



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

**AS OF AND FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**THE CITY OF GUTHRIE,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2022**

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CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Guthrie, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Guthrie, Oklahoma ("City"), as of and for the year ended September 30, 2022, 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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'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'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'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, budgetary comparison information, and post-employment benefit plan information on pages 7-15 and 69-74 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor 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 with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, on our consideration of the City'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC
Tulsa, Oklahoma
June 26, 2023

CITY OF GUTHRIE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended September 30, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF GUTHRIE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended September 30, 2022

Our discussion and analysis of the City of Guthrie's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2022, the City's total net position increased by \$2,990,052 from the prior year net position.
- During the year, the City's expenses for governmental activities were \$14 million and were funded by program revenues of \$5.0 million and further funded with taxes and other general revenues that totaled \$10.8 million.
- In the City's business-type activities, such as utilities, program revenues exceed expenses by \$746,735.
- Sales and use taxes increased by \$666,045 or 7.8% from the prior fiscal year.
- At September 30, 2022, the General Fund reported an unassigned fund balance of \$3,330,451, which is an increase of 34.3% from the prior year unassigned fund balance.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of \$469,565 or 4.4%, while expenditures were under the final appropriations by \$324,410 or 4.3%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Guthrie (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39 and 61. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets), and deferred outflows as well as all liabilities (including all long-term debt), and deferred inflows.

About the City

The City of Guthrie is an incorporated municipality with a population of approximately 10,191 located in central Oklahoma. The City is a home rule charter form of government and operates under a charter that provides for three branches of government:

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

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and certain utility services including water, wastewater, and sanitation.

CITY OF GUTHRIE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended September 30, 2022

The City's Financial Reporting Entity

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

The City's financial reporting entity includes the primary government (City of Guthrie) and the component units as follows:

- **The City of Guthrie** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The City of Guthrie Public Works Authority** – (blended) that operates the water, sewer, and sanitation services of the City
- **The Guthrie Industrial Development Authority** – (blended) that operates to finance, develop and promote industrial development activities.
- **The Guthrie Public Transportation Authority** – (currently inactive) that, when active, operates to finance, acquire, construct, operate and provide improvements, services or facilities of the City.
- **The Guthrie Transportation Authority** – (currently inactive) that, when active, operates to furnish and supply facilities, property and equipment for transportation needs regarding tourism.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements
- **Supplemental Information** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets and deferred outflows and liabilities and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, 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, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, and sanitation activities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in reconciliations following the Governmental Fund financial statements.

Proprietary funds - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds.

CITY OF GUTHRIE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended September 30, 2022

Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position increased from \$36.7 million to \$40.0 million between fiscal years 2021 and 2022.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2022	2021		2022	2021		2022	2021	
Current assets	\$ 12,093	\$ 11,926	1%	\$ 7,450	\$ 8,716	-15%	\$ 19,543	\$ 20,642	-5%
Capital assets, net	17,326	18,340	-6%	38,494	28,073	37%	55,820	46,413	20%
Total assets	<u>29,419</u>	<u>30,266</u>	-3%	<u>45,944</u>	<u>36,789</u>	25%	<u>75,363</u>	<u>67,055</u>	12%
Deferred outflows of resources	4,079	2,317	76%	736	373	97%	4,815	2,690	79%
Current liabilities	1,037	1,101	-6%	4,311	4,214	2%	5,348	5,315	1%
Non-current liabilities	10,450	6,101	71%	23,717	15,401	54%	34,167	21,502	59%
Total liabilities	<u>11,487</u>	<u>7,202</u>	59%	<u>28,028</u>	<u>19,615</u>	43%	<u>39,515</u>	<u>26,817</u>	47%
Deferred inflows of resources	751	5,758	-87%	193	440	-56%	944	6,198	-85%
Net position									
Net investment in capital assets	15,666	16,675	-6%	12,538	13,205	-5%	28,204	29,880	-6%
Restricted	394	456	-14%	624	622	0%	1,018	1,078	-6%
Unrestricted	5,200	2,492	109%	5,298	3,280	62%	10,498	5,772	82%
Total net position	<u>\$ 21,260</u>	<u>\$ 19,623</u>	8%	<u>\$ 18,460</u>	<u>\$ 17,107</u>	8%	<u>\$ 39,720</u>	<u>\$ 36,730</u>	8%

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2022, this net investment in capital assets amounted to \$28.2 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$1.0 million, also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is available to meet the government's ongoing obligations to citizens and creditors.

Capital assets for business-type activities increased approximately \$10.4 million. This is due primarily to an increase in construction in progress projects in FY22.

CITY OF GUTHRIE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended September 30, 2022

Governmental activities unrestricted net position increased by approximately \$2.7 million due to an increase in cash of approximately \$2.6 million. Some contributing factors to this increase are sales tax revenue and grant revenue increasing.

Non-current liabilities for business-type activities increased by \$8.3 million due to clean water promissory notes drawn and issued in the current year.

Non-current liabilities for governmental activities increased due to the fire net pension liability increasing by \$4.0 million.

The increase/decrease in deferred outflows, deferred inflows and other liabilities relates mostly to differences in actual investment earnings versus projected investment earnings in all three defined benefit retirement plans. This is the reason for the net pension asset for OkMRF now instead of a net pension liability.

Changes in Net Position

For the year ended September 30, 2022, net position of the primary government changed as follows:

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Revenues									
Charges for service	\$ 3,014	\$ 2,683	12%	\$ 7,095	\$ 6,745	5%	\$ 10,109	\$ 9,428	7%
Operating grants and contributions	1,443	1,172	23%	-	-	-	1,443	1,172	23%
Capital grants and contributions	535	911	-41%	-	-	-	535	911	-41%
Taxes	9,988	9,250	8%	-	-	-	9,988	9,250	8%
Intergovernmental revenue	256	250	2%	660	-	100%	916	250	266%
Investment income	22	22	0%	17	18	-6%	39	40	-3%
Miscellaneous	408	306	33%	8	5	60%	416	311	34%
Total revenues	15,666	14,594	7%	7,780	6,768	15%	23,446	21,362	10%
Expenses									
General government	2,268	1,989	14%	-	-	-	2,268	1,989	14%
Public safety	8,141	6,418	27%	-	-	-	8,141	6,418	27%
Streets	1,000	920	9%	-	-	-	1,000	920	9%
Culture, parks and recreation	1,589	1,337	19%	-	-	-	1,589	1,337	19%
Airport	898	910	-1%	-	-	-	898	910	-1%
Economic development	175	102	72%	-	-	-	175	102	72%
Interest on long-term debt	37	52	-29%	-	-	-	37	52	-29%
Water	-	-	-	2,797	2,427	15%	2,797	2,427	15%
Wastewater	-	-	-	1,679	1,680	0%	1,679	1,680	0%
Sanitation	-	-	-	1,872	1,693	11%	1,872	1,693	11%
Total expenses	14,108	11,728	20%	6,348	5,800	9%	20,456	17,528	17%
Excess (deficiency) before transfers	1,558	2,866	-46%	1,432	968	48%	2,990	3,834	-22%
Transfers	79	280	-72%	(79)	(280)	-72%	-	-	0%
Change in net position	1,637	3,146	48%	1,353	688	97%	2,990	3,834	-22%
Beginning net position	19,623	16,477	19%	17,107	16,419	4%	36,730	32,896	12%
Ending net position	\$ 21,260	\$ 19,623	8%	\$ 18,460	\$ 17,107	8%	\$ 36,720	\$ 36,730	8%

Explanations for changes in excess of 20% and \$350,000 are as follows:

Governmental Activities:

Capital grants and contributions revenue decreased mainly due to an airport grant received in the prior year and smaller grants received in the current year.

Operating grants and contributions increased mainly due to a general government grant received in the current fiscal year.

CITY OF GUTHRIE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended September 30, 2022

Public safety expense increased by \$1.7 million from the prior year due to differences in actual investment earnings versus projected investment earnings in police and fire defined benefit retirement plans.

Business-Type Activities:

Intergovernmental revenues increased by \$659,791 due to ARPA grant received in the current fiscal year.

Governmental Activities

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

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
General government	\$ 2,268	\$ 1,989	14%	(\$1,483)	(\$1,571)	-6%
Public safety	8,141	6,418	27%	(4,827)	(3,725)	30%
Streets	1,000	920	9%	(564)	(572)	-1%
Culture, parks and recreation	1,589	1,337	19%	(1,323)	(814)	63%
Airport	898	910	-1%	(714)	(127)	462%
Economic development	175	102	72%	(168)	(102)	65%
Interest on long-term debt	37	52	-29%	(38)	(52)	-27%
Total	<u>\$ 14,108</u>	<u>\$ 11,728</u>	<u>20%</u>	<u>(\$9,117)</u>	<u>(\$6,963)</u>	<u>31%</u>

Explanations for significant changes are listed above under Table 2.

Business-type Activities

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Water	\$ 2,797	\$ 2,427	15%	\$ 885	\$ 1,066	-17%
Wastewater	1,679	1,680	0%	124	26	377%
Sanitation	1,872	1,693	11%	(262)	(148)	77%
Total	<u>\$ 6,348</u>	<u>\$ 5,800</u>	<u>9%</u>	<u>\$ 747</u>	<u>\$ 944</u>	<u>-21%</u>

The City's business-type activities include utility services for water, wastewater, and sanitation.

CITY OF GUTHRIE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended September 30, 2022

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$10.6 million or a 33% increase. The enterprise funds reported combined net position of \$18.5 million or an 8% increase from prior year.

Other fund highlights include:

- For the year ended September 30, 2022, the General Fund's total fund balance increased by \$1,328,797 or 32%.
- The General Fund has \$3,330,451 of unassigned fund balance while an additional \$1,663,818 is committed for stabilization, and \$477,922 is currently assigned for various purposes.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections (including transfers in) of 1.96% or \$370,378 and an increase in appropriations (including transfers out) of 1.96% or \$370,378. Actual revenues were under estimates by \$469,565 or 4.4%, while expenditures were under final appropriations by \$324,410 or 4.3%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2022, the City had \$55.8 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net increase of approximately \$9.3 million over last year.

TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	Restated					
	2022	2021	2022	2021	2022	2021
Land	\$ 2,155	\$ 2,094	\$ 791	\$ 791	\$ 2,946	\$ 2,885
Buildings	1,413	1,484	12,268	12,724	13,681	14,208
Imp. other than buildings	4,464	4,798	682	27	5,146	4,825
Machinery, furniture and equipment	3,103	3,234	1,150	1,294	4,253	4,528
Infrastructure	5,371	6,103	-	-	5,371	6,103
Utility property	-	-	8,453	8,874	8,453	8,874
Construction in progress	762	627	15,149	4,363	15,911	4,990
Leased assets	58	74	-	-	58	74
Totals	\$ 17,326	\$ 18,414	\$ 38,493	\$ 28,073	\$ 55,819	\$ 46,487

This year's more significant capital asset additions included:

Pine Street Culvert improvements	\$654,748
CMOM Sanitary Sewer Replacement	\$240,931
Fire Hydrant Replacement Project	\$165,130
1st and Springer Project	\$159,887

CITY OF GUTHRIE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended September 30, 2022

See Note 5 to the financial statements for more detail information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$26.8 million in long-term debt outstanding which represents a \$8.1 million or 43.2% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accrued absences	\$ 570	\$ 529	\$ 53	\$ 54	\$ 623	\$ 583
Sales tax utility system revenue note	1,298	1,435	10,467	11,730	11,765	13,165
Notes payable	121	203	14,314	4,758	14,435	4,961
Refundable grant obligation	14	27	-	-	14	27
Totals	<u>\$ 2,003</u>	<u>\$ 2,194</u>	<u>\$ 24,834</u>	<u>\$ 16,542</u>	<u>\$ 26,837</u>	<u>\$ 18,736</u>

See Note 6 to the financial statements for more detail information on the City's long-term debt and changes therein.

The Economic Outlook

The City will continue with the construction of the new wastewater treatment facility. The City will also continue with various construction projects related to different departments.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's Treasurer at 101 North Second Guthrie, Oklahoma 73044 or telephone at 405-282-2489.

