



City of
LINDSAY, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**THE CITY OF LINDSAY
OKLAHOMA**

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

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Lindsay, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lindsay, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Lindsay, Oklahoma'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lindsay, Oklahoma, as of June 30, 2023, 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 of Lindsay, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 of Lindsay, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. We did not audit the financial statements of the Lindsay Municipal Hospital Authority, a discretely presented component unit. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lindsay Municipal Hospital Authority, is based solely on report of the other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 7-14), budgetary comparison information (pages 61-62), and pension plan information (pages 63-67) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lindsay, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and federal/state awards information 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 and the schedule of expenditures of federal awards 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 August 8, 2024, on our consideration of the City of Lindsay, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Lindsay, Oklahoma'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 City of Lindsay, Oklahoma's internal control over financial reporting and compliance.

HBC CPAs & Advisors

Oklahoma City, Oklahoma
August 8, 2024

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The management of the City of Lindsay is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$1,552,496 and the assets and deferred outflows of the City exceed its liabilities and deferred inflows at June 30, 2023, by \$16,934,639 (net position).
- The City's governmental activities experienced a current year increase in net position of \$218,655, while business-type activities experienced a current year increase in net position of \$1,333,841.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances of \$1,002,547.
- At the end of fiscal year 2023, unassigned fund balance for the General Fund was in a deficit position, in the amount of (\$871,394).

ABOUT THE CITY

The City of Lindsay is an incorporated municipality with a population of approximately 2,828 located in Garvin County in central Oklahoma. The City is a Council/Manager form of government and operates under home-rule 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 an attorney appointed by the City Manager

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority, Hospital Authority and Industrial Authority (when active), certain utility services including electric, water, wastewater, and sanitation, along with health care and industrial development.

The City's Financial Reporting Entity

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

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

- **The City of Lindsay** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – reported as the primary government

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- **The Lindsay Public Works Authority (LPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, electric and sanitation services of the City, with the City Council members serving as the trustees (presented as a blended component unit, and considered part of the primary government)
- **The Lindsay Municipal Hospital Authority (LMHA)** – public trust created pursuant to 60 O.S. § 176 to provide health care services to the residents of the City of Lindsay and Garvin County (presented as a discretely-presented component unit)
- **The Lindsay Industrial Development Authority (LIDA)** – public trust created pursuant to 60 O.S. § 176 to promote, develop, and secure industrial development within the City of Lindsay (presented as a discretely-presented component unit).

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City’s financial reporting entity. The Lindsay Public Works Authority and the Lindsay Industrial Authority do not issue separate annual financial statements. Separate audited component unit financial statements are issued by the Lindsay Municipal Hospital Authority. This report may be obtained by contacting the City’s administrative offices.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Lindsay (the “City”), the Lindsay Public Works Authority (the “Public Works Authority”), the Lindsay Municipal Hospital Authority (“LMHA”) and the Lindsay Industrial Development Authority (“LIDA”). Included in this report are government wide statements for each of the two categories of activities - governmental and business-type, and separate columns for the discretely presented component units.

The government-wide financial statements present the complete financial picture of the City from the economic resource measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City’s operations in more detail than the government-wide statements by providing information about the City’s most significant funds. These statements include all assets of the City (including infrastructure) and deferred outflows as well as all liabilities (including long-term debt) and deferred inflows.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City’s finances is, “Has the City’s overall financial condition improved, declined or remained steady as a result of the year’s activities?” 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. You will need to consider other non-financial factors, however, such as changes in the City’s sales tax base, the condition of the City’s roads, and quality of service to assess the overall health of the City. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

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In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* - Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's electric, water, sewer, and sanitation utilities are reported as business-type activities. *Discretely-presented component units* - These account for activities of the City's reporting entity that do not meet the criteria for blending and include the Hospital Authority and the Industrial Development Authority.

Reporting the City's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds - *governmental and proprietary* - use different accounting approaches.

Governmental funds - All 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. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - The City operates one proprietary fund, the Lindsay Public Works Authority (a major enterprise fund). When the City, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The City's proprietary fund is the Lindsay Public Works Authority that accounts for the operation of the electric, water, sewer, sanitation, golf, and pool activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 27-59 of this report.

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Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund and the EMS Fund, combining and individual fund financial statements and schedules, and a federal and state award schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2023, net position for the governmental and business-type activities increased \$1,552,496.

