

2024

CITY OF DEWEY, OKLAHOMA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2024



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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
Vicki Wade	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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, 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, 2024, 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.

HOOD & ASSOCIATES CPAs, P.C.

AUDIT.HOODCPAS.COM

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.

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 8 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2025, 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.

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

January 6, 2025

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, 2024 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 14.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$585,534 and the assets of the City exceeded its liabilities at June 30, 2024, by \$9,304,633 (net position). Of this amount, \$3,628,379 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2024, the unassigned fund balance for the General Fund was \$2,076,182 or 115.5% 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 14-15) 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 16) 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 22) 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 14. The government-wide financial statements are presented on pages 14 and 15. 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 16. 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 18. 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, 2024, net position for the governmental and business-type activities increased \$585,534.

	Net position at June 30,					
	Governmental Activities		Business-type		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Beginning net position	\$ 5,187,555	\$ 4,124,772	\$ 3,531,544	\$ 3,576,832	\$ 8,719,099	\$ 7,701,604
Increase (Decrease)	480,306	1,062,783	105,228	(45,288)	\$ 585,534	\$ 1,017,495
Ending net position	<u>\$ 5,667,861</u>	<u>\$ 5,187,555</u>	<u>\$ 3,636,772</u>	<u>\$ 3,531,544</u>	<u>\$ 9,304,633</u>	<u>\$ 8,719,099</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:

	Governmental Activities		Business-type		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets:						
Current and other assets	\$ 3,137,966	\$ 2,974,165	\$ 929,159	\$ 792,338	\$ 4,067,125	\$ 3,766,503
Capital assets, net	2,880,445	2,740,392	3,740,866	3,804,898	6,621,311	6,545,290
Total assets	<u>6,018,411</u>	<u>5,714,557</u>	<u>4,670,025</u>	<u>4,597,236</u>	<u>10,688,436</u>	<u>10,311,793</u>
Liabilities:						
Long-term debt	350,550	527,002	980,751	1,010,016	1,331,301	1,537,018
Other liabilities	-	-	52,502	55,676	52,502	55,676
Total liabilities	<u>350,550</u>	<u>527,002</u>	<u>1,033,253</u>	<u>1,065,692</u>	<u>1,383,803</u>	<u>1,592,694</u>
Net position:						
Invested in capital assets, net	2,529,895	2,043,390	2,760,115	2,964,882	5,290,010	5,008,272
Restricted	356,746	349,829	29,498	36,600	386,244	386,429
Unrestricted	2,781,220	2,794,336	847,159	530,062	3,628,379	3,324,398
Total net position	<u>\$ 5,667,861</u>	<u>\$ 5,187,555</u>	<u>\$ 3,636,772</u>	<u>\$ 3,531,544</u>	<u>\$ 9,304,633</u>	<u>\$ 8,719,099</u>

Changes in Net Position Year Ended June 30,						
	Governmental Activities		Business-type		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program revenues:						
Charges for services	\$ 393,679	\$ 455,356	\$ 1,979,912	\$ 1,919,244	\$ 2,373,591	\$ 2,374,600
Grants	126,642	324,350	-	-	126,642	324,350
General revenues:						
Taxes	1,715,914	1,692,499	174,472	171,439	1,890,386	1,863,938
Other general revenues	46,929	280,479	69,898	145,702	116,827	426,181
Total revenues	<u>2,283,164</u>	<u>2,752,684</u>	<u>2,224,282</u>	<u>2,236,385</u>	<u>4,507,446</u>	<u>4,989,069</u>
Program expenses:						
General government	613,072	599,566	-	-	613,072	599,566
Public safety	979,067	925,729	-	-	979,067	925,729
Street and alley	67,470	70,718	-	-	67,470	70,718
Cemetery	9,467	10,296	-	-	9,467	10,296
Culture and recreation	118,658	113,393	-	-	118,658	113,393
Interest on long term debt	20,274	21,443	30,812	30,764	51,086	52,207
City utilities	-	-	2,088,242	2,199,665	2,088,242	2,199,665
Total expenses	<u>1,808,008</u>	<u>1,741,145</u>	<u>2,119,054</u>	<u>2,230,429</u>	<u>3,927,062</u>	<u>3,971,574</u>
Transfers	-	51,244	-	(51,244)	-	-
Changes in net position	<u>475,156</u>	<u>1,062,783</u>	<u>105,228</u>	<u>(45,288)</u>	<u>580,384</u>	<u>1,017,495</u>
Beginning 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>
Ending net position	<u>\$ 5,662,711</u>	<u>\$ 5,187,555</u>	<u>\$ 3,636,772</u>	<u>\$ 3,531,544</u>	<u>\$ 9,304,633</u>	<u>\$ 8,719,099</u>

Governmental Activities

The increase in net position related to governmental activities of \$480,306 is primarily attributable to higher tax receipts as well as controlled spending.