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Statement of Net Position– September 30, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 9,699,045	\$ 6,510,386	\$ 16,209,431
Investments	-	99,000	99,000
Accounts receivable, net of allowance	562,345	843,769	1,406,114
Internal balances	2,915	(2,915)	-
Due from other governmental agencies	1,367,351	-	1,367,351
Prepaid expenses	40,000	-	40,000
Lease receivable	44,353	-	44,353
Net pension asset	377,171	-	377,171
Capital Assets:			
Land and construction in progress	2,916,954	15,940,137	18,857,091
Other capital assets, net of depreciation	14,350,828	22,553,973	36,904,801
Equipment leased, net of amortization	58,363	-	58,363
Total Assets	<u>29,419,325</u>	<u>45,944,350</u>	<u>75,363,675</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	3,736,013	382,360	4,118,373
Deferred amounts related to OPEB	342,546	353,417	695,963
	<u>4,078,559</u>	<u>735,777</u>	<u>4,814,336</u>
LIABILITIES			
Accounts payable and accrued expenses	723,048	1,447,024	2,170,072
Accrued interest payable	15,702	142,271	157,973
Due to depositors	-	501,170	501,170
Due to bondholders	1,100	-	1,100
Unearned income	10,420	363,395	373,815
Long-term liabilities:			
Due within one year	286,320	1,857,181	2,143,501
Due in more than one year	2,668,556	23,546,771	26,215,327
Net pension liability	7,781,489	170,258	7,951,747
Total liabilities	<u>11,486,635</u>	<u>28,028,070</u>	<u>39,514,705</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	379,255	85,071	464,326
Deferred amounts related to leases	43,848	-	43,848
Deferred amounts related to OPEB	328,060	107,523	435,583
	<u>751,163</u>	<u>192,594</u>	<u>943,757</u>
NET POSITION			
Net investment in capital assets	15,665,931	12,537,963	28,203,894
Restricted for:			
Capital projects	51,082	-	51,082
Debt Service	69,620	623,528	693,148
Sports Fields	18,955	-	18,955
Cemetery	34,441	-	34,441
Parks	101,298	-	101,298
Small business loan program	119,055	-	119,055
Unrestricted	5,199,704	5,297,972	10,497,676
Total net position	<u>\$ 21,260,086</u>	<u>\$ 18,459,463</u>	<u>\$ 39,719,549</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Statement of Activities –Year Ended September 30, 2022

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government								
Governmental Activities								
General Government	\$ 2,268,416	\$ -	\$ 264,997	\$ 312,470	\$ 208,052	\$ (1,482,897)	\$ -	\$ (1,482,897)
Public Safety	8,141,076	-	2,085,463	997,053	231,916	(4,826,644)	-	(4,826,644)
Streets	1,000,236	-	243,187	98,662	94,100	(564,287)	-	(564,287)
Culture and Recreation	1,588,605	-	231,216	34,347	-	(1,323,042)	-	(1,323,042)
Airport	897,773	-	182,670	(57)	1,300	(713,860)	-	(713,860)
Economic Development	174,817	-	6,770	-	-	(168,047)	-	(168,047)
Interest on Long-term debt	37,526	-	-	-	-	(37,526)	-	(37,526)
Total governmental activities	14,108,449	-	3,014,303	1,442,475	535,368	(9,116,303)	-	(9,116,303)
Business-Type Activities:								
Water	1,523,250	1,273,859	3,682,113	-	-	-	885,004	885,004
Wastewater	1,066,850	612,432	1,803,315	-	-	-	124,033	124,033
Sanitation	1,308,299	563,437	1,609,434	-	-	-	(262,302)	(262,302)
General Government	1,181,836	(1,181,836)	-	-	-	-	-	-
Administration	457,798	(457,798)	-	-	-	-	-	-
Line Maintenance	730,553	(730,553)	-	-	-	-	-	-
Meter Operations	79,541	(79,541)	-	-	-	-	-	-
Total business-type activities	6,348,127	-	7,094,862	-	-	-	746,735	746,735
Total primary government	\$ 20,456,576	\$ -	\$ 10,109,165	\$ 1,442,475	\$ 535,368	\$ (9,116,303)	\$ 746,735	\$ (8,369,568)
General revenues:								
Taxes:								
Sales and use taxes						\$ 9,250,835	\$ -	\$ 9,250,835
Property taxes						712	-	712
Franchise taxes and public service taxes						542,852	-	542,852
Hotel/motel taxes						193,433	-	193,433
Intergovernmental revenue not restricted to specific programs						256,125	659,791	915,916
Unrestricted investment earnings						22,039	17,306	39,345
Miscellaneous						408,431	8,096	416,527
Transfers						79,086	(79,086)	-
Total general revenues and transfers						10,753,513	606,107	11,359,620
Change in net position						1,637,210	1,352,842	2,990,052
Net position - beginning						19,622,876	17,106,621	36,729,497
Net position - ending						\$ 21,260,086	\$ 18,459,463	\$ 39,719,549

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Governmental Funds Balance Sheet - September 30, 2022

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 4,415,210	\$ 5,283,835	\$ 9,699,045
Receivable from other governments	1,321,438	45,594	1,367,032
Due from other funds	409	3,442	3,851
Taxes receivable, net	47,473	11,795	59,268
Court fines receivable, net	170,941	-	170,941
Ambulance receivable, net	251,661	-	251,661
Utilities receivable, net	-	80,475	80,475
Other receivables	319	-	319
Lease receivable	44,353	-	44,353
Prepaid expenses	40,000	-	40,000
Total assets	<u>\$ 6,291,804</u>	<u>\$ 5,425,141</u>	<u>\$ 11,716,945</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 171,558	\$ 237,182	\$ 408,740
Accrued payroll payable	312,227	-	312,227
Due to other funds	463	473	936
Due to bondholders	1,100	-	1,100
Payable to other governments	2,012	-	2,012
Other accrued expenses	-	15,702	15,702
Other payables	68	-	68
Total liabilities	<u>487,428</u>	<u>253,357</u>	<u>740,785</u>
Deferred inflows of resources:			
Deferred inflow lease	43,848	-	43,848
Unavailable revenue	288,337	55,719	344,056
Total deferred inflows	<u>332,185</u>	<u>55,719</u>	<u>387,904</u>
Fund balances:			
Restricted	-	394,451	394,451
Committed	1,663,818	-	1,663,818
Assigned	477,922	4,721,614	5,199,536
Unassigned	3,330,451	-	3,330,451
Total fund balances	<u>5,472,191</u>	<u>5,116,065</u>	<u>10,588,256</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,291,804</u>	<u>\$ 5,425,141</u>	<u>\$ 11,716,945</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended September 30, 2022

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 9,815,069	\$ 276,880	\$ 10,091,949
Intergovernmental	1,297,504	878,783	2,176,287
Licenses and permits	132,401	4,000	136,401
Charges for services	2,276,631	312,234	2,588,865
Fees and fines	118,687	-	118,687
Investment earnings	12,291	9,748	22,039
Miscellaneous	440,883	12,748	453,631
Total revenues	<u>14,093,466</u>	<u>1,494,393</u>	<u>15,587,859</u>
EXPENDITURES			
Current:			
General government	2,118,484	1,279	2,119,763
Public safety	7,296,862	42,838	7,339,700
Public works	585,440	86	585,526
Culture and recreation	1,018,649	258,503	1,277,152
Economic development	174,817	-	174,817
Airport	181,266	-	181,266
Capital outlay	164,906	866,254	1,031,160
Debt service:			
Principal	-	305,910	305,910
Interest and other charges	-	36,961	36,961
Total expenditures	<u>11,540,424</u>	<u>1,511,831</u>	<u>13,052,255</u>
Excess (deficiency) of revenues over expenditures	<u>2,553,042</u>	<u>(17,438)</u>	<u>2,535,604</u>
OTHER FINANCING SOURCES (USES)			
Other source - receipt of loan receivable	-	9,094	9,094
Transfers in	8,575,233	3,429,832	12,005,065
Transfers out	(9,799,478)	(2,126,501)	(11,925,979)
Total other financing sources and uses	<u>(1,224,245)</u>	<u>1,312,425</u>	<u>88,180</u>
Net change in fund balances	1,328,797	1,294,987	2,623,784
Fund balances - beginning	4,143,394	3,821,078	7,964,472
Fund balances - ending	<u>\$ 5,472,191</u>	<u>\$ 5,116,065</u>	<u>\$ 10,588,256</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$ 10,588,256
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	17,326,145
Net pension asset not reported in the funds	377,171
Pension related deferred outflows not reported in the funds	3,736,013
OPEB related deferred outflows not reported in the funds	342,546
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	333,636
Net pension liability not reported in the funds	(7,781,489)
Some liabilities (such as Notes Payable, Long-term Compensated Absences and Total OPEB Liability), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(2,954,877)
Pension related deferred inflows not reported in the funds	(379,255)
OPEB related deferred inflows not reported in the funds	(328,060)
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 21,260,086</u></u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds: \$ 2,623,784

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	1,031,160
Depreciation expense	(2,131,559)
Donated assets	27,797
Amortization expense	(15,239)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue	6,923
-------------------------------	-------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long-term debt	290,681
Principal payments on leases	14,664

In the Statement of Activities, the net cost of pension benefits earned is calculated and is reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

(16,066)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in Total OPEB liability	(153,866)
Change in accrued compensated absences	(41,069)
Change in net position of governmental activities	\$ 1,637,210

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Proprietary Funds Statement of Net Position - September 30, 2022

	<u>Guthrie Public</u> <u>Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,269,683
Restricted:	
Cash and cash equivalents	1,240,703
Investments	99,000
Due from other funds	473
Accounts receivable, net	843,769
Total current assets	<u>7,453,628</u>
Non-current assets:	
Capital assets:	
Land and construction in progress	15,940,137
Other capital assets, net of accumulated depreciation	22,553,973
Total non-current assets	<u>38,494,110</u>
Total assets	<u>45,947,738</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	382,360
Deferred amounts related to OPEB	353,417
Total deferred outflows of resources	<u>735,777</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,402,452
Salaries payable	44,572
Accrued interest payable	142,271
Due to other funds	3,388
Unearned revenue	363,395
Deposits subject to refund	501,170
Compensated absences	5,297
Notes payable	1,851,884
Total current liabilities	<u>4,314,429</u>
Non-current liabilities:	
Compensated absences	47,677
Notes payable	22,929,518
Total OPEB liability	569,576
Net pension liability	170,258
Total non-current liabilities	<u>23,717,029</u>
Total liabilities	<u>28,031,458</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	85,071
Deferred amounts related to OPEB	107,523
Total deferred inflows of resources	<u>192,594</u>
NET POSITION	
Net investment in capital assets	12,537,963
Restricted for debt service	623,528
Unrestricted	5,297,972
Total net position	<u>\$ 18,459,463</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended September 30, 2022

	<u>Guthrie Public</u> <u>Works Authority</u>
REVENUES	
Water	\$ 3,682,113
Sewer	1,803,315
Sanitation	1,609,434
Rents and royalties	3,850
Miscellaneous	4,246
Total operating revenues	<u>7,102,958</u>
OPERATING EXPENSES	
General government	706,671
Administration	457,798
Water	845,882
Wastewater	386,052
Sanitation	1,069,203
Landfill operations	201,012
Line maintenance	620,197
Meter operations	120
Depreciation	1,632,023
Total Operating Expenses	<u>5,918,958</u>
Operating income	<u>1,184,000</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	17,306
Operating grants and contributions	659,791
Interest expense	(429,169)
Total non-operating revenue (expenses)	<u>247,928</u>
Income before contributions and transfers	1,431,928
Capital contributions	1,206,539
Transfers in	8,774,550
Transfers out	(10,060,175)
Change in net position	1,352,842
Total net position - beginning	17,106,621
Total net position - ending	<u>\$ 18,459,463</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Proprietary Funds Statement of Cash Flows - Year Ended September 30, 2022

	<u>Guthrie Public Works Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and others	\$ 7,082,794
Payments to suppliers and employees	(3,677,405)
Receipts of customer meter deposits	75,723
Refunds of customer meter deposits	(62,516)
Interfund receipts/payments	2,966
Net cash provided by operating activities	<u>3,421,562</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	8,774,550
Transfers to other funds	(10,060,175)
Net cash provided by (used in) noncapital financing activities	<u>(1,285,625)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(10,846,221)
Proceeds from debt	9,940,180
Principal paid on debt	(1,646,247)
Interest and fiscal agent fees paid on debt	(435,779)
Net cash provided by (used in) capital and related financing activities	<u>(2,988,067)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	17,301
Net cash provided by investing activities	<u>17,301</u>
Net increase (decrease) in cash and cash equivalents	(834,829)
Balances - beginning of year	<u>7,345,215</u>
Balances - end of year	<u>\$ 6,510,386</u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 5,269,683
Restricted cash and cash equivalents - current	1,240,703
Total cash and cash equivalents, end of year	<u>\$ 6,510,386</u>
Reconciliation of operating income to net cash provided by Operating Activities:	
Operating income	\$ 1,184,000
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,632,023
Operating grants and contributions	659,791
Change in assets and liabilities:	
Due from other funds	(141)
Due to other funds	3,107
Accounts receivable	(25,021)
Accounts payable	477,229
Unearned revenue	(654,933)
Net pension liability	4,932
Accrued salaries payable	12,444
Total OPEB liability	116,378
Deposits subject to refund	13,205
Accrued compensated absences	(1,452)
Net cash provided by operating activities	<u>\$ 3,421,562</u>
Noncash activities:	
Contributed capital assets	\$ 1,206,539
	<u>\$ 1,206,539</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Guthrie) and the blended component units as noted below. This annual report includes all activities for which the City of Guthrie City Council/Manager is fiscally responsible.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – An Amendment of GASB Statement No. 14 and No. 34" and includes all component units for which the City is financially accountable.

