,955</u>	<u>8,026</u>	<u>2,323,729</u>
<b>Expenditures:</b>						
Finance/administration	402,437	16,640	40,274	17,358	-	476,709
Cemetery	7,049	-	-	-	-	7,049
Fire	83,270	-	-	-	-	83,270
Municipal court	13,776	-	-	-	-	13,776
Police	713,660	-	-	-	-	713,660
Street and alley	2,957	-	-	-	-	2,957
Parks department	5,571	-	-	-	-	5,571
Library	74,550	-	-	-	-	74,550
Capital outlay	237,418	2,350	-	-	-	239,768
Debt service						
Principal	37,766	-	-	-	-	37,766
Interest	3,955	-	-	-	-	3,955
Total expenditures	<u>1,582,409</u>	<u>18,990</u>	<u>40,274</u>	<u>17,358</u>	<u>-</u>	<u>1,659,031</u>
Excess (deficiency) of revenues over expenditures	636,562	8,096	2,417	9,597	8,026	664,698
<b>Other financing sources (uses):</b>						
Transfer from (to) other funds	82,246	-	-	-	-	82,246
<b>Net change in fund balance</b>	<u>718,808</u>	<u>8,096</u>	<u>2,417</u>	<u>9,597</u>	<u>8,026</u>	<u>746,944</u>
<b>Fund balance - beginning</b>	<u>1,119,663</u>	<u>48,085</u>	<u>20,102</u>	<u>35,316</u>	<u>160,867</u>	<u>1,384,033</u>
<b>Fund balance - ending</b>	<u>\$ 1,838,471</u>	<u>\$ 56,181</u>	<u>\$ 22,519</u>	<u>\$ 44,913</u>	<u>\$ 168,893</u>	<u>\$ 2,130,977</u>

**Combining Balance Sheet (Modified Cash Basis) – Non-major Governmental Funds – June 30, 2023**

	SPECIAL REVENUE						DEBT SERVICE	TOTAL
	Street and Alley	Special Library	Special Fire	Cemetery Care	Police Benefit	PSO/ Franchise Econ Dev	Sinking Fund	NON-MAJOR FUNDS
<b>Assets</b>								
Cash and cash equivalents	\$ 10,897	\$ 5,491	\$ 73,490	\$ 63,240	\$ 21,871	\$ -	\$ 180,936	\$ 355,925
<b>Fund Balances</b>								
Fund balances:								
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,936	\$ 180,936
Unrestricted:								
Assigned	10,897	5,491	73,490	63,240	21,871	-	-	174,989
Total fund balances	\$ 10,897	\$ 5,491	\$ 73,490	\$ 63,240	\$ 21,871	\$ -	\$ 180,936	\$ 355,925

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Non-major Governmental Funds – Year ended June 30, 2023**

	<u>SPECIAL REVENUE</u>					<u>PSO/ Franchise Econ Dev</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
	<u>Street and Alley</u>	<u>Special Library</u>	<u>Special Fire</u>	<u>Cemetery Care</u>	<u>Police Benefit</u>		<u>Sinking Fund</u>	<u>NON-MAJOR FUNDS</u>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,298	\$ 151,787	\$ 187,085
Intergovernmental	30,343	-	-	-	-	-	-	30,343
Grants	-	15,979	10,053	-	-	-	-	26,032
Donations	-	426	4,602	-	-	-	-	5,028
Charges for services	-	-	-	8,026	-	-	-	8,026
Miscellaneous	-	940	60	-	-	-	-	1,000
Total Revenues	<u>30,343</u>	<u>17,345</u>	<u>14,715</u>	<u>8,026</u>	<u>-</u>	<u>35,298</u>	<u>151,787</u>	<u>257,514</u>
<b>Expenditures:</b>								
Finance/administration	-	-	-	-	-	35,298	-	35,298
Cemetery	-	-	-	1,148	-	-	-	1,148
Fire	-	-	11,594	-	-	-	-	11,594
Police	-	-	-	-	1,286	-	-	1,286
Streets and alleys	39,458	-	-	-	-	-	-	39,458
Library	-	19,797	-	-	-	-	-	19,797
Capital outlay	-	-	-	10,280	-	-	-	10,280
Debt service								
Principal	-	-	-	-	-	-	130,000	130,000
Interest	-	-	-	-	-	-	17,488	17,488
Total expenditures	<u>39,458</u>	<u>19,797</u>	<u>11,594</u>	<u>11,428</u>	<u>1,286</u>	<u>35,298</u>	<u>147,488</u>	<u>266,349</u>
Excess (deficiency) of revenues over expenditures	(9,115)	(2,452)	3,121	(3,402)	(1,286)	-	4,299	(8,835)
<b>Fund balance - beginning</b>	<u>20,012</u>	<u>7,943</u>	<u>70,369</u>	<u>66,642</u>	<u>23,157</u>	<u>-</u>	<u>176,637</u>	<u>364,760</u>
<b>Fund balance - ending</b>	<u>\$ 10,897</u>	<u>\$ 5,491</u>	<u>\$ 73,490</u>	<u>\$ 63,240</u>	<u>\$ 21,871</u>	<u>\$ -</u>	<u>\$ 180,936</u>	<u>\$ 355,925</u>