The following is a summary of net position reported for the City of Lindsay.

The City of Lindsay Net Position (in thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	Restated 2022		2023	Restated 2022		2023	Restated 2022	
Current and other assets	\$ 2,011	\$ 2,033	-1%	\$ 4,416	\$ 3,379	31%	\$ 6,427	\$ 5,412	19%
Capital assets, net	5,944	6,462	-8%	9,282	8,551	9%	15,226	15,013	1%
Total assets	<u>7,955</u>	<u>8,495</u>	-6%	<u>13,698</u>	<u>11,930</u>	15%	<u>21,653</u>	<u>20,425</u>	6%
Deferred outflows of resources	1,518	807	88%	379	208	83%	1,897	1,015	87%
Current liabilities	582	311	87%	763	588	30%	1,345	899	50%
Non-current liabilities	3,028	1,925	57%	1,269	623	104%	4,297	2,548	69%
Total liabilities	<u>3,610</u>	<u>2,236</u>	61%	<u>2,032</u>	<u>1,210</u>	68%	<u>5,642</u>	<u>3,446</u>	64%
Deferred inflows of resources	654	2,076	-68%	319	534	-40%	973	2,610	-63%
Net position									
Net investment in capital assets	5,131	5,473	-6%	8,049	8,100	-1%	13,180	13,573	-3%
Restricted	1,791	1,444	24%	153	156	-2%	1,944	1,600	22%
Unrestricted (deficit)	(1,713)	(1,927)	-11%	3,524	2,136	65%	1,811	209	765%
Total net position	<u>\$ 5,209</u>	<u>\$ 4,990</u>	4%	<u>\$11,726</u>	<u>\$ 10,392</u>	13%	<u>\$ 16,935</u>	<u>\$ 15,382</u>	10%

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

Non-current liabilities increased 69% due to an increase in the fire pension liability in FY23. The 882% increase in the unrestricted net position deficit is due to a large decrease in expenditure level and an increase in revenues during FY23.

Deferred inflows decreased in both governmental and business-type activities due to police, fire and OMRP pensions. Deferred outflows increased 87% due to police, fire and OMRP pensions.

The 31% increase in the business-type activities current and other assets from the prior year is primarily due to an increase in cash account balances and an increase in net pension asset. The 104% increase in non-current liabilities is due to the OWRB note payable.

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The City of Lindsay's Revenues, Expenses and Changes in Net Position (in thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	Restated 2022		2023	Restated 2022		2023	Restated 2022	
Revenues									
Charges for service	431	\$ 408	6%	\$ 5,983	\$ 5,003	20%	\$ 6,414	\$ 5,411	19%
Operating grants and contributions	269	201	34%	-	252	-100%	269	453	-41%
Capital grants and contributions	-	-	0%	42	-	100%	42	-	100%
Taxes	4,060	3,231	26%	-	-	-	4,060	3,231	26%
Investment income	4	4	0%	5	4	25%	9	8	13%
Miscellaneous	208	174	20%	-	285	-100%	208	459	-55%
Total revenues	4,972	4,018	24%	6,030	5,544	9%	11,002	9,562	15%
Expenses									
General government	285	283	1%	-	-	-	285	283	1%
Public safety	3,281	3,371	-3%	-	-	-	3,281	3,371	-3%
Streets	31	56	-45%	-	-	-	31	56	-45%
Culture, parks and recreation	269	281	-4%	-	-	-	269	281	-4%
Cemetery	163	167	-2%	-	-	-	163	167	-2%
Airport	129	125	3%	-	-	-	129	125	3%
Electric	-	-	-	3,467	3,933	-12%	3,467	3,933	-12%
Water	-	-	-	847	1,009	-16%	847	1,009	-16%
Sewer	-	-	-	299	362	-17%	299	362	-17%
Sanitation	-	-	-	456	487	-6%	456	487	-6%
Golf	-	-	-	168	190	-12%	168	190	-12%
Pool	-	-	-	54	73	-26%	54	73	-26%
Total expenses	4,158	4,283	-3%	5,291	6,054	-13%	9,449	10,337	-9%
Excess (deficiency) before transfers	814	(265)	407%	739	(510)	245%	1,553	(775)	300%
Transfers	(595)	(542)	10%	595	542	10%	-	-	-
Change in net position	219	(807)	127%	1,334	32	4069%	1,553	(775)	300%
Beginning net position - restated	4,990	5,797	-14%	10,392	10,360	0%	15,382	16,157	-5%
Ending net position	\$ 5,209	\$ 4,990	4%	\$ 11,726	\$ 10,392	13%	\$ 16,935	\$ 15,382	10%