Business-type Activities

The increase of \$105,228 for business-type activities reflects slightly better utility operating margins.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2024 fiscal year, Governmental Funds reported total fund balances of \$3,137,966, and for the year ended June 30, 2024, the Governmental Funds' total fund balances increased by \$163,801, primarily due to higher sales and use tax receipts and controlled spending.

Budgetary Highlights

General fund revenues were \$20,493 higher than the final budget, reflecting higher tax receipts, somewhat offset by lower grant receipts than anticipated. Expenditures were \$292,218 lower than budgeted, as spending for every department in the city (other than streets) was below appropriations.

For the fiscal year 2024-2025, general fund revenues are expected to increase approximately 2%, primarily due to increased use tax as the slightly higher trend for sales and use tax is expected to continue due to inflation and modest growth. Planned governmental expenditures are also budgeted to be 2% higher, primarily due to higher spending in the police, fire, and parks departments.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2024, the City had approximately \$6.6 million in capital assets (net of accumulated depreciation). Below are details regarding the City's capital assets for the year ended June 30, 2024:

Capital Assets						
June 30,						
	Governmental Activities		Business-type		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land and other non-depreciable assets	\$ 478,581	\$ 478,581	\$ 93,200	\$ 124,493	\$ 571,781	\$ 603,074
Buildings/improvements	2,180,113	2,172,295	108,923	108,923	2,289,036	2,281,218
Equipment	1,826,062	1,741,695	1,246,672	1,041,254	3,072,734	2,782,949
Utility systems and equipment	-	-	6,709,758	6,678,465	6,709,758	6,678,465
Infrastructure	669,869	521,228	-	-	669,869	521,228
Totals	5,154,625	4,913,799	8,158,553	7,953,135	13,313,178	12,866,934
Less accumulated depreciation	(2,274,180)	(2,173,407)	(4,417,687)	(4,148,237)	(6,691,867)	(6,321,644)
Totals, net	<u>\$ 2,880,445</u>	<u>\$ 2,740,392</u>	<u>\$ 3,740,866</u>	<u>\$ 3,804,898</u>	<u>\$ 6,621,311</u>	<u>\$ 6,545,290</u>

This year's capital asset additions include the following:

- The purchase of three used vehicles
- Infrastructure improvements at Lion Park, Cherokee/Bulldog, and Boys & Girls Club
- The purchase of a new sanitation truck

Debt Administration

The City entered into a capital lease for the purchase of a sanitation truck in the amount of \$196,113 at an annual percentage rate of 5.95%, payable over 4 years. Amortization of long-term debt obligations was \$176,452 for government activities and \$225,378 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, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,956,843	\$ 899,661	\$ 3,856,504
Non-current assets			
Restricted assets:			
Cash and cash equivalents	181,123	29,498	210,621
Capital assets, net of depreciation	2,880,445	3,740,866	6,621,311
Total non-current assets	3,061,568	3,770,364	6,831,932
Total assets	6,018,411	4,670,025	10,688,436
Liabilities:			
Current liabilities:			
Leases payable, current portion	48,040	77,539	125,579
Bonds payable, current portion	130,000	-	130,000
Note payable, current portion	-	200,000	200,000
Total current liabilities	178,040	277,539	455,579
Noncurrent liabilities			
Meter deposit liability	-	52,502	52,502
Leases payable, noncurrent	7,510	183,212	190,722
Bonds payable, noncurrent	165,000	-	165,000
Note payable, noncurrent	-	520,000	520,000
Total noncurrent liabilities	172,510	755,714	928,224
Total liabilities	350,550	1,033,253	1,383,803
Net Position:			
Net investment in capital assets	2,529,895	2,760,115	5,290,010
Restricted for cemetery	175,623	-	175,623
Restricted for debt service	181,123	29,498	210,621
Unrestricted	2,781,220	847,159	3,628,379
Total net position	\$ 5,667,861	\$ 3,636,772	\$ 9,304,633