**Combining Schedule of Net Position (Modified Cash Basis) – DPWA Accounts – Year ended June 30, 2023**

	SRF Debt Fund	Meter Trust Fund	PWA Enterprise Fund	Utility Capital Improvement	Total Dewey Public Works Authority
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 190,055	\$ 55,676	\$ 444,834	\$ 65,173	\$ 755,738
Total current assets	190,055	55,676	444,834	65,173	755,738
Noncurrent assets:					
Restricted cash and cash equivalents	-	-	-	36,600	36,600
Capital assets, net	-	-	3,804,898	-	3,804,898
Total noncurrent assets	-	-	3,804,898	36,600	3,841,498
Total assets	\$ 190,055	\$ 55,676	\$ 4,249,732	\$ 101,773	\$ 4,597,236
<b>Liabilities</b>					
Current liabilities:					
Lease obligation - current portion	-	-	31,590	-	31,590
Note payable - current portion	-	-	-	190,000	190,000
Total current liabilities	-	-	31,590	190,000	221,590
NoncurrentLiabilities:					
Meter deposit liability	-	55,676	-	-	55,676
Lease obligation - noncurrent portion	-	-	68,426	-	68,426
Note payable - noncurrent portion	-	-	-	720,000	720,000
Total noncurrent liabilities	-	55,676	68,426	720,000	844,102
Total liabilities	-	55,676	100,016	910,000	1,065,692
<b>Net Position</b>					
Net investment in capital assets	-	-	3,704,882	(910,000)	2,794,882
Restricted for debt service	-	-	-	36,600	36,600
Unrestricted	190,055	-	444,834	65,173	700,062
Total net position	\$ 190,055	\$ -	\$ 4,149,716	\$ (808,227)	\$ 3,531,544

**Combining Schedule of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) – DPWA Accounts – June 30, 2023**

	SRF Debt Fund	Meter Trust Fund	PWA Enterprise Fund	Utility Capital Improvement	Total Dewey Public Works Authority
<b>Operating revenues:</b>					
Charges for sales and services:					
Water	\$ -	\$ -	\$ 914,298	\$ -	\$ 914,298
Sewer	-	-	476,725	-	476,725
Sanitation	-	-	468,102	-	468,102
Penalties	-	-	20,497	-	20,497
Tap fees	-	-	1,928	-	1,928
Charges for services	-	-	46,628	98,594	145,222
Miscellaneous	-	-	30,871	1,939	32,810
Total operating revenues	-	-	1,959,049	100,533	2,059,582
<b>Operating expenses:</b>					
Administration	-	-	349,196	-	349,196
Water treatment plant	-	-	1,235,400	-	1,235,400
Wastewater treatment plant	-	-	108,817	-	108,817
Sanitation	-	-	240,271	-	240,271
Depreciation	-	-	265,981	-	265,981
Total operating expenses	-	-	2,199,665	-	2,199,665
Operating gain (loss)	-	-	(240,616)	100,533	(140,083)
<b>Nonoperating revenue (expense):</b>					
Taxes	171,439	-	-	-	171,439
Transfer in (out)	(252,173)	-	76,865	124,064	(51,244)
Interest and fees expense	-	-	-	(30,764)	(30,764)
Investment income	-	-	3,470	1,894	5,364
Total nonoperating revenue (expense)	(80,734)	-	80,335	95,194	94,795
<b>Change in net position</b>	(80,734)	-	(160,281)	195,727	(45,288)
<b>Net position - beginning</b>	270,789	-	4,309,997	(1,003,954)	3,576,832
<b>Net position - ending</b>	\$ 190,055	\$ -	\$ 4,149,716	\$ (808,227)	\$ 3,531,544