The City of Guthrie – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Guthrie has a population of approximately 10,191 located in central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

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

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, and sanitation.

Component Units:

- **The City of Guthrie Public Works Authority** – (Blended) that operates the water, sewer, and sanitation services of the City.
- **The Guthrie Industrial Development Authority** – (Blended) that operates to finance, develop and promote industrial development activities.
- **The Guthrie Public Transportation Authority** – (Currently inactive) that when active, operates to finance, acquire, construct, operate and provide improvements, services or facilities of the City.
- **The Guthrie Transportation Authority** – (Currently inactive) that, when active, operates to furnish and supply facilities, property and equipment for transportation needs regarding tourism.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

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

- Public Safety – Fire, Police, Ambulance – fines and forfeitures, ambulance fees, fire run charges, 911 revenue and restricted operating and capital grants.
- Airport – rental fees, reimbursements from the City of Edmond, and capital grants.
- Streets – Commercial vehicle and gasoline excise tax shared by the State and other restricted operating grants.
- Culture, and recreation – cemetery revenues, lake fees, pool fees, library fees, operating and capital grants.
- General Government – licenses and permits, abatement fees, and restricted operating grants.

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

Governmental Funds:

The City's governmental funds include:

Major Fund:

General Fund

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

- Capital Equipment Fund – accounts for the E911 revenue and grant revenues for capital equipment.
- Hotel/Motel Tax Fund – accounts for hotel/motel tax revenues to be used in parks and promotion of tourism.
- Cemetery Care Fund – accounts for 12.5% of cemetery revenue restricted by State law for cemetery capital improvements.
- USDA Rural Development Fund – accounts for a Rural Business Enterprise grant to provide a revolving loan fund for small businesses.
- Guthrie Industrial Development Fund – accounts for activity related to economic development and repayment of refundable grant obligation from the proceeds of a long-term note receivable.
- Grant Fund – accounts for grant activity.

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- Capital Project Fund – accounts for various capital projects and the restricted three-quarter percent sales tax for capital improvements is transferred into this fund.
- Debt Service Fund – accounts for funds restricted for debt service.
- Hotel Motel Sports Tax Fund– accounts for hotel/motel tax revenues to be used for sports fields improvements and maintenance.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

The General Fund is considered a major fund and therefore displayed in a separate column. All other governmental funds are considered non-major funds and are aggregated under the column titled Other Governmental Funds.

Proprietary Funds:

The City's proprietary funds and are reported on the accrual basis of accounting and economic resources measure focus include:

Enterprise Fund

- Guthrie Public Works Authority Fund that accounts for the activities of the public trust in providing water, sewer, and sanitation services to the public.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

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- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported along with deferred outflows and deferred inflows. Proprietary fund equity is classified as net position.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities, Deferred Outflows, Deferred Inflows and Equity

Cash and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the

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fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Capital Assets

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

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1992.

Prior to October 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings	25-50 years
- Machinery and Equipment	3-20 years
- Utility System	25-50 years
- Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to promissory note trustee accounts and utility meter deposits.

Long-Term Debt

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

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All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of notes payable, capital leases, refundable grant obligations and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

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

Deferred Outflows and Inflows

Deferred outflows and inflows are the consumption or acquisition of net position by the City that are applicable to a future reporting period. At September 30, 2022, the City's deferred outflows of resources were comprised of pension and OPEB related deferrals. Certain pension and OPEB amounts are deferred, some are reported as outflows and others as inflows, and the deferrals are amortized as a component of pension and OPEB expense in future periods.

Equity Classifications

Government-Wide Statements:

Equity is classified as net position and displayed in three components:

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

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Sales Tax

The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Sales tax proceeds, after initial recording in the General Fund, are distributed in accordance with two City ordinances, 3 cents to the GPWA with any unused portion subsequently returned to the General Fund, and $\frac{3}{4}$ cent to the Capital Improvement Fund.

Sales tax collected by the State in September and half of October 2021 and received by the City in October and half of November 2021, has been accrued and is included under the caption “Due from other governments” since they represent taxes on sales occurring prior to year-end.

Tax Abatements

The City enters into sales tax rebate agreements with local businesses as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

The sales tax rebate program allows a retail store business or developer to receive rebated sales tax in an amount equal to 50% of the incremental increase over a baseline sales tax amount determined at the beginning of the project and adjusted up (but not down) each year during the term of the agreement by the annual change in the Consumer Price Index for All Urban Customers. To be eligible for this program, the project area should be occupied by occupants operating a retail store of a requisite quality which are either existing businesses or new businesses. The sales tax rebate period varies with each agreement.

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

The property tax levy, as determined by the City’s judgment payment 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 $\frac{1}{2}$ 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. Property taxes levied, but not collected during the year or within 60 days of year-end are reported as deferred revenue.

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Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

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, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

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Government-Wide Financial Statements:

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

1. 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 Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. 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 effect 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 conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

2. Cash, Cash Equivalents, and Investments

At September 30, 2022, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 15,357,440
Cash on hand			1,325
Time deposit	5/26/2023		99,000
			<u>15,457,765</u>
Investments:			
Federated Treasury Obligation #398		AAAm	850,666
			<u>850,666</u>
Total deposits and investments			<u>\$ 16,308,431</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 16,209,431
Investments			99,000
			<u>\$ 16,308,431</u>

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Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name: or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. For investments in the Guthrie/OKC Waterline Fund, the trust agreement requires the investments to be collateralized with U. S. government-backed obligations. At September 30, 2022 the City was not exposed to custodial credit risk.

Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. 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.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer. Since the City has all investments in certificates of deposit, government securities, or money market accounts, there is no concentration of investment credit risk exposure.

Restricted Cash and Investments – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts restricted for debt service, debt reserve, construction purposes, or refundable deposits. The restricted assets as of September 30, 2022 are as follows:

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	Current	
	Cash and cash equivalents	Investments
Series 2013 Revenue Bond Account	\$ 143,442	\$ -
2016 Revenue Account	622,357	-
Meter deposits	474,904	99,000
Total	<u>\$ 1,240,703</u>	<u>\$ 99,000</u>

3. Accounts and Notes Receivable

Accounts Receivable - Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines receivables.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Franchise taxes	\$ 47,473	\$ -	\$ 47,473
Court fines	682,554	(511,613)	170,941
Ambulance fees	12,583,086	(12,331,425)	251,661
Other taxes	11,795	-	11,795
Street utilities	107,868	(27,393)	80,475
Total Governmental Activities	<u>\$ 13,432,776</u>	<u>\$ (12,870,431)</u>	<u>\$ 562,345</u>
Business-Type Activities:			
Utilities	<u>\$ 1,444,807</u>	<u>(601,038)</u>	<u>\$ 843,769</u>

Notes Receivable – Excel Jet – The Guthrie Industrial Development Authority has a \$375,000 note receivable with Excel-Jet with interest rates between 6% - 7%. The note was unsecured and matured in December 2013. The payments received on this note are used to secure two notes payable with Logan County Economic Development Council and Bancfirst. Monthly payments of \$4,849 began in January 2007. Management has determined that the receivable has been impaired and has provided an allowance for the entire note receivable.

The activity on the notes receivable at September 30, 2022 is as follows:

	Balance 10/1/2021	Additions	Deductions	Balance 9/30/2022	Due Within One Year
Governmental Activities:					
Excel Jet	\$ 375,000	\$ -	\$ -	\$ 375,000	\$ -
(Less allowance for uncollectible account)	(375,000)	-	-	(375,000)	-
Building Loans	-	-	-	-	-
Total Governmental Activities, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

4. Leases Receivables

The City is a party as lessor for one noncancelable long-term lease of an infrastructure. The corresponding lease receivable, is recorded in an amount equal to the present value of the expected future minimum lease payments received or received, respectively, discounted by an applicable interest rate.

Lease-related amounts are recognized at the inception of leases in which the city is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Governmental Activities

The City as a lessor, has entered into lease agreements involving an infrastructure. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$43,331.

5. Capital and Lease Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, infrastructure, and intangible leased assets. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. Intangible leased assets are recorded in an amount equal to the present value of the expected future minimum lease payments to be paid, respectively, discounted by an applicable interest rate and any ancillary cost related to the asset.

For the year ended September 30, 2022, capital assets balances changed as follows:

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	Restated Balance at October 1, 2021	Additions	Disposals	Balance at September 30, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,094,451	\$ 61,021	\$ -	\$ 2,155,472
Construction in progress	626,754	294,615	159,887	761,482
Total capital assets not being depreciated	2,721,205	355,636	159,887	2,916,954
Other capital assets:				
Buildings	3,101,384	8,200	-	3,109,584
Improvements	10,162,908	188,962	-	10,351,870
Infrastructure	12,119,485	11,855	-	12,131,340
Machinery, furniture and equipment	11,756,032	654,193	151,740	12,258,485
Total other capital assets at historical cost	37,139,809	863,210	151,740	37,851,279
Less accumulated depreciation for:				
Buildings	1,617,482	79,398	-	1,696,880
Improvements	5,364,554	523,276	-	5,887,830
Infrastructure	6,016,246	744,488	-	6,760,734
Machinery, furniture and equipment	8,522,350	784,397	151,740	9,155,007
Total accumulated depreciation	21,520,632	2,131,559	151,740	23,500,451
Other capital assets, net	15,619,177	(1,268,349)	-	14,350,828
Leased Assets:				
Intangible Equipment	73,602	-	-	73,602
Total leased assets	73,602	-	-	73,602
Less accumulated Amortization for:				
Intangible Equipment		15,239		15,239
Total accumulated amortization	-	15,239	-	15,239
Leased assets net:	73,602	(15,239)	-	58,363
Governmental activities capital assets, net	\$ 18,413,984	\$ (927,952)	\$ 159,887	\$ 17,326,145
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 790,967	\$ -	\$ -	\$ 790,967
Construction in progress	4,363,051	11,714,252	928,133	15,149,170
Total capital assets not being depreciated	5,154,018	11,714,252	928,133	15,940,137
Other capital assets:				
Buildings	18,291,139	-	-	18,291,139
Improvements	253,402	687,202	333	940,271
Machinery, furniture and equipment	5,400,274	173,379	320	5,573,333
Utility property	27,920,500	406,061	-	28,326,561
Total other capital assets at historical cost	51,865,315	1,266,642	653	53,131,304
Less accumulated depreciation for:				
Buildings	5,567,031	456,355	-	6,023,386
Improvements	226,670	32,405	333	258,742
Machinery, furniture and equipment	4,105,351	317,003	320	4,422,034
Utility property improvements	19,046,909	826,260	-	19,873,169
Total accumulated depreciation	28,945,961	1,632,023	653	30,577,331
Other capital assets, net	22,919,354	(365,381)	-	22,553,973
Business-type activities capital assets, net	\$ 28,073,372	\$11,348,871	\$ 928,133	\$ 38,494,110

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

Governmental Activities:

General government	\$ 91,780
Public safety	649,654
Highways and streets	410,137
Culture, tourism, and recreation	259,356
Airport	720,632
Total depreciation and amortization expense	<u>\$ 2,131,559</u>

Business-Type Activities:

Water	\$ 879,101
Sewer	505,940
Sanitation	20,532
General government	116,094
Line maintenance	110,356
Total depreciation expense	<u>\$ 1,632,023</u>

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6. Long-Term Debt and Debt Service Requirements

For the year ended September 30, 2022, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance October 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2022</u>	<u>Due Within One Year</u>
Governmental Activities:					
Refundable grant obligation (direct borrowing)	\$ 27,083	\$ -	\$ 12,500	\$ 14,583	\$ 12,500
Sales Tax Revenue Note (direct placement)	1,435,200	-	137,400	1,297,800	139,800
Notes payable (direct borrowing)	202,966	58,938	140,780	121,124	77,051
Accrued compensated absences	528,619	495,508	454,440	569,687	56,969
Total Governmental Activities	<u>\$ 2,193,868</u>	<u>\$ 554,446</u>	<u>\$ 745,120</u>	<u>\$ 2,003,194</u>	<u>\$ 286,320</u>
			Total OPEB liability	951,682	
				<u>\$ 2,954,876</u>	
Business-Type Activities:					
Notes Payable (direct borrowing)	\$ 4,757,669	\$ 9,940,180	\$ 383,647	\$ 14,314,202	\$ 566,684
Utility System Revenue and Sales Tax Note (direct placement)	11,729,800	-	1,262,600	10,467,200	1,285,200
Accrued compensated absences	54,426	65,518	66,970	52,974	5,297
Total Business-Type Activities	<u>\$ 16,541,895</u>	<u>\$ 10,005,698</u>	<u>\$ 1,713,217</u>	<u>\$ 24,834,376</u>	<u>\$ 1,857,181</u>
			Total OPEB liability	569,576	
				<u>\$ 25,403,952</u>	
Reconciliation to Statement of Net Position:					
Governmental Activities:					
Due within one year				\$ 286,320	
Due in more than one year				2,668,556	
Total Governmental Activities Long-Term Liabilities				<u>\$ 2,954,876</u>	
Business-Type Activities:					
Due within one year				\$ 1,857,181	
Due in more than one year				23,546,771	
Total Business-Type Activities Long-Term Liabilities				<u>\$ 25,403,952</u>	

Governmental accrued compensated absences will be liquidated by the general fund. Governmental notes payable and the refundable grant obligation are paid by the Guthrie Industrial Development Authority.