See accompanying notes to the basic financial statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for	Capital	Operating	Governmental	Business-type	Total
		Services	Grants	Grants	Activities	Activities	
Primary government:							
Governmental activities:							
General government	\$ 613,072	\$ 116,166	\$ -	\$ -	\$ (496,906)	\$ -	\$ (496,906)
Public safety	979,067	270,783	100,000	26,642	(581,642)	-	(581,642)
Street and alley	67,470	-	-	-	(67,470)	-	(67,470)
Cemetery	9,467	6,730	-	-	(2,737)	-	(2,737)
Culture and recreation	118,658	-	-	-	(118,658)	-	(118,658)
Interest on long term debt	15,124	-	-	-	(15,124)	-	(15,124)
Total governmental activities	1,802,858	393,679	100,000	26,642	(1,282,537)	-	(1,282,537)
Business-type activities							
Administration	391,947	164,689	-	-	-	(227,258)	(227,258)
Water	1,264,007	939,615	-	-	-	(324,392)	(324,392)
Wastewater	215,107	408,958	-	-	-	193,851	193,851
Sanitation	247,993	466,650	-	-	-	218,657	218,657
Total business-type activities	2,119,054	1,979,912	-	-	-	(139,142)	(139,142)
Total primary government	\$ 3,921,912	\$ 2,373,591	\$ 100,000	\$ 26,642	\$ (1,282,537)	\$ (139,142)	\$ (1,421,679)
General revenues:							
Taxes:							
Sales and use					1,542,496	174,472	1,716,968
Franchise and lodging					112,032	-	112,032
Intergovernmental					61,386	-	61,386
Investment income					11,502	41,568	53,070
Miscellaneous					35,427	28,330	63,757
Total general revenues					1,762,843	244,370	2,007,213
Change in net position before transfers					480,306	105,228	585,534
Transfer from (to)					-	-	-
Change in net position					480,306	105,228	585,534
Net position - beginning					5,187,555	3,531,544	8,719,099
Net position - ending					\$ 5,667,861	\$ 3,636,772	\$ 9,304,633

See accompanying notes to the basic financial statements.

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2024

	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,350,943	\$ 435,847	\$ 170,053	\$ 2,956,843
Restricted assets:				
Cash and cash equivalents	-	-	181,123	\$ 181,123
Total assets	<u>\$ 2,350,943</u>	<u>\$ 435,847</u>	<u>\$ 351,176</u>	<u>\$ 3,137,966</u>
Fund Balances:				
Restricted	\$ 175,623	\$ -	\$ 181,123	\$ 356,746
Unrestricted				
Assigned	99,138	435,847	170,053	705,038
Unassigned	2,076,182	-	-	2,076,182
Total fund balances	<u>\$ 2,350,943</u>	<u>\$ 435,847</u>	<u>\$ 351,176</u>	<u>\$ 3,137,966</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, 2024

	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,297,531	\$ 174,471	\$ 182,526	\$ 1,654,528
Intergovernmental	30,403	-	30,983	61,386
Licenses and permits	13,629	-	-	13,629
Grants	50,000	-	76,642	126,642
Charges for services	102,537	-	6,730	109,267
Fines and forfeitures	270,783	-	-	270,783
Investment earnings	11,502	-	-	11,502
Miscellaneous	21,509	-	13,918	35,427
Total Revenues	1,797,894	174,471	310,799	2,283,164
Expenditures:				
Finance/administration	485,167	60,806	35,004	580,977
Cemetery	6,735	-	-	6,735
Fire	80,136	-	25,917	106,053
Municipal court	16,627	-	-	16,627
Police	744,940	-	3,120	748,060
Street and alley	10,235	-	30,343	40,578
Parks department	6,170	-	-	6,170
Library	80,257	-	18,162	98,419
Capital outlay	98,335	165,081	55,602	319,018
Debt service				
Principal	46,452	-	130,000	176,452
Interest	2,874	-	17,400	20,274
Total expenditures	1,577,928	225,887	315,548	2,119,363
Excess of revenues over expenditures	219,966	(51,416)	(4,749)	163,801
Fund balance - beginning	2,130,977	487,263	355,925	2,974,165
Fund balance - ending	\$ 2,350,943	\$ 435,847	\$ 351,176	\$ 3,137,966

See accompanying notes to the basic financial statements.

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund balances of governmental funds **\$ 3,137,966**

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

Capital assets used in governmental activities of \$5,154,625 net of accumulated
depreciation of \$2,274,180 are not financial resources and, therefore, are not
reported in the funds. 2,880,445

Long-term liabilities are not due and payable in the current period and
therefore are not reported as liabilities in the fund financial statements. (350,550)

Net position of governmental activities **\$ 5,667,861**

Net changes in fund balances - total governmental funds **\$ 163,801**

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 assets purchased with cash	319,018
Depreciation expense plus book value of disposed assets	<u>(178,965)</u>
	<u>140,053</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>176,452</u>
	<u>176,452</u>

Change in net position of governmental activities **\$ 480,306**

See accompanying notes to the basic financial statements.