Governmental Activities

The City's governmental activities had a increase in net position of \$463,463. Explanations for the more significant changes are as follows:

- 34% increase in operating grants and contributions mainly due to the ARPA COVID-19 grant received in FY23.
- 26% increase in taxes due to an increase in sales tax revenue.
- 20% increase in miscellaneous revenue due to an increase in oil and gas royalties and also a cemetery donation in the current year.
- 45% decrease in street expenditures due to decrease in supplies and repair expenses.
- 407% increase in operational transfers for sales tax and to cover operational expenses.

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Business-Type Activities

The business-type activities had an increase in net position of \$1,333,841. Explanations for the more significant changes are as follows:

- 20% increase in charges for services due to utility rate increase during the year.
- -100% decrease in operational grants and contributions due to receiving CDBG for water distribution improvement grant funds in prior year.
- 42% increase in capital grants and contributions due to receiving CDBG grant for water main improvements.
- -100% decrease in miscellaneous revenue due to receiving ARPA grant funds in prior year.
- 13% decrease in business-type expenses due to decrease in spending during FY23 for only necessary supplies and repairs.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General Government	\$ 285	\$ 283	1%	\$ (265)	\$ (258)	3%
Public Safety	3,281	3,371	-3%	(2,685)	(2,856)	-6%
Highways and Streets	31	56	-45%	(5)	(28)	-82%
Culture and Recreation	269	281	-4%	(263)	(276)	-5%
Cemetery	163	167	-2%	(118)	(138)	-14%
Airport	129	125	3%	(121)	(118)	3%
Total	<u>\$ 4,158</u>	<u>\$ 4,283</u>	-3%	<u>\$ (3,457)</u>	<u>\$ (3,674)</u>	-6%

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Electric	\$ 3,467	\$ 3,933	-12%	711	\$ (478)	-249%
Water	847	1,009	-16%	(50)	(248)	-80%
Sewer	299	362	-17%	99	34	191%
Sanitation	456	487	-6%	119	54	120%
Golf	168	190	-12%	(128)	(130)	-2%
Pool	54	73	-26%	(17)	(31)	-45%
Total	<u>\$ 5,291</u>	<u>\$ 6,054</u>	-13%	<u>\$ 734</u>	<u>\$ (799)</u>	-192%

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A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$1,002,547. For the year ended June 30, 2023, the General Fund's total fund balance increased by \$100,053. The Emergency Services 1¢ Fund reported an increase in fund balance of \$344,384 and the proprietary funds reported a combined net position balance of \$11,725,914. During FY23, the LPWA's total net position increased by \$1,333,841.

Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues over final estimates by \$612,814 or a 15% positive variance. General Fund actual expenditures were over final appropriations by \$569,811, a 14.2% negative variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had approximately \$15.2 million in capital assets (net of accumulated depreciation), including land, buildings, machinery and equipment, and infrastructure. Below are details regarding the City's capital assets for the year ended June 30, 2023.

	Capital Assets (In Thousands) (Net of accumulated depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 400	\$ 400	\$ 716	\$ 716	\$ 1,116	\$ 1,116
Buildings	1,043	1,127	293	307	1,336	1,434
Land Improvements	-	-	-	-	-	-
Machinery, furniture and equipment	1,224	1,499	589	553	1,813	2,052
Infrastructure	3,254	3,311	6,678	6,221	9,932	9,532
Construction in progress	23	126	982	717	1,005	843
Totals	<u>\$ 5,944</u>	<u>\$ 6,463</u>	<u>\$ 9,258</u>	<u>\$ 8,514</u>	<u>\$ 15,202</u>	<u>\$ 14,977</u>

This year's more significant capital asset additions include the following:

- 8" Water Main Replacement
- AMI Water Meter System
- Cemetery Pavilion Project
- 2022 Ford Bucket Truck with Ariel device for Electric Department

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Debt and Other Obligation Administration

At year-end, the City had \$2.5 million in long-term debt outstanding, an increase from the prior year, due primarily to a current year drawdown of the OWRB CWSRF Promissory note that was issued in December 2021.