Governmental activities long-term debt – including long-term debt payable from direct borrowings and direct placements include the following:

Notes Payable (direct borrowings):

\$324,330 note payable for the purchase of a backhoe, grader and loader, payable in monthly installments of \$2,688 with an annual interest rate of 3.0%, final payment due October 2022.	\$	62,186
\$73,602 note payable for purchase of copiers, payable in 60 monthly installments of \$1,341 with an annual interest rate of 2.36%, final payment due July 2026.		58,938
Total Notes Payable	<u>\$</u>	<u>121,124</u>
Current portion	\$	77,051
Noncurrent portion		44,073
Total Note Payable	<u>\$</u>	<u>121,124</u>

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Refundable Grant Obligation (direct borrowing):

CDBG Refundable Grant Obligation contract #14402 dated March 1, 2003, original amount of \$250,000 with 0% interest rate, due in monthly installments of \$1,041 and an economic payback #9793, secured with lease revenue from Spirit Wing Aviation, final payment due March 2024.

	\$	14,583
Total Refundable Grant Obligation	\$	<u>14,583</u>
Current portion	\$	12,500
Noncurrent portion		2,083
Total Refundable Grant Obligation	\$	<u>14,583</u>

Utility System and Sales Tax Revenue Note (direct placement):

2016 Series Utility System and Sales Tax Revenue Bonds original issue amount of \$16,955,000, dated May 12, 2016, issued by Guthrie Public Works Authority, interest rate of 2.42%, final maturity October 1, 2030. \$2,034,600 proceeds were allocated to Governmental Activities. This is secured by gross revenues generated by water and sewer systems and by a year to year pledge of certain sales tax revenues. In the event of default, the lender may: 1) accelerate the payment of principal and interest accrued on all notes; 2) appoint temporary trustees to take over, operate and maintain the system; 3) file a suit for specific performance of covenants; or 4) require sales tax revenue be deposited with the bank.

	\$	1,297,800
Total Revenue Bonds Payable	\$	<u>1,297,800</u>
Current portion	\$	139,800
Noncurrent portion		1,158,000
Total Revenue Bonds Payable	\$	<u>1,297,800</u>

Accrued Compensated Absences:

Current portion	\$	56,969
Noncurrent portion		512,718
Total Accrued Compensated Absences	\$	<u>569,687</u>

Business-type activities long-term debt payable, including those from direct borrowings and direct placements include the following:

Notes Payable (direct borrowings):

2004 SRF Note Payable to Oklahoma Water Resources Board dated September 1, 2004, original amount of \$607,000 with an annual interest rate of 2.17% due in semi-annual installments of principal and interest beginning March 15, 2005, final installment due September 15, 2024, payable from and secured by utility revenues. This is secured by net revenues available for debt service of the system less expenses. In the event of default, the lender may: 1) accelerate the payment of principal and interest accrued on all notes; 2) appoint temporary trustees to take over, operate and maintain the system; 3) file a suit for specific performance of covenants; 4) file a suit to enforce or enjoin action or inaction of parties under provisions of the note agreement; or 5) increase interest rate to 14% from date of default until date of payment.

\$ 92,637

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2010 CW Note Payable to Oklahoma Water Resources Board dated December 1, 2010, original amount of \$4,375,000 with an annual interest rate of 3.13% due in semi-annual installments of principal and interest beginning March 15, 2012, final installment due September 15, 2032, payable from and secured by utility revenues. This is secured by gross revenues from the system and sales tax revenues. In the event of default, the lender may: 1) accelerate the payment of principal and interest accrued on all notes; 2) appoint temporary trustees to take over, operate and maintain the system; 3) file a suit for specific performance of covenants; 4) file a suit to enforce or enjoin action or inaction of parties under provisions of the note agreement; or 5) increase interest rate to 14% from date of default until date of payment.

1,420,884

2020 CW Note Payable to Oklahoma Water Resources Board dated December 15, 2020, original amount of \$8,000,000 with an annual interest rate of 1.45% due in semi-annual installments of interest beginning March 15, 2021, final installment due September 15, 2038, payable from and secured by utility revenues. This is secured by gross revenues from the system and sales tax revenues. In the event of default, the lender may: 1) accelerate the payment of principal and interest accrued on all notes; 2) appoint temporary trustees to take over, operate and maintain the system; 3) file a suit for specific performance of covenants; 4) file a suit to enforce or enjoin action or inaction of parties under provisions of the note agreement; or 5) increase interest rate to 14% from date of default until date of payment.

7,950,000

2021 CW Note Payable to Oklahoma Water Resources Board dated December 15, 2020, original amount of \$8,000,000 with an annual interest rate of 1.44% due in semi-annual installments of principal and interest beginning March 15, 2021, final installment due September 15, 2038, payable from and secured by utility revenues. This is secured by gross revenues from the system and sales tax revenues. In the event of default, the lender may: 1) accelerate the payment of principal and interest accrued on all notes; 2) appoint temporary trustees to take over, operate and maintain the system; 3) file a suit for specific performance of covenants; 4) file a suit to enforce or enjoin action or inaction of parties under provisions of the note agreement; or 5) increase interest rate to 14% from date of default until date of payment.

4,712,760

2022 CW Note Payable to Oklahoma Water Resources Board dated January 18, 2022, original amount of \$4,100,000 with an annual interest rate of 1.61% due in semi-annual installments of principal and interest beginning March 15, 2022, final installment due September 15, 2038, payable from and secured by utility revenues. This is secured by gross revenues from the system and sales tax revenues. In the event of default, the lender may: 1) accelerate the payment of principal and interest accrued on all notes; 2) appoint temporary trustees to take over, operate and maintain the system; 3) file a suit for specific performance of covenants; 4) file a suit to enforce or enjoin action or inaction of parties under provisions of the note agreement; or 5) increase interest rate to 14% from date of default until date of payment.

137,921

Total Notes Payable	<u>\$ 14,314,202</u>
Current portion	\$ 566,684
Noncurrent portion	13,747,518
Total Notes Payable	<u>\$ 14,314,202</u>

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Utility System and Sales Tax Revenue Note (direct placement):

2013 Series Utility System and Sales Tax Revenue Bonds original issue amount of \$2,975,000, dated July 24, 2013, issued by Guthrie Public Works Authority, interest rate of 2.76%, final maturity October 1, 2025. This is secured by gross revenues generated by water and sewer systems and by a year to year pledge of certain sales tax revenues. In an event of default, the lender may: 1) require sales tax revenue be deposited with the bank; 2) accelerate the payment of principal and interest accrued on all notes; 3) appoint temporary trustees to take over, operate and maintain the system; or 4) file a suit for specific performance of covenants.

\$ 950,000

2016 Series Utility System and Sales Tax Revenue Bonds original issue amount of \$16,955,000, dated May 12, 2016, issued by Guthrie Public Works Authority, interest rate of 2.42%, final maturity October 1, 2030. \$14,308,800 proceeds were allocated to Business-Type Activities. This is secured by gross revenues generated by water and sewer systems and by a year to year pledge of certain sales tax revenues. In the event of default, the lender may: 1) accelerate the payment of principal and interest accrued on all notes; 2) appoint temporary trustees to take over, operate and maintain the system; 3) file a suit for specific performance of covenants; or 4) require sales tax revenue be deposited with the bank.

9,517,200

Total Revenue Bonds Payable	<u>\$ 10,467,200</u>
Current portion	\$ 1,285,200
Noncurrent portion	<u>9,182,000</u>
Total Revenue Bonds Payable	<u>\$ 10,467,200</u>

Accrued Compensated Absences:

Current portion	\$ 5,297
Noncurrent portion	<u>47,677</u>
Total Accrued Compensated Absences	<u>\$ 52,974</u>

Debt Service Requirements to Maturity:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>					
	<u>Refundable</u>		<u>Note</u>		<u>Sales Tax Revenue</u>	
	<u>Grant Obligations</u>		<u>Payable</u>		<u>Revenue Note</u>	
	<u>(direct borrowing)</u>		<u>(direct borrowing)</u>		<u>(direct placement)</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	12,500	-	77,051	1,231	139,800	30,572
2024	2,083	-	15,220	876	142,800	27,167
2025	-	-	15,583	513	147,000	23,689
2026	-	-	13,270	144	150,000	20,117
2027	-	-	-	-	153,600	16,466
2028-2032	-	-	-	-	564,600	27,646
Totals	<u>\$ 14,583</u>	<u>\$ -</u>	<u>\$ 121,124</u>	<u>\$ 2,764</u>	<u>\$ 1,297,800</u>	<u>\$ 145,657</u>

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<u>Year Ending September 30,</u>	Business Type Activities			
	Notes Payable		Utility System Revenue	
	(direct borrowing)		and Sales Tax Note	
	(direct placement)			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	566,684	336,948	1,285,200	248,620
2024	671,726	325,694	1,322,200	216,405
2025	657,874	312,939	1,353,000	183,313
2026	643,284	300,923	1,240,000	149,460
2027	677,867	289,020	1,126,400	120,748
2028-2032	5,596,087	1,228,855	4,140,400	202,738
2033-2037	10,370,000	599,870	-	-
2038-240	2,280,000	25,144	-	-
Totals	<u>\$ 21,463,522</u>	<u>\$ 3,419,393</u>	<u>\$ 10,467,200</u>	<u>\$ 1,121,284</u>
	(7,149,320)	OWRB Loan left to draw		
	<u>\$ 14,314,202</u>			

7. Net Position and Fund Balances

Fund Statements:

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

	General Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances:			
Restricted for:			
Sport Fields	\$ -	\$ 18,955	\$ 18,955
Capital projects	-	51,082	51,082
Parks	-	101,298	101,298
Cemetery	-	34,441	34,441
Revolving loan program for small businesses	-	119,055	119,055
Debt Service	-	69,620	69,620
Sub-total Restricted	-	394,451	394,451
Committed to:			
Stabilization	1,663,818	-	1,663,818
Sub-total Committed	1,663,818	-	1,663,818
Assigned to:			
Capital projects	-	2,434,553	2,434,553
Capital Equipment	-	531,561	531,561
Airport	247,215	-	247,215
Tourism/parks	-	75,378	75,378
Industrial Development	-	223,672	223,672
Public Safety	-	1,456,450	1,456,450
Fire	230,707	-	230,707
Sub-total Assigned	477,922	4,721,614	5,199,536
Unassigned:	3,330,451	-	3,330,451
TOTAL FUND BALANCES	\$ 5,472,191	\$ 5,116,065	\$ 10,588,256

Net position is displayed in three components:

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

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

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The enabling legislation restrictions are as follows:

	Enabling Legislation
Governmental Activities:	
Capital projects	\$ 51,082
Debt service	69,620
Sports fields	18,955
Cemetery	34,441
Parks	101,298
Small business loan program	119,055
Total Governmental Activities	<u>394,451</u>
TOTAL RESTRICTED NET POSITION	<u><u>\$ 394,451</u></u>

Stabilization Reserve

On October 20, 2015, the City Council adopted Ordinance No. 3276 which established requirements for a stabilization reserve for the General Fund. This ordinance requires that funds be set aside for the purpose of stabilization.

The minimum amount to be set aside for the General Fund stabilization is \$1,000,000.

When the balance is less than the minimum, it shall be funded with not less than 75% of assigned and unassigned General Fund balance as of the most recent financial statements.