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

	<u>Dewey Public Works Authority</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 899,661
Total current assets	<u>899,661</u>
Noncurrent assets:	
Restricted cash and cash equivalents	29,498
Capital assets, net	<u>3,740,866</u>
Total noncurrent assets	<u>3,770,364</u>
Total assets	<u>4,670,025</u>
Liabilities	
Current liabilities:	
Lease obligation - current portion	77,539
Note payable - current portion	<u>200,000</u>
Total current liabilities	<u>277,539</u>
Noncurrent liabilities:	
Meter deposit liability	52,502
Lease obligation - noncurrent portion	183,212
Note payable - noncurrent portion	<u>520,000</u>
Total noncurrent liabilities	<u>755,714</u>
Total liabilities	<u>1,033,253</u>
Net Position	
Net investment in capital assets	2,760,115
Restricted for debt service	29,498
Unrestricted	<u>847,159</u>
Total net position	<u>\$ 3,636,772</u>

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, 2024**

	<u>Dewey Public Works Authority</u>
Operating revenues:	
Charges for sales and services:	
Water	\$ 939,615
Sewer	408,958
Sanitation	466,650
Penalties	21,382
Charges for services	143,307
Miscellaneous	28,330
Total operating revenues	<u>2,008,242</u>
Operating expenses:	
Administration	313,424
Water treatment plant	1,143,383
Wastewater treatment plant	116,754
Sanitation	243,978
Depreciation	270,703
Total operating expenses	<u>2,088,242</u>
Operating loss	<u>(80,000)</u>
Nonoperating revenue (expense):	
Taxes	174,472
Interest and fees expense	(30,812)
Investment income	41,568
Total nonoperating revenue (expense)	<u>185,228</u>
Change in net position	105,228
Net position - beginning	<u>3,531,544</u>
Net position - ending	<u>\$ 3,636,772</u>

See accompanying notes to the basic financial statements.

Proprietary Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2024

	Dewey Public Works Authority
Cash flows from operating activities:	
Receipts from customers	\$ 2,005,068
Payments to suppliers	(1,076,334)
Payments to employees	(741,205)
Net cash provided by operating activities	<u>187,529</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	82,961
Transfers to other funds	(82,961)
Receipt of sales tax	174,472
Net cash flows provided by noncapital financing activities	<u>174,472</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(206,671)
Proceeds from capital debt issuance	196,113
Principal paid on capital debt	(225,378)
Interest and fees paid on capital debt	(30,812)
Net cash used in capital and related financing activities	<u>(266,748)</u>
Cash flows from investing activities	
Investment and dividends	41,568
Net cash provided by investing activities	<u>41,568</u>
Net increase in cash and cash equivalents	136,821
Cash and equivalents - beginning of year	792,338
Cash and equivalents - end of year	<u><u>\$ 929,159</u></u>
Reconciliation to the Statement of Net Position:	
Cash and cash equivalents	\$ 899,661
Restricted cash and cash equivalents	29,498
	<u><u>\$ 929,159</u></u>

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:

<i>Component Unit</i>	<i>Brief Description/Inclusion Criteria</i>
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>Fund</i>	<i>Brief Description</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>Fund</i>	<i>Brief Description</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>Fund</i>	<i>Brief Description</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>Fund</i>	<i>Brief Description</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 2023 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, 2024, 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, 2024, 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, 2024 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, 2024, the City recognized \$53,070 of investment income. At June 30, 2024, 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	\$ 3,137,966	\$ 899,661	\$ 4,037,627
Government money market fund	-	29,498	29,498
Total deposits	<u>\$ 3,137,966</u>	<u>\$ 929,159</u>	<u>\$ 4,067,125</u>

Reconciliation to the statement of net position:

Cash and cash equivalents	\$ 2,956,843	\$ 899,661	\$ 3,856,504
Restricted cash and cash equivalents	181,123	29,498	210,621
Total	<u>\$ 3,137,966</u>	<u>\$ 929,159</u>	<u>\$ 4,067,125</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, 2024 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, 2024, 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, 2024, 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, 2024, 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>	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
Debt service funds	\$ 181,123	\$ 29,498	\$ 210,621