	Long-Term Debt (In Thousands)						Total Percentage Change
	Governmental		Business-Type		Total		
	Activities		Activities				
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	
Lease obligation	\$ -	\$ -	\$ 23	\$ 37	\$ 23	\$ 37	-37.8%
Notes payable - direct placement	813	989	1,187	413	2,000	1,402	42.7%
Meter deposit liability	-	-	259	252	259	252	2.8%
Accrued compensated absences	139	170	91	84	230	254	-9.4%
Totals	\$ 952	\$ 1,159	\$ 1,560	\$ 786	\$ 2,512	\$ 1,945	29.2%

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant factors that will affect subsequent year finances:

As expected, Lindsay had a slight increase in sales and use tax revenue this year due to the slight increase in activity throughout the oil and gas industry. Lindsay expects sales and use tax to continue to increase in FY23/24 as the oil and gas activity in the immediate Lindsay area continues to increase in activity.

The Cities current long-term debt obligations continue to be principally related to outstanding notes through the OWRB for replacement of electric and water meters throughout the city, GRDA note for the extraordinary power costs during the Feb 2021 winter storm event, the purchase of the old REC building, and an aerial ladder truck for the fire department.

Major projects for the next year include electric and water meter replacement project, Water Treatment Plant backwash lagoon improvements.

The city's reserves increased in the City and LPWA in FY22/23 due to the decreased spending for salaries, operating expenses, and capital improvement projects.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at P.O. Box 708, Lindsay, Oklahoma 73572 or telephone 405-756-3430.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Net Position – June 30, 2023

	Component Units				
	Governmental Activities	Business-type Activities	Total	Lindsay Municipal Hospital Authority	Lindsay Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 1,739,526	\$ 1,666,790	\$ 3,406,316	\$ 3,450,777	\$ 157,240
Short-term investments	-	-	-	1,863,414	-
Accounts receivable, net of allowance	429,029	1,052,378	1,481,407	1,613,124	-
Other receivable	-	17,281	17,281	10,904	-
Internal balances	(960,656)	960,656	-	-	-
Due from other governmental agencies	376,183	-	376,183	-	-
Inventories	-	162,539	162,539	-	-
Prepaid expenses	-	-	-	677,971	-
Restricted cash and cash equivalents	-	259,020	259,020	-	-
Restricted investments	-	94,000	94,000	-	-
Net pension asset	427,265	182,989	610,254	-	-
Lease receivable	-	20,118	20,118	-	-
Capital assets:					
Land and construction in progress	422,915	1,698,184	2,121,099	1,912,369	102,443
Other capital assets, net of depreciation	5,521,351	7,560,808	13,082,159	3,868,350	-
Lease Assets, net of depreciation	-	23,510	23,510	499,321	-
Subscription Assets, net of depreciation	-	-	-	101,623	-
Total assets	7,955,613	13,698,273	21,653,886	13,997,853	259,683
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to OPEB	33,182	80,001	113,183	-	-
Deferred amounts related to pensions	1,484,992	298,944	1,783,936	-	-
Total deferred outflows	1,518,174	378,945	1,897,119	-	-
LIABILITIES					
Accounts payable and accrued expenses	135,721	418,196	553,917	1,438,566	-
Due to other governments	-	10,482	10,482	-	-
Estimated amounts due to third-party payers	-	-	-	10,000	-
Due to bondholders	8,245	-	8,245	-	-
Unearned revenue	244,808	-	244,808	-	-
Accrued interest payable	1,437	1,038	2,475	-	-
Long-term liabilities:					
Due within one year	191,900	332,946	524,846	210,265	-
Due in more than one year	760,252	1,227,260	1,987,512	422,885	-
Total OPEB liability	54,515	42,250	96,765	-	-
Net pension liability	2,213,753	-	2,213,753	-	-
Total liabilities	3,610,631	2,032,172	5,642,803	2,081,716	-
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to OPEB	293,492	198,637	492,129	-	-
Deferred amounts related to pensions	360,939	97,113	458,052	-	-
Deferred amounts related to leases	-	23,382	23,382	-	-
Total deferred inflows	654,431	319,132	973,563	-	-
NET POSITION					
Net investment in capital assets	5,130,961	8,048,338	13,179,299	5,478,291	102,443
Restricted for:					
City donation	285,989	-	285,989	-	-
Street and Alley	19,021	-	19,021	-	-
Emergency medical services	1,400,427	-	1,400,427	-	-
Capital	-	153,303	153,303	-	-
Other	85,012	-	85,012	-	-
Unrestricted (deficit)	(1,712,685)	3,524,273	1,811,588	6,437,846	157,240
Total net position	\$ 5,208,725	\$ 11,725,914	\$ 16,934,639	\$ 11,916,137	\$ 259,683