Amounts held that are above the minimum balance may be spent for the following purposes:

- a. Expenditures for emergency situations for life, health or public safety issues for which no existing appropriations exist
- b. Situations where a significant revenue declaim in excess of 5% of General Fund original budgeted estimated revenues (excluding transfer in) arises that could not have been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- c. Correcting the results of an inaccurate estimate, accounting error, or budgeting error in excess of 5% of General Fund original budgeted estimated revenues (excluding transfers)
- d. Expenditures where the proposed use is of a nonoperational nature involving capital or technical purchases having a useful life of greater than five years that will improve the efficiency of the City government. These efficiency improvements should result in tangible benefits that can be measured financially, through better service to the citizens, or an increased productivity for City employees.
- e. Expenditures where the proposed use is of a nonrecurring nature, such as start-up costs of a program whose ongoing costs are otherwise funded, matching funds for a grant, or up-front payment of grant eligible expenses to be reimbursed by grant revenues. These expenditures should result in tangible benefits that can be measured financially, through better service to the citizens, or an increased productivity for City employees.

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Amounts held that are below the minimum balance may be spent for the following purposes:

- f. Expenditures for emergency situations for life, health or public safety issues for which no existing appropriations exist
- g. Situations where a significant revenue declaim in excess of 5% of General Fund original budgeted estimated revenues (excluding transfer in) arises that could not have been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- h. Correcting the results of an inaccurate estimate, accounting error, or budgeting error in excess of 5% of General Fund original budgeted estimated revenues (excluding transfers)

The amount of cash in the stabilization reserve account at September 30, 2022 is \$1,415,811 with an additional amount of cash that is due from another General Fund bank account of \$248,007 for a total amount of \$1,663,818.

The Guthrie Public Works Authority adopted Resolution No. 2012-10 with similar funding requirements and allowable spending purposes. The amount of cash in the stabilization reserve account at September 30, 2022 is \$814,250 with an additional amount of cash that is due from another GPWA bank account of \$389,120 for a total of \$1,203,370. For financial statement classification purposes, this amount is included in the unrestricted net position amount of \$5,297,972 on the GPWA's Statement of Net Position.

8. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

Balances:

Interfund receivable and payables at September 30, 2022 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	GPWA	409	Utility adjustment
Capital Project Fund	GPWA	473	Utility adjustment
GPWA	Capital Project Fund	2,979	Utility adjustment
General Fund	Grant Fund	463	Expenses paid by other funds
Total		<u>\$ 4,324</u>	
Reconciliation to Fund Financial Statements:			
	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 3,851	\$ (936)	\$ 2,915
Proprietary Funds	473	(3,388)	(2,915)
Total	<u>\$ 4,324</u>	<u>\$ (4,324)</u>	<u>\$ -</u>

Transfers:

Internal transfers between funds and activities for the year ended September 30, 2022 were as follows:

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Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	GPWA	8,114,045	Sales tax transfer
GPWA	General Fund	187,500	Operating transfer
GPWA	General Fund (Fire/EMS Cash)	100,000	Operating transfer
GPWA	Grant Fund	895,557	Grant match
General Fund	Grant Fund	21,967	Grant match
Grant Fund	General Fund	172,976	Grant match
Sinking Fund	General Fund Stabilization	712	Operating transfer
Capital Project Fund	GPWA	399,997	Debt service
Capital Project Fund	GPWA	260,508	Capital asset purchase
GPWA	Capital Equipment Account	324,500	Capital asset purchase
General Fund	Capital Project Fund	14,400	Reimbursement of copier lease
General Fund	Capital Project Fund	1,622,809	Sales Tax
GPWA	Capital Project Fund	333,573	Capital asset purchase
GPWA	GIDA	105,000	Operating transfer
GPWA	General Fund	8,114,045	Return of sales tax transfer
General Fund	Hotel Motel Tax Fund	26,257	Operating transfer
Capital Project Fund	Capital Equipment Account	85,769	Capital asset purchase
General Fund (Capital Equipment Account)	One-sided fund level transfer	152,650	Capital asset purchase
Capital Project Fund	One-sided fund level transfer	603,520	Capital asset purchase
Grant Fund	One-sided fund level transfer	450,369	Capital asset purchase
Total		<u>\$ 21,986,154</u>	
Reconciliation to Fund Financial Statements:			
	Transfers In	Transfers Out	GW Capital Asset Transfers
Governmental Funds	\$ 12,005,065	\$ (11,925,979)	-
Proprietary Funds	8,774,550	(10,060,175)	-
	<u>20,779,615</u>	<u>(21,986,154)</u>	<u>-</u>
Reconciliation to Statement of Activities:			
Net Transfers	(1,285,625)		
Capital asset transfer	1,206,539		
Transfers - internal activity	<u>\$ (79,086)</u>		

9. Pledged Future Revenues

Utility Net Revenues Pledge – The City has pledged the net water and sewer utility revenues to repay the following notes payable: \$607,000 of 2004 SRF, \$4,375,000 of 2010 SRF Oklahoma Water Resources Board Notes Payable, \$8,000,000 of 2020 SRF Oklahoma Water Resources Board Notes Payable and the 2021 SRF Oklahoma Water Resources Board Notes Payable, and \$4,100,000 of 2022 SRF Oklahoma Water Resources Board Notes Payable. The City has also pledged 1% of sales tax to repay the \$2,975,000 of 2013 Utility System and Sales Tax Revenue Note and 1.75% of sales tax to repay the \$16,955,000 of 2016 Utility System and Sales Tax Revenue note. Proceeds from the bonds and notes provided for the purchase or construction of water and utility systems. The bonds and notes are payable from pledged net water and sewer utility revenues through 2039. The total principal and interest payable for the remainder of the life of these bonds is \$24,925,357. Pledged sales tax and net water and sewer utility revenues in the current fiscal year were \$7,033,929. Debt service payments of \$1,823,337 for the current fiscal year were 25.9% of total pledged revenues for these notes.

Sales tax revenue represents a 3.75% tax on each dollar of taxable sales of which is recorded as follows:

- Three and three quarter cents are recorded in the General Fund. Three cents is pledged and transferred to the GPWA to assist in GPWA debt service coverage requirements. The unused portion of this is returned to the General fund. The three quarter cent tax is restricted for capital and is transferred to the City Capital Project Fund.

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool (1)
- Worker's Compensation – Worker's compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool (2)
- Employee's Group Medical – Covered through purchased insurance with United Health Care

(1) Liability Protection Plan

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the state tort claims law and federal civil rights laws. All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

(2) Worker's Compensation

The title to all assets acquired by the Plan are vested in the Plan. In the event of termination of the Plan, such property shall belong to the then members of the Plan in equal shares. Each participating city pays for all costs, premiums, or other fees attributable to its respective participation in the Plan, policy or service established under the agreement establishing the Oklahoma Municipal Assurance Group, and is responsible for its obligations under any contract entered into with the Plan.

Specific aggregate stop loss coverage is provided by the State Insurance Fund and covers all claims above the loss reserve fund. The loss reserve fund amount for the fiscal year 2022 was \$44,820.

Reserves for policy and contract claims provide for reported claims on a case basis and a provision for incurred but not reported claims limited to specific retention levels for each member as outlined in the Plan's reinsurance agreement.

The Plan worker's compensation coverage is reinsured for losses in excess of respective retention levels. The reinsurance agreement covers losses incurred within the effective period of the agreement. Each Plan member's liability for claims losses is limited to their individual retention levels as outlined in the Plan's reinsurance agreement.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

11. Commitments and Contingencies

Litigation:

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

Asset Retirement Obligation:

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of September 30, 2022, since the specific legally required costs of retirement have not yet been identified. If any such costs exist, the City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in a subsequent fiscal year.

Federal and State Award Programs:

The City of Guthrie 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.

Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

12. Pension Plan Participation

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

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan.

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- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
- Oklahoma Municipal Retirement Fund (OkMRF) – an agent multiple-employer defined benefit plan.

Oklahoma Firefighter's Pension and Retirement System

Plan description - The City of Guthrie, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- Hired After November 1, 2013
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

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Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$284,213. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$546,835 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$587,283. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2022, the City reported a liability of \$7,497,011 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.5732 percent.

For the year ended September 30, 2022, the City recognized pension expense of \$1,194,421. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 962,414	\$ 37,847
Changes of assumptions	-	47,800
Net difference between projected and actual earnings on pension plan investments	871,232	-
Changes in proportion and differences between City contributions and proportionate share of contributions	556,160	73,120
City contributions during measurement date	2,631	1,005
City contributions subsequent to the measurement date	72,380	-
Total	<u>\$ 2,464,817</u>	<u>\$ 159,772</u>

\$72,380 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ 630,606
2024	547,196
2025	216,532
2026	838,331
Total	<u>\$ 2,232,665</u>

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Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the PubS-2010 with generational mortality improvement using MP-2018.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to July 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Fixed income	20%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.64%
Other assets	8%	5.08%

Discount Rate- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by Oklahoma statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2021, the Plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

- 25.2% effective September 1, 2020
- 36.0% effective July 1, 2021
- 37.8% effective July 1, 2022
- 36.0% effective July 1, 2027

Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate- The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

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	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability	\$ 9,660,490	\$ 7,497,011	\$ 5,687,385

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at www.ok.gov/FPRS.

Oklahoma Police Pension and Retirement System

Plan description - The City of Guthrie, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual

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pay. Contributions to the pension plan from the City were \$212,751. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$187,417 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$187,419. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2022, the City reported a asset of \$377,171 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.47034 percent.

For the year ended September 30, 2022, the City recognized pension expense of \$87,069. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 185,007	\$ 41,084
Changes of assumptions	13,131	-
Net difference between projected and actual earnings on pension plan investments	368,042	-
Changes in proportion and differences between City contributions and proportionate share of contributions	12,143	32,551
City contributions during the measurement date	1,906	9,634
City contributions subsequent to the measurement date	51,742	-
Total	<u>\$ 631,971</u>	<u>\$ 83,269</u>

\$51,742 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net pension liability (asset) in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2023	\$	114,861
2024		25,260
2025		(109,846)
2026		446,856
2027		19,829
	<u>\$</u>	<u>496,960</u>

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Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation: 2.75%

Salary increases: 3.5% to 12% average, including inflation

Investment rate of return: 7.5% net of pension plan investment expense

Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation)

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private Equity	9.36%
Commodities	0.00%

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The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 1,092,775	\$ (377,171)	\$ (1,619,634)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Defined Benefit Plan - Oklahoma Municipal Retirement Fund

Plan Description - The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

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Eligibility Factors and Benefit Provisions

<u>As of 07/01/22</u> <u>Provision</u>	<u>OMRF Plan</u>
a. Eligible to Participate	Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	5.84% of covered payroll, 7.30% of covered payroll for July 2022 through September 2022
- Employee Rate	3.69% of covered payroll
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	<ul style="list-style-type: none"> - Normal retirement at age 65 with 10 years of service - Early retirement at age 55 with 10 years of service - Disability retirement upon disability with 10 years of service - Death benefit with 10 years of service for married employees
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
- Normal Retirement	2.625% of final average salary multiplied by credited years of service
- Early Retirement	Actuarially reduced benefit based upon age and years of service at termination.
- Disability Retirement	Benefit computed as for normal retirement based upon age and service at termination
- Death Benefit	50% of employee's accrued benefit, but terminates upon spouse re-marriage
- Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect. With City consent, optional form based on actuarial equivalent.

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Employees Covered by Benefit Terms

Active Employees	51
Deferred Vested Former Employees	3
Retirees or Retiree Beneficiaries	<u>19</u>
Total	<u>73</u>

Contribution Requirements - The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 7.30% of covered payroll as of 7-1-21 and 5.84% of covered payroll as of 7-1-22. For the year ended September 30, 2022 the City recognized \$182,132 of employer contributions to the plan which is greater than the actuarially determined amount based on covered payroll of \$2,438,182. Employees' contribution is 3.69% of covered payroll as of 7-1-21 and 7-1-22.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.25%
c. Projected Salary Increase	Varies between 7.5% and 4.5% based on age
d. Post Retirement Cost-of-Living Increase	This plan has not elected the automatic post-retirement cost-of-living adjustments
e. Inflation Rate	2.75%
f. Mortality Table	PubG-2010, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40

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j. Date of last experience study

September 2012 for fiscal years 2007
thru 2011

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.25% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	<u>100%</u>		<u>4.75%</u>

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Changes in Net Pension Liability (Asset) – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date. There were no changes between the measurement date of July 1, 2022 and the City’s report ending date of September 30, 2022, that would have had a significant impact on the net pension liability (asset). The following table reports the components of changes in net pension liability (asset):

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	<u>\$ 7,297,802</u>	<u>\$ 8,533,925</u>	<u>\$ (1,236,123)</u>
Changes for the Year:			
Service cost	206,357	-	206,357
Interest expense	534,728	-	534,728
Difference between expected and actual experience	260,561	-	260,561
Changes of assumptions	(112,983)	-	(112,983)
Contributions--City	-	175,875	(175,875)
Contributions--members	-	94,857	(94,857)
Net investment income (loss)	-	(1,058,283)	1,058,283
Benefits paid	(342,391)	(342,391)	-
Plan administrative expenses	-	(14,645)	14,645
Benefit changes due to plan amendments	-	-	-
Net Changes	<u>546,272</u>	<u>(1,144,587)</u>	<u>1,690,859</u>
Balances End of Year	<u>\$ 7,844,074</u>	<u>\$ 7,389,338</u>	<u>\$ 454,736</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.50 percent, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability (Asset)	\$ 1,493,996	\$ 454,736	\$ (403,874)

The City reported \$188,963 in pension expense for the year ended September 30, 2022. At September 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 285,407	\$ 107,934
Changes of assumptions	38,906	92,023
Net difference between projected and actual earnings on pension plan investments	636,441	-
Changes in proportion and differences between City contributions and proportionate share of contributions	11,812	21,328
City contributions subsequent to the measurement date	49,019	-
Total	<u>\$ 1,021,585</u>	<u>\$ 221,285</u>

Amortization of Pension Deferrals: \$49,019 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ 142,175
2024	153,602
2025	91,159
2026	354,312
2027	10,033
	<u>\$ 751,281</u>

13. Annual OPEB Cost and Total OPEB Liability

Plan description – The City’s defined benefit OPEB plan provides OPEB to eligible retirees and their dependents. The City Council has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided – The City provides medical and prescription drug benefits to eligible retirees and their dependents. The benefits are provided in accordance with State law, police and firefighter’s union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The retirees and dependents pay 110% of the active employee coverage rates; this results in the retirees and beneficiaries receiving an implicit rate subsidy. Retirees and dependents coverage ceases at age 65 and are no longer eligible for the City’s OPEB plan.