C. Capital Assets

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance at</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>June 30, 2024</u>
Governmental:				
Capital assets not being depreciated:				
Land	\$ 478,581	\$ -	\$ -	\$ 478,581
Total capital assets not being depreciated:	478,581	-	-	478,581
Capital assets being depreciated:				
Buildings/improvements	2,172,295	7,818	-	2,180,113
Vehicles, equipment & furniture	1,741,695	162,559	78,192	1,826,062
Infrastructure	521,228	148,641	-	669,869
Total capital assets being depreciated	4,435,218	319,018	78,192	4,676,044
Less accumulated depreciation:				
Buildings/improvements	762,083	61,157	-	823,240
Vehicles, equipment & furniture	1,349,887	102,699	78,192	1,374,394
Infrastructure	61,437	15,109	-	76,546
Total accumulated depreciation	2,173,407	178,965	78,192	2,274,180
Governmental, net capital assets	<u>\$ 2,740,392</u>	<u>\$ 140,053</u>	<u>\$ -</u>	<u>\$ 2,880,445</u>
Business-type:				
Capital assets not being depreciated:				
Land	\$ 93,200	\$ -	\$ -	\$ 93,200
Construction in progress	31,293	-	31,293	-
Total capital assets not being depreciated:	124,493	-	31,293	93,200
Capital assets being depreciated:				
Buildings/improvements	108,923	-	-	108,923
Utility system	6,678,465	31,293		6,709,758
Vehicles, equipment & furniture	1,041,254	206,671	1,253	1,246,672
Total capital assets being depreciated	7,828,642	237,964	1,253	8,065,353
Less accumulated depreciation				
Buildings/improvements	54,478	3,088		57,566
Utility system	3,320,740	183,320		3,504,060
Vehicles, equipment & furniture	773,019	84,295	1,253	856,061
Total accumulated depreciation	4,148,237	270,703	1,253	4,417,687
Business-type, net capital assets	<u>\$ 3,804,898</u>	<u>\$ (32,739)</u>	<u>\$ 31,293</u>	<u>\$ 3,740,866</u>

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

Governmental activities:		Business-type activities:	
Finance/administration	\$ 26,945	Utility administration	\$ 78,523
Cemetery	2,732	Sewer	105,218
Fire	43,739	Water	82,947
Police	64,588	Sanitation	4,015
Streets and alleys	26,892	Total depreciation	<u>270,703</u>
Parks department	5,157		
Library	8,912		
Total depreciation	<u>178,965</u>		

D. Debt Service and Coverage Requirements

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

	Balance			Balance	Amount Due
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>	<u>Within One Year</u>
Governmental Activities:					
Leases payable	\$ 102,002	\$ -	\$ 46,452	\$ 55,550	\$ 48,040
Bonds payable	425,000	-	130,000	295,000	130,000
	<u>\$ 527,002</u>	<u>\$ -</u>	<u>\$ 176,452</u>	<u>\$ 350,550</u>	<u>\$ 178,040</u>
Business-type:					
Leases payable	\$ 100,016	\$ 196,113	\$ 35,378	\$ 260,751	\$ 77,539
Notes payable	910,000	-	190,000	720,000	200,000
	<u>\$ 1,010,016</u>	<u>\$ 196,113</u>	<u>\$ 225,378</u>	<u>\$ 980,751</u>	<u>\$ 277,539</u>

At June 30, 2024, 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. \$ 295,000

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. 55,550

Total to be repaid from governmental activities \$ 350,550

At June 30, 2024, 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 \$ 720,000

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Capital lease 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, to be paid in monthly installments of \$2,859 with a final payment due July 2026.	68,405
Capital lease agreement to Arvest Bank, dated May 2, 2024 in the amount of \$196,113 with an interest rate of 5.95%, secured by a sanitation truck, to be paid in monthly installments of \$4,609 with a final payment due May 2028.	<u>192,346</u>
Total to be repaid from business-type activities	<u>\$ 980,751</u>

Payment Requirements to Maturity:

Year ended <u>June 30,</u>	Governmental Activities		Business-type activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 178,040	9,173	\$ 277,539	\$ 31,714
2026	172,510	2,926	281,365	22,027
2027	-	-	262,840	12,476
2028	-	-	159,007	3,100
Total	<u>\$ 350,550</u>	<u>\$ 12,099</u>	<u>\$ 980,751</u>	<u>\$ 69,317</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 132% for the year ended June 30, 2024:

Ratio of net revenue to debt service:	
Operating revenue	\$ 2,008,242
Sales tax appropriations	174,472
Operating expenses	(2,088,242)
Depreciation	270,703
Investment income	41,568
Revenue available for debt service	<u>\$ 406,743</u>
Annual debt service	<u>\$ 309,253</u>
Coverage ratio	1.32 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 2024, 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
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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 2024, the City's annual required contribution was \$56,044 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 63rd 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 2024, the City's annual required contribution was \$52,725 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	8.03% 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 Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
July 1, 2023	\$2,731,295	\$2,890,867	\$159,572	94.48%	\$656,600	24.30%

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. The employee contributes 4% and the employer contributes 12%. Contributions for the year ended June 30, 2024, were \$10,921.