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Activities – Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Lindsay Municipal Hospital Authority	Lindsay Industrial Development Authority
Primary government									
Governmental Activities									
General Government	\$ 284,832	\$ 19,413	\$ -	\$ -	\$ (265,419)	\$ -	\$ (265,419)	\$ -	\$ -
Public Safety	3,280,827	358,147	237,174	-	(2,685,506)	-	(2,685,506)	-	-
Highways and Streets	30,761	-	26,111	-	(4,650)	-	(4,650)	-	-
Culture and Recreation	268,981	-	5,490	-	(263,491)	-	(263,491)	-	-
Cemetery	163,426	45,201	-	-	(118,225)	-	(118,225)	-	-
Airport	129,322	8,340	-	-	(120,982)	-	(120,982)	-	-
Total governmental activities	4,158,149	431,101	268,775	-	(3,458,273)	-	(3,458,273)	-	-
Business-type Activities:									
Electric	3,467,615	4,179,120	-	-	-	711,505	711,505	-	-
Water	846,580	755,025	-	41,523	-	(50,032)	(50,032)	-	-
Sewer	298,870	397,669	-	-	-	98,799	98,799	-	-
Sanitation	455,981	574,645	-	-	-	118,664	118,664	-	-
Golf Course	167,601	39,387	-	-	-	(128,214)	(128,214)	-	-
Pool	54,349	37,558	-	-	-	(16,791)	(16,791)	-	-
Total business-type activities	5,290,996	5,983,404	-	41,523	-	733,931	733,931	-	-
Total primary government	\$ 9,449,145	\$ 6,414,505	\$ 268,775	\$ 41,523	(3,458,273)	733,931	(2,724,342)	-	-
Component unit:									
Lindsay Municipal Hospital Authority	\$ 17,015,495	\$ 16,507,225	\$ -	\$ 746,072				237,802	-
Lindsay Industrial Authority	276	-	-	-				-	(276)
Total component unit	\$ 17,015,771	\$ 16,507,225	\$ -	\$ 746,072				237,802	(276)
Taxes:									
Sales and use taxes					3,872,002	-	3,872,002	-	-
Franchise taxes and public service taxes					187,592	-	187,592	-	-
Unrestricted investment earnings					3,978	5,028	9,006	17,235	123
Miscellaneous					208,238	-	208,238	-	-
Transfers					(594,882)	594,882	-	-	-
Total general revenues and transfers					3,676,928	599,910	4,276,838	17,235	123
Change in net position					218,655	1,333,841	1,552,496	255,037	(153)
Net position - beginning, restated					4,990,070	10,392,073	15,382,143	11,661,100	259,836
Net position - ending					\$ 5,208,725	\$ 11,725,914	\$ 16,934,639	\$ 11,916,137	\$ 259,683

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Balance Sheet – June 30, 2023