Employees covered by benefit terms - At September 30, 2022 the following employees were covered by the benefit terms:

Active Employees	99
Inactives or beneficiaries not yet receiving benefit payments	<u>2</u>
Total	<u>101</u>

Total OPEB Liability – The City’s total OPEB liability of \$1,521,258 was performed as of September 30, 2022 with a measurement date as of September 30, 2022.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of September 30, 2022 (measured as of September 30, 2022) with roll-forward procedures, using the following actuarial assumptions:

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- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 2.26%, based on September 30, 2021 published Bond Buyers’ bond index
 - 2.26%, based on September 30, 2021 published Bond Buyers’ bond index
- Termination – Civilian employees are based on actual experience of the Oklahoma Municipal Retirement Fund. Rates for police and firefighters are based on rates for these groups in Oklahoma.
- Retirement Age:

<u>Age</u>	<i>Civilian Retirement Rate</i>
55	7%
56	7%
57	7%
58	7%
59	7%
60	7%
61	7%
62	30%
63	17.5%
64	17.5%
65 - 69	40%
70	100%

Years of Service	Retirement Rate	
	Police	Fire
20	20%	10%
21	6%	5%
22	6%	5%
23	6%	5%
24	10%	10%
25	20%	15%
26	10%	15%
27	10%	15%
28	10%	15%
29	15%	15%
30	100%	20%
31	100%	20%
32	100%	20%
33	100%	20%
34	100%	25%
35	100%	100%

- Participation – 25% of currently covered civilian employees are assumed to elect retiree medical coverage and 50% for police and firefighters. Dependents are assumed acceptance rate is 50%
- Healthcare cost trend rates - Plan year dependent rates graded from 5.96% to 4.87%
- Mortality Rates - Pub2010 Mortality Table with cohort mortality projection using Scale AA

Changes in Total OPEB Liability—The following table reports the components of changes in total OPEB liability:

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	Total OPEB Liability
Balances Beginning of Year	<u>\$ 1,258,895</u>
Change for the Year:	
Service cost	152,478
Interest Expense	35,978
Differences between expected and actual experience	(89,225)
Changes of assumptions	(41,461)
Benefits paid	(11,998)
Other changes	216,591
Net Changes	<u>262,363</u>
Balances End of Year	<u>\$ 1,521,258</u>

Changes of assumptions reflects a change in discount rate from 2.21 percent to 2.26 percent.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate-The following presents the total OPEB liability of the employer calculated using the discount rate of 2.26%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.26%) or 1-percentage-point higher (3.26) than the current rate:

	1% Decrease (1.26%)	Current Discount Rate (2.26%)	1% Increase (3.26%)
Employers' total OPEB liability	\$ 1,732,758	\$ 1,521,258	\$ 1,336,283

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate-The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 6.02% grading to 4.87%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (5.02% grading to 3.87%) or 1-percentage-point higher (7.02% grading to 5.87%) than the current rate:

	1% Decrease (5.02% decreasing to 3.87%)	Healthcare Cost Trend Rates (6.02% decreasing to 4.87%)	1% Increase (7.02% decreasing to 5.87%)
Employers' total OPEB liability	\$ 1,297,412	\$ 1,521,258	\$ 1,792,168

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$271,384. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 260,686	\$ 85,128
Changes of assumptions	286,872	202,050
Changes in City's proportionate share	148,405	148,405
Benefit payments subsequent to the measurement date	-	-
Total	<u>\$ 695,963</u>	<u>\$ 435,583</u>

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The amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 34,208
2023	34,208
2024	34,207
2025	34,207
2026	36,398
Thereafter	<u>87,152</u>
Total	<u>\$ 260,380</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) General Fund – Year Ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	9,404,765	9,466,495	\$ 9,745,928	\$ 279,433
Licenses and permits	156,000	156,000	150,754	(5,246)
Intergovernmental	372,500	372,500	575,614	203,114
Charges for services	294,689	294,689	294,526	(163)
Fees and fines	150,000	150,000	100,445	(49,555)
Investment earnings	11,000	11,000	6,643	(4,357)
Miscellaneous	244,750	244,750	291,089	46,339
Total revenues	<u>10,633,704</u>	<u>10,695,434</u>	<u>11,164,999</u>	<u>469,565</u>
EXPENDITURES				
Departmental:				
<i>General Government:</i>				
General government	1,010,367	1,205,747	1,150,801	54,946
City manager	265,775	239,452	227,036	12,416
Human resources	147,815	142,183	132,612	9,571
City clerk	154,758	155,264	152,690	2,574
Building services	58,582	58,620	56,252	2,368
Planning and zoning	364,996	392,906	385,232	7,674
Economic development	191,048	198,538	174,738	23,800
Vehicle maintenance	185,896	128,897	96,630	32,267
<i>Total General Government</i>	<u>2,379,237</u>	<u>2,521,607</u>	<u>2,375,991</u>	<u>145,616</u>
<i>Public Safety:</i>				
Police administration	570,393	658,152	628,562	29,590
Police operations	1,593,810	1,580,948	1,571,807	9,141
Criminal investigations	439,042	374,652	360,214	14,438
Police support	321,603	342,743	338,433	4,310
Communications	372,481	250,188	244,139	6,049
Animal Control	140,479	137,231	129,695	7,536
<i>Total Public Safety</i>	<u>3,437,808</u>	<u>3,343,914</u>	<u>3,272,850</u>	<u>71,064</u>
<i>Street:</i>				
Street	716,590	636,516	578,072	58,444
<i>Total Street</i>	<u>716,590</u>	<u>636,516</u>	<u>578,072</u>	<u>58,444</u>
<i>Culture and Recreation:</i>				
Library	363,359	369,529	365,144	4,385
Municipal pool	20,500	23,485	23,394	91
Parks	641,221	663,664	618,854	44,810
<i>Total Culture and Recreation</i>	<u>1,025,080</u>	<u>1,056,678</u>	<u>1,007,392</u>	<u>49,286</u>
Total Expenditures	<u>7,558,715</u>	<u>7,558,715</u>	<u>7,234,305</u>	<u>324,410</u>
Excess (deficiency) of revenues over expenditures	<u>3,074,989</u>	<u>3,136,719</u>	<u>3,930,694</u>	<u>793,975</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,227,397	8,536,045	8,474,521	(61,524)
Transfers out	(11,296,801)	(11,667,179)	(11,667,179)	-
Total other financing sources and uses	<u>(3,069,404)</u>	<u>(3,131,134)</u>	<u>(3,192,658)</u>	<u>(61,524)</u>
Net change in fund balances	5,585	5,585	738,036	732,451
Fund balances - beginning	-	-	3,706,045	3,706,045
Fund balances - ending	<u>\$ 5,585</u>	<u>\$ 5,585</u>	<u>\$ 4,444,081</u>	<u>\$ 4,438,496</u>

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Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a modified cash basis. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Council. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
Total revenue - budgetary basis	\$ 19,639,520
Total expenses - budgetary basis	<u>(18,901,484)</u>
Change in fund balance - budgetary basis	738,036
Revenue accruals	158,940
Expenditure accruals	(98,234)
Change in Fire/EMS Fund balance	282,247
Change in Airport Fund balance	1,215
Change in GF Stabilization Fund balance	<u>246,593</u>
Change in fund balance - GAAP basis	<u><u>\$ 1,328,797</u></u>

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Schedules of Required Supplementary Information
Oklahoma Firefighters Pension & Retirement System
Schedule of the City of Guthrie's Proportionate Share of
the Net Pension Liability

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability	0.453751%	0.509656%	0.538642%	0.466619%	0.512477%	0.511511%	0.533799%	0.573283%
City's proportionate share of the net pension liability	\$ 4,816,145	\$ 6,226,541	\$ 6,774,622	\$ 5,252,477	\$ 5,415,178	\$ 6,301,320	\$ 3,515,419	\$ 7,497,011
City's covered-employee payroll	\$ 1,200,607	\$ 1,352,571	\$ 1,531,014	\$ 1,414,279	\$ 1,519,312	\$ 1,641,900	\$ 1,734,079	\$ 1,897,514
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	401%	460%	442%	371%	356%	384%	203%	395%
Plan fiduciary net position as a percentage of the total pension liability	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

Notes to Schedule:

Only eight fiscal years are presented because 10-year data is not yet available.

Schedules of Required Supplementary Information
Oklahoma Firefighters Pension & Retirement System
Schedule of the City of Guthrie Contributions

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 173,566	\$ 199,586	\$ 209,595	\$ 203,089	\$ 222,627	\$ 231,674	\$ 245,721	\$ 284,213
Contributions in relation to the statutorily required contribution	173,566	199,586	209,595	203,089	222,627	231,674	245,721	284,213
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,239,757	\$ 1,425,614	\$ 1,497,107	\$ 1,450,636	\$ 1,590,193	\$ 1,654,814	\$ 1,755,150	\$ 2,030,093
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

Only eight fiscal years are presented because 10-year data is not yet available.

CITY OF GUTHRIE, OKLAHOMA
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Schedules of Required Supplementary Information

Oklahoma Police Pension & Retirement System

Schedule of the City of Guthrie's Proportionate Share of
the Net Pension Liability (Asset)

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability (asset)	0.3161%	0.3578%	0.3914%	0.4848%	0.3986%	0.4380%	0.4495%	0.4703%
City's proportionate share of the net pension liability (asset)	\$ 12,887	\$ 547,993	\$ 30,109	\$ (230,936)	\$ (25,449)	\$ 502,979	\$(2,156,520)	\$ (377,171)
City's covered-employee payroll	\$ 892,431	\$ 990,415	\$1,166,062	\$1,478,800	\$1,297,723	\$1,413,777	\$ 1,555,638	\$ 1,626,100
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.44%	55.33%	2.58%	-15.6%	-2.0%	35.6%	-138.6%	-23.2%
Plan fiduciary net position as a percentage of the total pension liability	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%

Notes to Schedule:

Only eight fiscal years are presented because 10-year data is not yet available.

Schedules of Required Supplementary Information

Oklahoma Police Pension & Retirement System

Schedule of the City of Guthrie Contributions

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Statutorially required contribution	\$ 120,952	\$ 128,514	\$ 182,454	\$ 165,918	\$ 172,835	\$ 188,597	\$ 201,365	\$ 212,751
Contributions in relation to the statutorially required contribution	120,952	128,514	182,454	165,918	172,835	188,597	201,365	212,751
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 930,400	\$ 988,569	\$ 1,403,492	\$ 1,276,292	\$ 1,329,500	\$ 1,450,746	\$ 1,548,962	\$ 1,636,546
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

Only eight fiscal years are presented because 10-year data is not yet available.