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
2022	\$ 840	100%	2022	\$ 51,056	100%	2022	\$ 54,724	100%
2023	\$ 640	100%	2023	\$ 56,096	100%	2023	\$ 69,911	100%
2024	\$ 840	0%	2024	\$ 56,044	100%	2024	\$ 52,725	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, 2024, the City showed accruals for vacation leave of \$105,189, compensatory time of \$3,807, and sick leave of \$257,172.

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, 2024 - UNAUDITED

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Beginning budgetary fund balance	\$ 75,000	\$ 75,000	\$ 1,838,471	\$ 1,763,471
Resources (inflows)				
Taxes	1,094,900	1,094,900	1,297,531	202,631
Intergovernmental	23,400	23,400	30,403	7,003
Licenses and permits	15,700	15,700	13,629	(2,071)
Grants	312,604	312,604	50,000	(262,604)
Charges for services	56,700	56,700	95,807	39,107
Fines and forfeitures	175,475	175,475	188,834	13,359
Investment income	2,001	2,001	11,502	9,501
Miscellaneous	7,942	7,942	21,509	13,567
Total resources (inflows)	1,688,722	1,688,722	1,709,215	20,493
Amounts available for appropriation	1,763,722	1,763,722	3,547,686	1,783,964
Charges to appropriations (outflows):				
Administration	680,924	680,924	477,078	203,846
Police	835,746	835,746	794,266	41,480
Municipal court	17,300	17,300	16,627	673
Fire department	120,012	120,012	80,136	39,876
Street department	10,000	10,000	10,235	(235)
Cemetery	7,500	7,500	6,735	765
Parks department	8,050	8,050	6,170	1,880
Library	84,190	84,190	80,257	3,933
Transfer to other funds	-	-	-	-
Total charges to appropriations	1,763,722	1,763,722	1,471,504	292,218
Ending budgetary fund balance	\$ -	\$ -	\$ 2,076,182	\$ 2,076,182

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

General Fund fund balance, End of Year	\$ 2,350,943
Less funds not included in General Fund for budget purposes:	
Law Enforcement Fund	(43,013)
CLEET Fund	(23,288)
Tech Support Fund	(32,837)
Perpetual Cemetery Fund	(175,623)
General Fund budgetary fund balance	\$ 2,076,182

Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. 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, 2024

	General Fund	Law Enforcement Tech Fund	CLEET	Tech Support Fund	Perpetual Cemetery Fund	Total Combined General Fund
Assets:						
Cash and cash equivalents	\$ 2,076,182	\$ 43,013	\$ 23,288	\$ 32,837	\$ 175,623	\$ 2,350,943
Fund Balances:						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 175,623	\$ 175,623
Unrestricted						
Assigned	-	43,013	23,288	32,837	-	99,138
Unassigned	2,076,182	-	-	-	-	2,076,182
Total fund balances	\$ 2,076,182	\$ 43,013	\$ 23,288	\$ 32,837	\$ 175,623	\$ 2,350,943

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) – General Fund – Year ended June 30, 2024

	General Fund	Law Enforcement Tech Fund	CLEET Fund	Tech Support Fund	Perpetual Cemetery Fund	Total Combined General Fund
Revenues:						
Taxes	\$ 1,297,531	\$ -	\$ -	\$ -	\$ -	\$ 1,297,531
Intergovernmental	30,403	-	-	-	-	30,403
Licenses and permits	13,629	-	-	-	-	13,629
Grants	50,000	-	-	-	-	50,000
Charges for services	95,807	-	-	-	6,730	102,537
Fines and forfeitures	188,834	25,975	35,274	20,700	-	270,783
Investment earnings	11,502	-	-	-	-	11,502
Miscellaneous	21,509	-	-	-	-	21,509
Total Revenues	1,709,215	25,975	35,274	20,700	6,730	1,797,894
Expenditures:						
Finance/administration	378,743	39,143	34,505	32,776	-	485,167
Cemetery	6,735	-	-	-	-	6,735
Fire	80,136	-	-	-	-	80,136
Municipal court	16,627	-	-	-	-	16,627
Police	744,940	-	-	-	-	744,940
Street and alley	10,235	-	-	-	-	10,235
Parks department	6,170	-	-	-	-	6,170
Library	80,257	-	-	-	-	80,257
Capital outlay	98,335	-	-	-	-	98,335
Debt service						
Principal	46,452	-	-	-	-	46,452
Interest	2,874	-	-	-	-	2,874
Total expenditures	1,471,504	39,143	34,505	32,776	-	1,577,928
Excess (deficiency) of revenues over expenditures	237,711	(13,168)	769	(12,076)	6,730	219,966
Other financing sources (uses):						
Transfer from (to) other funds	-	-	-	-	-	-
Net change in fund balance	237,711	(13,168)	769	(12,076)	6,730	219,966
Fund balance - beginning	1,838,471	56,181	22,519	44,913	168,893	2,130,977
Fund balance - ending	\$ 2,076,182	\$ 43,013	\$ 23,288	\$ 32,837	\$ 175,623	\$ 2,350,943