**Combining Schedule of Cash Flows (Modified Cash Basis) – DPWA Accounts – Year Ended June 30, 2023**

	SRF Debt Fund	Meter Trust Fund	PWA Enterprise Fund	Utility Capital Improvement	Total Dewey Public Works Authority
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ -	\$ (300)	\$ 1,959,049	\$ 100,533	\$ 2,059,282
Payments to suppliers	-	-	(1,141,821)	-	(1,141,821)
Payments to employees	-	-	(791,863)	-	(791,863)
Net cash provided (used) by operating activities	-	(300)	25,365	100,533	125,598
<b>Cash flows from noncapital financing activities:</b>					
Transfers from other funds	-	-	76,865	124,063	200,928
Transfers to other funds	(252,173)	-	-	-	(252,173)
Receipt of sales tax	171,439	-	-	-	171,439
Net cash provided by noncapital financing activities	(80,734)	-	76,865	124,063	120,194
<b>Cash flows from capital and related financing activities:</b>					
Purchases of capital assets	-	-	(153,662)	-	(153,662)
Asset transferred to general fund	-	-	170,000	-	170,000
Principal paid on capital debt	-	-	(33,744)	(185,000)	(218,744)
Interest and fees paid on capital debt	-	-	-	(30,764)	(30,764)
Net cash used in capital and related financing activities	-	-	(17,406)	(215,764)	(233,170)
<b>Cash flows from investing activities</b>					
Investment and dividends	-	-	3,470	1,895	5,365
Net cash provided by investing activities	-	-	3,470	1,895	5,365
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(80,734)</b>	<b>(300)</b>	<b>88,294</b>	<b>10,727</b>	<b>17,987</b>
<b>Cash and equivalents - beginning of year</b>	<b>270,789</b>	<b>55,976</b>	<b>356,540</b>	<b>91,046</b>	<b>774,351</b>
<b>Cash and equivalents - end of year</b>	<b>\$ 190,055</b>	<b>\$ 55,676</b>	<b>\$ 444,834</b>	<b>\$ 101,773</b>	<b>\$ 792,338</b>
<b>Reconciliation of operating income to net cash provided:</b>					
Operating income (loss)	-	-	(240,616)	100,533	(140,083)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Decrease in meter deposit liability	-	(300)	-	-	(300)
Depreciation expense	-	-	265,981	-	265,981
Net cash provided (used) by operating activities	\$ -	\$ (300)	\$ 25,365	\$ 100,533	\$ 125,598



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**INDEPENDENT AUDITOR'S REPORT ON CONTROL AND  
COMPLIANCE**



**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
City of Dewey  
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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dewey, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Dewey, Oklahoma's basic financial statements, and have issued our report thereon dated February 15, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Dewey, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Dewey, Oklahoma's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weakness 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.

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HOOD & ASSOCIATES CPAs, P.C.

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The Board of Directors  
City of Dewey  
Dewey, Oklahoma  
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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Dewey, Oklahoma 's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

*Hood & Associates CPAs PC*

Hood & Associates, CPAs, P.C.  
Tulsa, Oklahoma  
February 15, 2024