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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Fiscal Year

	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
Service cost	\$ 165,947	\$ 182,677	\$ 194,734	\$ 185,966	\$ 174,309	\$ 185,570	\$ 203,710	\$ 206,357
Interest	370,915	401,086	432,197	442,746	444,433	473,436	512,850	534,728
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	30,985	54,794	(32,105)	(159,914)	(53,500)	154,207	(106,364)	260,561
Changes of assumptions	-	-	168,471	-	113,872	-	-	(112,983)
Benefit payments, including refunds of member contributions	(175,951)	(181,241)	(295,131)	(583,401)	(304,166)	(280,224)	(295,441)	(342,391)
Net change in total pension liability	391,896	457,316	468,166	(114,603)	374,948	532,989	314,755	546,272
Total pension liability - beginning	4,872,335	5,264,231	5,721,547	6,189,713	6,075,110	6,450,058	6,983,047	7,297,802
Total pension liability - ending (a)	\$ 5,264,231	\$ 5,721,547	\$ 6,189,713	\$ 6,075,110	\$ 6,450,058	\$ 6,983,047	\$ 7,297,802	\$ 7,844,074
Plan fiduciary net position								
Contributions - employer	\$ 140,558	\$ 144,170	\$ 154,484	\$ 144,168	\$ 145,941	\$ 156,806	\$ 166,647	\$ 175,875
Contributions - member	67,223	71,220	76,219	70,852	72,078	77,458	82,198	94,857
Net investment income	148,170	51,381	685,356	454,157	426,665	269,301	1,859,174	(1,058,283)
Benefit payments, including refunds of member contributions	(175,951)	(181,241)	(295,131)	(583,401)	(304,166)	(280,224)	(295,441)	(342,391)
Administrative expense	(11,002)	(10,824)	(11,980)	(14,028)	(13,073)	(13,913)	(13,768)	(14,645)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	168,998	74,706	608,948	71,748	327,445	209,428	1,798,810	(1,144,587)
Plan fiduciary net position - beginning	5,273,843	5,442,840	5,517,546	6,126,494	6,198,242	6,525,687	6,735,115	8,533,925
Plan fiduciary net position - ending (b)	\$ 5,442,841	\$ 5,517,546	\$ 6,126,494	\$ 6,198,242	\$ 6,525,687	\$ 6,735,115	\$ 8,533,925	\$ 7,389,338
Net pension liability (asset) - ending (a) - (b)	\$ (178,610)	\$ 204,001	\$ 63,219	\$ (123,132)	\$ (75,629)	\$ 247,932	\$ (1,236,123)	\$ 454,736
Plan fiduciary net position as a percentage of the total pension liability	103.39%	96.43%	98.98%	102.03%	101.17%	96.45%	116.94%	94.20%
Covered employee payroll	\$ 1,804,317	\$ 1,890,329	\$ 2,079,971	\$ 2,171,138	\$ 2,323,250	\$ 1,857,486	\$ 2,266,957	\$ 2,335,744
Net pension liability (asset) as a percentage of covered-employee payroll	(9.90%)	10.79%	3.04%	-5.67%	-3.26%	13.35%	-54.53%	19.47%

Notes to Schedule:

Only eight fiscal years are presented because 10-year data is not yet available.
In FY 2017, the change in assumption discount rate decreased by .25 percent.

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions

Last Fiscal Year

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 138,867	\$ 151,440	\$ 155,062	\$ 144,091	\$ 146,776	\$ 165,490	\$ 164,510	\$ 168,407
Contributions in relation to the actuarially determined contribution	138,867	151,440	158,313	141,882	146,280	154,031	165,452	182,132
Contribution deficiency (excess)	\$ -	\$ -	\$ (3,251)	\$ 2,209	\$ 496	\$ 11,459	\$ (942)	\$ (13,726)
Covered employee payroll	\$ 1,903,453	\$ 2,235,214	\$ 2,255,853	\$ 1,928,929	\$ 2,084,886	\$ 2,187,940	\$ 2,214,881	\$ 2,438,182
Contributions as a percentage of covered-employee payroll	7.30%	6.78%	6.87%	7.47%	7.04%	7.56%	7.43%	6.91%

Notes to Schedule:

- Only eight current fiscal years are presented because 10-year data is not yet available.
- Latest Valuation Date: July 1, 2022
- Actuarially determined contribution rate is calculated as of July 1, 2021 and July 1, 2022
October 2021 through June 2022 contributions were at a rate of 7.30%.
July 2022 through September 2022 contributions were at a rate of 5.84%
- Methods and assumptions used to determine contribution rates:
Actuarial cost method - Entry age normal
Amortization method - Level percent of payroll, closed
Remaining amortization period - 22 years
Asset valuation method - Actuarial:
Smoothing period - 5 years
Recognition method - Non-asymptotic
Corridor - 70% - 130%
Salary increases - 4.50% to 7.50% (varies by attained age)
Investment rate of return - 7.25%
Mortality - PubG2010

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Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 76,056	\$ 56,125	\$ 62,733	\$ 62,733	\$ 152,478
Interest	18,109	28,931	31,102	31,102	35,978
Change in assumptions	(49,951)	(74,061)	283,535	113,956	(41,461)
Differences between expected and actual experience	-	-	(7,591)	-	(89,225)
Benefit payments, including refunds	-	-	-	-	(11,998)
Other changes	-	-	34,321	-	216,591
Net change in total OPEB liability	44,214	10,995	404,100	207,791	262,363
Total OPEB liability - beginning	591,795	636,009	647,004	1,051,104	1,258,895
Total OPEB liability - ending	\$ 636,009	\$ 647,004	\$ 1,051,104	\$ 1,258,895	\$ 1,521,258
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 4,700,000	\$ 5,004,579	\$ 4,818,000	\$ 5,383,808	\$ 6,104,821
Total OPEB liability as a percentage of covered-employee payroll	13.53%	12.93%	21.82%	23.38%	24.92%

Notes to Schedule:

Only five years is presented because 10-year data is not yet available.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF GUTHRIE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – September 30, 2022

	Capital Equipment Fund	Hotel Motel Tax Fund	Cemetery Care Fund	Grant Fund	USDA Rural Development	Guthrie Industrial Development Fund	Capital Project Fund	Debt Service	Hotel Motel Sports Tax Fund	Total Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 531,743	\$ 170,580	\$ 34,441	\$ 1,659,660	\$ 119,055	\$ 223,672	\$ 2,534,202	\$ 455	\$ 10,027	\$ 5,283,835
Receivable from other governments	6,667	-	-	29,999	-	-	-	-	8,928	45,594
Due from other funds	-	-	-	463	-	-	2,979	-	-	3,442
Taxes receivable, net	-	11,795	-	-	-	-	-	-	-	11,795
Utilities receivable, net	-	-	-	-	-	-	80,475	-	-	80,475
Total assets	\$ 538,410	\$ 182,375	\$ 34,441	\$ 1,690,122	\$ 119,055	\$ 223,672	\$ 2,617,656	\$ 455	\$ 18,955	\$ 5,425,141
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 6,849	\$ 5,699	\$ -	\$ 223,182	\$ -	\$ -	\$ 1,452	\$ -	\$ -	\$ 237,182
Due to other funds	-	-	-	-	-	-	473	-	-	473
Accrued interest	-	-	-	-	-	-	15,702	-	-	15,702
Total liabilities	6,849	5,699	-	223,182	-	-	17,627	-	-	253,357
Deferred inflows of resources:										
Unavailable revenue	-	-	-	10,490	-	-	45,229	-	-	55,719
Fund balances:										
Restricted	-	101,298	34,441	-	119,055	-	120,247	455	18,955	394,451
Assigned	531,561	75,378	-	1,456,450	-	223,672	2,434,553	-	-	4,721,814
Total fund balances	531,561	176,676	34,441	1,456,450	119,055	223,672	2,554,800	455	18,955	5,116,065
Total liabilities, deferred inflows and fund balances	\$ 538,410	\$ 182,375	\$ 34,441	\$ 1,690,122	\$ 119,055	\$ 223,672	\$ 2,617,656	\$ 455	\$ 18,955	\$ 5,425,141

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended September 30, 2022

	Capital Equipment Fund	Hotel Motel Tax Fund	Cemetery Care Fund	Grant Fund	USDA Rural Development	Guthrie Industrial Development Fund	Capital Project Fund	Debt Service	Hotel Motel Sports Tax Fund	Total-Other Governmental Funds
REVENUES										
Taxes	\$ 82,735	\$ 174,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 712	\$ 18,955	\$ 276,880
Licenses and permits	-	-	-	-	-	4,000	-	-	-	4,000
Intergovernmental	357,969	-	-	520,814	-	-	-	-	-	878,783
Charges for services	-	-	14,683	-	-	49,631	247,920	-	-	312,234
Investment earnings	1,071	471	72	3,024	114	574	4,422	-	-	9,748
Miscellaneous	-	12,748	-	-	-	-	-	-	-	12,748
Total revenues	441,775	187,697	14,755	523,838	114	54,205	252,342	712	18,955	1,494,393
EXPENDITURES										
Current:										
General government	1,040	-	-	-	-	-	239	-	-	1,279
Public Safety	9,253	-	-	33,499	-	-	86	-	-	42,838
Highways and roads	-	-	-	-	-	-	86	-	-	86
Culture and recreation	-	222,534	-	35,969	-	-	-	-	-	258,503
Debt Service:										
Principal	-	-	-	-	-	123,417	182,493	-	-	305,910
Interest and other charges	-	-	-	-	-	619	36,342	-	-	36,961
Capital Outlay	452,817	-	22,400	211,929	-	61,021	118,087	-	-	866,254
Total Expenditures	463,110	222,534	22,400	281,397	-	185,057	337,333	-	-	1,511,831
Excess (deficiency) of revenues over expenditures	(21,335)	(34,837)	(7,645)	242,441	114	(130,852)	(84,991)	712	18,955	(17,438)
OTHER FINANCING SOURCES (USES)										
Other source - receipt of loan receivable	-	-	-	-	9,094	-	-	-	-	9,094
Transfers in	410,269	26,257	-	917,524	-	105,000	1,970,782	-	-	3,429,832
Transfers out	(152,650)	-	-	(623,345)	-	-	(1,349,794)	(712)	-	(2,126,501)
Total other financing sources and uses	257,619	26,257	-	294,179	9,094	105,000	620,988	(712)	-	1,312,425
Net change in fund balances	236,284	(8,580)	(7,645)	536,620	9,208	(25,852)	535,997	-	18,955	1,294,987
Fund balances - beginning	295,277	185,256	42,086	919,830	109,847	249,524	2,018,803	455	-	3,821,078
Fund balances - ending	\$ 531,561	\$ 176,676	\$ 34,441	\$ 1,456,450	\$ 119,055	\$ 223,672	\$ 2,554,800	\$ 455	\$ 18,955	\$ 5,116,065

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Combining Balance Sheet – General Fund Accounts – September 30, 2022

	<u>General Fund</u>	<u>Fire/EMS Cash</u>	<u>Airport Account</u>	<u>General Fund Stabilization Account</u>	<u>Total General Fund Accounts</u>
ASSETS					
Cash and cash equivalents	\$ 2,433,593	363,734	\$ 202,072	\$ 1,415,811	\$ 4,415,210
Receivable from other governments	1,264,720	-	56,718	-	1,321,438
Due from other funds/accounts	421	679	-	248,007	249,107
Taxes receivable, net	47,473	-	-	-	47,473
Court fines receivable, net	170,941	-	-	-	170,941
Ambulance receivable, net	-	251,661	-	-	251,661
Other receivables	319	-	-	-	319
Lease receivable	44,353	-	-	-	44,353
Prepaid expenses	40,000	-	-	-	40,000
Total assets	<u>\$ 4,001,820</u>	<u>\$ 616,074</u>	<u>\$ 258,790</u>	<u>\$ 1,663,818</u>	<u>\$ 6,540,502</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 85,268	\$ 74,727	\$ 11,563	\$ -	\$ 171,558
Accrued payroll payable	312,227	-	-	-	312,227
Due to other funds/accounts	46,685	202,464	12	-	249,161
Due to bondholders	1,100	-	-	-	1,100
Payable to other governments	2,012	-	-	-	2,012
Other payables	68	-	-	-	68
Total liabilities	<u>447,360</u>	<u>277,191</u>	<u>11,575</u>	<u>-</u>	<u>736,126</u>
Deferred inflows of resources:					
Deferred inflow lease	43,848	-	-	-	43,848
Unavailable revenue	180,161	108,176	-	-	288,337
Total deferred inflows	<u>224,009</u>	<u>108,176</u>	<u>-</u>	<u>-</u>	<u>332,185</u>
Fund balances:					
Committed	-	-	-	1,663,818	1,663,818
Assigned	-	230,707	247,215	-	477,922
Unassigned	3,330,451	-	-	-	3,330,451
Total fund balances	<u>3,330,451</u>	<u>230,707</u>	<u>247,215</u>	<u>1,663,818</u>	<u>5,472,191</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,001,820</u>	<u>\$ 616,074</u>	<u>\$ 258,790</u>	<u>\$ 1,663,818</u>	<u>\$ 6,540,502</u>

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – For the Year Ended September 30, 2022