Combining Balance Sheet (Modified Cash Basis) – Non-major Governmental Funds – June 30, 2024

	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
Assets								
Cash and cash equivalents	\$ 11,537	\$ 4,325	\$ 65,535	\$ 69,970	\$ 18,751	\$ (65)	\$ 181,123	\$ 351,176
Fund Balances								
Fund balances:								
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,123	\$ 181,123
Unrestricted:								
Assigned	11,537	4,325	65,535	69,970	18,751	(65)	-	170,053
Total fund balances	\$ 11,537	\$ 4,325	\$ 65,535	\$ 69,970	\$ 18,751	\$ (65)	\$ 181,123	\$ 351,176

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Non-major Governmental Funds – Year ended June 30, 2024

	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
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,939	\$ 147,587	\$ 182,526
Intergovernmental	30,983	-	-	-	-	-	-	30,983
Grants	-	16,648	59,994	-	-	-	-	76,642
Donations	-	15	11,319	-	-	-	-	11,334
Charges for services	-	-	-	6,730	-	-	-	6,730
Miscellaneous	-	333	2,251	-	-	-	-	2,584
Total Revenues	30,983	16,996	73,564	6,730	-	34,939	147,587	310,799
Expenditures:								
Finance/administration	-	-	-	-	-	35,004	-	35,004
Cemetery	-	-	-	-	-	-	-	-
Fire	-	-	25,917	-	-	-	-	25,917
Police	-	-	-	-	3,120	-	-	3,120
Streets and alleys	30,343	-	-	-	-	-	-	30,343
Library	-	18,162	-	-	-	-	-	18,162
Capital outlay	-	-	55,602	-	-	-	-	55,602
Debt service								
Principal	-	-	-	-	-	-	130,000	130,000
Interest	-	-	-	-	-	-	17,400	17,400
Total expenditures	30,343	18,162	81,519	-	3,120	35,004	147,400	315,548
Excess (deficiency) of revenues over expenditures	640	(1,166)	(7,955)	6,730	(3,120)	(65)	187	(4,749)
Fund balance - beginning	10,897	5,491	73,490	63,240	21,871	-	180,936	355,925
Fund balance - ending	\$ 11,537	\$ 4,325	\$ 65,535	\$ 69,970	\$ 18,751	\$ (65)	\$ 181,123	\$ 351,176

Combining Schedule of Net Position (Modified Cash Basis) – DPWA Accounts – Year ended June 30, 2024

	SRF	Meter	PWA Enterprise	Utility Capital	Total
	Debt Fund	Trust Fund	Fund	Improvement	Dewey Public Works Authority
Assets					
Current assets:					
Cash and cash equivalents	\$ 281,566	\$ 52,502	\$ 528,496	\$ 37,097	\$ 899,661
Total current assets	281,566	52,502	528,496	37,097	899,661
Noncurrent assets:					
Restricted cash and cash equivalents	-	-	-	29,498	29,498
Capital assets, net	-	-	3,740,866	-	3,740,866
Total noncurrent assets	-	-	3,740,866	29,498	3,770,364
Total assets	\$ 281,566	\$ 52,502	\$ 4,269,362	\$ 66,595	\$ 4,670,025
Liabilities					
Current liabilities:					
Lease obligation - current portion	-	-	77,539	-	77,539
Note payable - current portion	-	-	-	200,000	200,000
Total current liabilities	-	-	77,539	200,000	277,539
Noncurrent Liabilities:					
Meter deposit liability	-	52,502	-	-	52,502
Lease obligation - noncurrent portion	-	-	183,212	-	183,212
Note payable - noncurrent portion	-	-	-	520,000	520,000
Total noncurrent liabilities	-	52,502	183,212	520,000	755,714
Total liabilities	-	52,502	260,751	720,000	1,033,253
Net Position					
Net investment in capital assets	-	-	3,480,115	(720,000)	2,760,115
Restricted for debt service	-	-	-	29,498	29,498
Unrestricted	281,566	-	528,496	37,097	847,159
Total net position	\$ 281,566	\$ -	\$ 4,008,611	\$ (653,405)	\$ 3,636,772