	<u>General Fund</u>	<u>Fire/EMS</u> <u>Cash</u>	<u>Airport</u> <u>Account</u>	<u>General Fund</u> <u>Stabilization</u> <u>Account</u>	<u>Total General</u> <u>Fund Accounts</u>
REVENUES					
Taxes	\$ 9,815,069	\$ -	\$ -	\$ -	\$ 9,815,069
Intergovernmental	1,296,204	-	1,300	-	1,297,504
Licenses and permits	132,401	-	-	-	132,401
Charges for services	279,321	1,848,198	149,112	-	2,276,631
Fees and fines	118,687	-	-	-	118,687
Investment earnings	7,666	801	479	3,345	12,291
Miscellaneous	308,962	122,196	9,725	-	440,883
Total revenues	<u>11,958,310</u>	<u>1,971,195</u>	<u>160,616</u>	<u>3,345</u>	<u>14,093,466</u>
EXPENDITURES					
Current:					
General government	2,118,484	-	-	-	2,118,484
Public safety	3,973,362	3,323,500	-	-	7,296,862
Public works	585,440	-	-	-	585,440
Culture and recreation	1,018,649	-	-	-	1,018,649
Economic development	174,817	-	-	-	174,817
Airport	-	-	181,266	-	181,266
Capital outlay	96,158	16,635	52,113	-	164,906
Total expenditures	<u>7,966,910</u>	<u>3,340,135</u>	<u>233,379</u>	<u>-</u>	<u>11,540,424</u>
Excess (deficiency) of revenues over expenditures	<u>3,991,400</u>	<u>(1,368,940)</u>	<u>(72,763)</u>	<u>3,345</u>	<u>2,553,042</u>
OTHER FINANCING SOURCES (USES)					
Intra-account transfers	(1,889,668)	1,573,154	73,978	242,536	-
Transfers in	8,474,521	100,000	-	712	8,575,233
Transfers out	(9,777,511)	(21,967)	-	-	(9,799,478)
Total other financing sources and uses	<u>(3,192,658)</u>	<u>1,651,187</u>	<u>73,978</u>	<u>243,248</u>	<u>(1,224,245)</u>
Net change in fund balances	798,742	282,247	1,215	246,593	1,328,797
Fund balances - beginning	2,531,709	(51,540)	246,000	1,417,225	4,143,394
Fund balances - ending	<u>\$ 3,330,451</u>	<u>\$ 230,707</u>	<u>\$ 247,215</u>	<u>\$ 1,663,818</u>	<u>\$ 5,472,191</u>

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Combining Schedule of Net Position – Enterprise Fund Accounts – September 30, 2022

	GPWA	Water Treatment Plant Account	Waste Water Treatment Plant	Meter Deposit Account	CMOM Account	GPWA Stabilization Account	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,772,409	\$ 177,543	\$ 1,916,098	\$ 4,570	\$ 584,813	\$ 814,250	\$ 5,269,683
Restricted:							
Cash and cash equivalents	143,442	622,357	-	474,904	-	-	1,240,703
Investments	-	-	-	99,000	-	-	99,000
Due from other funds	1,735	3,750	-	-	2,790	389,120	397,395
Accounts receivable, net	523,479	212,284	-	-	108,006	-	843,769
Total current assets	<u>2,441,065</u>	<u>1,015,934</u>	<u>1,916,098</u>	<u>578,474</u>	<u>695,609</u>	<u>1,203,370</u>	<u>7,850,550</u>
Non-current assets:							
Capital assets:							
Land and construction in progress	15,940,137	-	-	-	-	-	15,940,137
Other capital assets, net of accumulated depreciation	11,659,927	10,894,046	-	-	-	-	22,553,973
Total non-current assets	<u>27,600,064</u>	<u>10,894,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,494,110</u>
Total assets	<u>30,041,129</u>	<u>11,909,980</u>	<u>1,916,098</u>	<u>578,474</u>	<u>695,609</u>	<u>1,203,370</u>	<u>46,344,660</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pensions	382,360	-	-	-	-	-	382,360
Deferred amounts related to OPEB	353,417	-	-	-	-	-	353,417
Total deferred outflows of resources	<u>735,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>735,777</u>
LIABILITIES							
Current liabilities:							
Accounts payable	227,277	-	1,164,484	430	10,261	-	1,402,452
Salaries payable	44,572	-	-	-	-	-	44,572
Accrued interest payable	13,110	115,158	12,140	-	1,863	-	142,271
Due to other funds	399,048	697	-	-	565	-	400,310
Unearned revenue	363,395	-	-	-	-	-	363,395
Deposits subject to refund	-	-	-	501,170	-	-	501,170
Compensated absences	5,297	-	-	-	-	-	5,297
Capital lease obligation	-	-	-	-	-	-	-
Notes payable	296,311	1,025,200	400,000	-	130,373	-	1,851,884
Total current liabilities	<u>1,349,010</u>	<u>1,141,055</u>	<u>1,576,624</u>	<u>501,600</u>	<u>143,062</u>	<u>-</u>	<u>4,711,351</u>
Non-current liabilities:							
Compensated absences	47,677	-	-	-	-	-	47,677
Notes payable	746,326	8,492,000	12,400,681	-	1,290,511	-	22,929,518
Total OPEB liability	569,576	-	-	-	-	-	569,576
Total non-current liabilities	<u>1,533,837</u>	<u>8,492,000</u>	<u>12,400,681</u>	<u>-</u>	<u>1,290,511</u>	<u>-</u>	<u>23,717,029</u>
Total liabilities	<u>2,882,847</u>	<u>9,633,055</u>	<u>13,977,305</u>	<u>501,600</u>	<u>1,433,573</u>	<u>-</u>	<u>28,428,380</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to pensions	85,071	-	-	-	-	-	85,071
Deferred amounts related to OPEB	107,523	-	-	-	-	-	107,523
Total deferred inflows of resources	<u>192,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,594</u>
NET POSITION							
Net investment in capital assets	12,537,963	-	-	-	-	-	12,537,963
Restricted for debt service	481,293	142,235	-	-	-	-	623,528
Unrestricted (deficit)	14,682,209	2,134,690	(12,061,207)	76,874	(737,964)	1,203,370	5,297,972
Total net position	<u>\$ 27,701,465</u>	<u>\$ 2,276,925</u>	<u>\$ (12,061,207)</u>	<u>\$ 76,874</u>	<u>\$ (737,964)</u>	<u>\$ 1,203,370</u>	<u>\$ 18,459,463</u>

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Combining Schedule of Revenues, Expenses, and Changes in Net Position – Enterprise Fund
Accounts – Year Ended September 30, 2022

	GPWA	Water Treatment Plant Account	Waste Water Treatment Plant	Meter Deposit Account	CMOM Account	GPWA Stabilization Account	Total
REVENUES							
Charges for services:							
Water	\$ 3,294,238	\$ 387,875	\$ -	\$ -	\$ -	\$ -	\$ 3,682,113
Sewer	1,441,029	-	-	-	362,286	-	1,803,315
Sanitation	1,609,434	-	-	-	-	-	1,609,434
Rents and royalties	3,850	-	-	-	-	-	3,850
Miscellaneous	4,221	-	-	25	-	-	4,246
Total operating revenues	<u>6,352,772</u>	<u>387,875</u>	<u>-</u>	<u>25</u>	<u>362,286</u>	<u>-</u>	<u>7,102,958</u>
OPERATING EXPENSES							
General government	706,554	-	-	-	117	-	706,671
Administration	457,798	-	-	-	-	-	457,798
Water	845,762	120	-	-	-	-	845,882
Wastewater	386,052	-	-	-	-	-	386,052
Sanitation	1,069,203	-	-	-	-	-	1,069,203
Landfill operations	201,012	-	-	-	-	-	201,012
Line maintenance	620,197	-	-	-	-	-	620,197
Meter operations	-	-	-	120	-	-	120
Depreciation	1,255,283	376,740	-	-	-	-	1,632,023
Total operating expenses	<u>5,541,861</u>	<u>376,860</u>	<u>-</u>	<u>120</u>	<u>117</u>	<u>-</u>	<u>5,918,958</u>
Operating income	<u>810,911</u>	<u>11,015</u>	<u>-</u>	<u>(95)</u>	<u>362,169</u>	<u>-</u>	<u>1,184,000</u>
	5,574,648						
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	6,365	1,544	4,327	1,416	1,611	2,043	17,306
Operating grants and contributions	659,791	-	-	-	-	-	659,791
Interest expense	(32,787)	(238,472)	(111,977)	-	(45,933)	-	(429,169)
Total non-operating revenue (expenses)	<u>633,369</u>	<u>(236,928)</u>	<u>(107,650)</u>	<u>1,416</u>	<u>(44,322)</u>	<u>2,043</u>	<u>247,928</u>
Income (loss) before contributions and transfers	<u>1,444,280</u>	<u>(225,913)</u>	<u>(107,650)</u>	<u>1,321</u>	<u>317,847</u>	<u>2,043</u>	<u>1,431,928</u>
Capital contributions	1,206,539	-	-	-	-	-	1,206,539
Transfer Intra-account	9,567,228	737,240	(10,073,321)	(1,316)	(229,831)	-	-
Transfers in	8,442,180	71,862	260,508	-	-	-	8,774,550
Transfers out	(10,060,175)	-	-	-	-	-	(10,060,175)
Change in net position	10,600,052	583,189	(9,920,463)	5	88,016	2,043	1,352,842
Total net position - beginning	<u>17,101,413</u>	<u>1,693,736</u>	<u>(2,140,744)</u>	<u>76,869</u>	<u>(825,980)</u>	<u>1,201,327</u>	<u>17,106,621</u>
Total net position - ending	<u>\$ 27,701,465</u>	<u>\$ 2,276,925</u>	<u>\$ (12,061,207)</u>	<u>\$ 76,874</u>	<u>\$ (737,964)</u>	<u>\$ 1,203,370</u>	<u>\$ 18,459,463</u>

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022**

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

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Elfrink and Associates, PLLC

Certified Public Accountants

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

To the Honorable Mayor and Members of the City Council
City of Guthrie, 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, each major fund, and the aggregate remaining fund information of the City of Guthrie, Oklahoma ("City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC
Tulsa, Oklahoma
June 26, 2023

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Government Accounting and Auditing

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022**

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

To the Honorable Mayor and Members of the City Council
City of Guthrie, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Guthrie, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 26, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Elfrink and Associates, PLLC
Tulsa, Oklahoma
June 26, 2023

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Federal/State Grantor/Pass through agency Grantor/Program Title	Assistance Listing (AL) Number	Agency or Pass Thru Number	Federal Expenditures
FEDERAL ASSISTANCE:			
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
Body Worn Camera Policy and Implementation	16.835	28544064	40,000
Public Safety Partnership and Community Policing Grant	16.710	15JCOPS-21-GG-02579-SPPS	10,000
BPV Grant	16.607	N/A	6,832
Passed through District Attorney's Council:			
COVID-19 Coronavirus Emergency Supplemental Funding (CESF)	16.034	2020-VD-BX-00	3,728
Crime Victim Assistance Grant (VOCA)	16.807	2021-VOCA-Guthrie CI-017	128,614
Violence Against Women Formula Grants	16.588	2022/23-VAWA-GUTHRIE CI-00003	57,910
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG-LLE-2021 CI -00001	10,000
Total U.S. Department of Justice			257,084
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
Oklahoma Highway Safety Office:			
Highway Safety Cluster			
State and Community Highway Safety	20.600	PT-22-03-13-06	10,000
Total U.S. Department of Transportation			10,000
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
Passed through Oklahoma Office of Homeland Security:			
Homeland Security Grant	97.073	1155.026	74,448
National Dam Safety Program (NDSP)	97.041	EMW-2020-GR-00186	85,930
Passed through Oklahoma Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA 4575 PW 47	2,221
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA 4575 PW 103	295,555
Total 97.036			297,776
Total U.S. Department of Homeland Security			458,154
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Community Facilities Loans and Grants Cluster			
Community Facilities Direct Loans and Grants	10.766	N/A	94,100
Total U.S. Department of Agriculture			94,100
<u>U.S. DEPARTMENT OF TREASURY:</u>			
Passed through Office of Management and Enterprise Services			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	CARE -ARPA	659,791
Total U.S. Department of Treasury			659,791
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
Passed through OK Department of Commerce			
Community Development Block Grant/ State's program and Non-Entitlement Grants in Hawaii	14.228	18547CDBG21	198,052
			198,052
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>			
Passed through Oklahoma Department of Libraries:			
COVID 19 ARPA - Grants to States	45.310	N/A	15,016
Total Health and Human Services			15,016
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY:</u>			
Passed through Oklahoma Water Resource Board:			
Capital Grant for state revolving Fund	66.458	ORF-17-007-CW	46,573
Capital Grant for state revolving Fund	66.458	ORF-17-007-CWA	87,466
Total U.S. Environmental Protection Agency			134,039
TOTAL FEDERAL ASSISTANCE			\$ 1,826,236

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2022

Footnotes to Schedules of Expenditures of Federal Awards:

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Guthrie, Oklahoma (the "City") under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