Combining Schedule of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) – DPWA Accounts – June 30, 2024

	SRF	Meter	PWA Enterprise	Utility Capital	Total
	Debt Fund	Trust Fund	Fund	Improvement	Dewey Public Works Authority
Operating revenues:					
Charges for sales and services:					
Water	\$ -	\$ -	\$ 939,615	\$ -	\$ 939,615
Sewer	-	-	408,958	-	408,958
Sanitation	-	-	466,650	-	466,650
Penalties	-	-	21,382	-	21,382
Charges for services	-	-	46,937	96,370	143,307
Miscellaneous	-	-	28,330	-	28,330
Total operating revenues	-	-	1,911,872	96,370	2,008,242
Operating expenses:					
Administration	-	-	313,424	-	313,424
Water treatment plant	-	-	1,143,383	-	1,143,383
Wastewater treatment plant	-	-	116,754	-	116,754
Sanitation	-	-	243,978	-	243,978
Depreciation	-	-	270,703	-	270,703
Total operating expenses	-	-	2,088,242	-	2,088,242
Operating gain (loss)	-	-	(176,370)	96,370	(80,000)
Nonoperating revenue (expense):					
Taxes	174,472	-	-	-	174,472
Transfer in (out)	(82,961)	-	-	82,961	-
Interest and fees expense	-	-	(3,541)	(27,271)	(30,812)
Investment income	-	-	38,806	2,762	41,568
Total nonoperating revenue (expense)	91,511	-	35,265	58,452	185,228
Change in net position	91,511	-	(141,105)	154,822	105,228
Net position - beginning	190,055	-	4,149,716	(808,227)	3,531,544
Net position - ending	\$ 281,566	\$ -	\$ 4,008,611	\$ (653,405)	\$ 3,636,772

Combining Schedule of Cash Flows (Modified Cash Basis) – DPWA Accounts – Year Ended June 30, 2024

	SRF Debt Fund	Meter Trust Fund	PWA Enterprise Fund	Utility Capital Improvement	Total Dewey Public Works Authority
Cash flows from operating activities:					
Receipts from customers	\$ -	\$ (3,174)	\$ 1,911,872	\$ 96,370	\$ 2,005,068
Payments to suppliers	-	-	(1,076,334)	-	(1,076,334)
Payments to employees	-	-	(741,205)	-	(741,205)
Net cash provided (used) by operating activities	-	(3,174)	94,333	96,370	187,529
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	82,961	82,961
Transfers to other funds	(82,961)	-	-	-	(82,961)
Receipt of sales tax	174,472	-	-	-	174,472
Net cash provided by noncapital financing activities	91,511	-	-	82,961	174,472
Cash flows from capital and related financing activities:					
Purchases of capital assets	-	-	(206,671)	-	(206,671)
Proceeds from capital debt issuance	-	-	196,113	-	196,113
Principal paid on capital debt	-	-	(35,378)	(190,000)	(225,378)
Interest and fees paid on capital debt	-	-	(3,541)	(27,271)	(30,812)
Net cash used in capital and related financing activities	-	-	(49,477)	(217,271)	(266,748)
Cash flows from investing activities					
Investment and dividends	-	-	38,806	2,762	41,568
Net cash provided by investing activities	-	-	38,806	2,762	41,568
Net increase (decrease) in cash and cash equivalents	91,511	(3,174)	83,662	(35,178)	136,821
Cash and equivalents - beginning of year	190,055	55,676	444,834	101,773	792,338
Cash and equivalents - end of year	<u>\$ 281,566</u>	<u>\$ 52,502</u>	<u>\$ 528,496</u>	<u>\$ 66,595</u>	<u>\$ 929,159</u>
Reconciliation of operating income to net cash provided:					
Operating income (loss)	-	-	(176,370)	96,370	(80,000)
Adjustments to reconcile operating income to net cash provided					
by operating activities:					
Decrease in meter deposit liability	-	(3,174)	-	-	(3,174)
Depreciation expense	-	-	270,703	-	270,703
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ (3,174)</u>	<u>\$ 94,333</u>	<u>\$ 96,370</u>	<u>\$ 187,529</u>

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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, 2024, 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 January 6, 2025.

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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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
January 6, 2025