	General Fund	Emergency Services 1¢ Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 345,206	\$ 624,809	\$ 665,832	\$ 1,635,847
Receivable from other governments	261,036	105,153	9,994	376,183
Due from other funds	32,116	719,816	14,322	766,254
Court fines receivable, net	101,577	-	-	101,577
Ambulance receivable, net	313,191	-	-	313,191
Other receivables	12,661	-	1,600	14,261
Total assets	<u>\$ 1,065,787</u>	<u>\$ 1,449,778</u>	<u>\$ 691,748</u>	<u>\$ 3,207,313</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 52,620	\$ -	\$ -	\$ 52,620
Accrued payroll payable	71,559	-	-	71,559
Unearned revenue	-	-	-	-
Due to other funds	1,714,363	-	12,547	1,726,910
Due to bondholders	8,245	-	-	8,245
Total liabilities	<u>1,846,787</u>	<u>-</u>	<u>12,547</u>	<u>1,859,334</u>
Deferred Inflows:				
Unavailable revenue	<u>90,394</u>	<u>-</u>	<u>10,230</u>	<u>100,624</u>
Fund balances:				
Restricted for:				
Street and Alley	-	-	19,021	19,021
City Donation	-	-	285,989	285,989
Library	-	-	(5,850)	(5,850)
Grants	-	-	87,385	87,385
Cemetery	-	-	3,477	3,477
Emergency Medical Services	-	1,400,427	-	1,400,427
Assigned to:				
Capital Improvements	-	-	318	318
Street and Alley	-	-	5,205	5,205
Public Works	-	-	73	73
Airport	-	-	13,035	13,035
Grants	-	-	1,821	1,821
Cemetery	-	-	13,689	13,689
Emergency Medical Services	-	49,351	-	49,351
Unassigned (deficit)	<u>(871,394)</u>	<u>-</u>	<u>-</u>	<u>(871,394)</u>
Total fund balances	<u>(871,394)</u>	<u>1,449,778</u>	<u>424,163</u>	<u>1,002,547</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,065,787</u>	<u>\$ 1,449,778</u>	<u>\$ 446,940</u>	<u>\$ 2,962,505</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – Year Ended June 30, 2023

	General Fund	Emergency Services 1¢ Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,138,316	\$ 857,343	\$ -	\$ 3,995,659
Intergovernmental	296,082	-	21,020	317,102
Charges for services	334,643	-	17,201	351,844
Fines and forfeitures	54,466	-	-	54,466
Licenses and permits	19,238	-	-	19,238
Investment income	966	1,041	1,781	3,788
Miscellaneous	223,568	-	10,801	234,369
Total revenues	<u>4,067,279</u>	<u>858,384</u>	<u>50,803</u>	<u>4,976,466</u>
EXPENDITURES				
Current:				
General government	235,461	-	-	235,461
Public Safety	1,869,096	-	1,300	1,870,396
Highway and streets	10,598	-	1,549	12,147
Culture and recreation	172,860	-	325	173,185
Airport	-	-	8,898	8,898
Cemetery	137,060	-	-	137,060
Public Health and Welfare	1,147,803	-	-	1,147,803
Capital Outlay	37,450	-	25,000	62,450
Debt Service:				
Principal	175,946	-	-	175,946
Interest and other charges	14,269	-	-	14,269
Total Expenditures	<u>3,800,543</u>	<u>-</u>	<u>37,072</u>	<u>3,837,615</u>
Excess (deficiency) of revenues over expenditures	<u>266,736</u>	<u>858,384</u>	<u>13,731</u>	<u>1,138,851</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	840,365	-	6,600	846,965
Transfers out	(1,007,048)	(514,000)	(799)	(1,521,847)
Total other financing sources and uses	<u>(166,683)</u>	<u>(514,000)</u>	<u>5,801</u>	<u>(674,882)</u>
Net change in fund balances	100,053	344,384	19,532	463,969
Fund balances - beginning (restated)	<u>(971,447)</u>	<u>1,105,394</u>	<u>404,631</u>	<u>538,578</u>
Fund balances - ending	<u>\$ (871,394)</u>	<u>\$ 1,449,778</u>	<u>\$ 424,163</u>	<u>\$ 1,002,547</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$ 1,002,547
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 the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	
	5,944,266
Certain long-term assets are not available to pay current fund liabilities and, therefore are deferred in the funds:	
Grants receivable	2,440
Court fines receivable	90,394
Gas excise tax receivable	7,790
Certain other long-term assets and deferred outflows are not available to pay current fund liabilities and therefore are deferred, or not presented at all in the funds:	
Net pension asset	427,265
Pension related deferred outflows	1,518,174
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position	
Net Position of the Internal Service Fund	92,137
Some liabilities are not due and payable in the current period and are not included in the fund financial statement, and along with deferred inflows, are included in the governmental activities of the Statement of Net Position	
Accrued compensated absences liability	(138,847)
Notes payable	(813,305)
Interest payable	(1,437)
Pension related deferred inflows	(360,939)
Net pension liability	(2,507,245)
Total OPEB liability	(54,515)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 5,208,725</u>

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	463,969
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report capital outlays for capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	62,450
Depreciation expense	(580,543)
In the Statement of Activities, the net cost of pension benefits earned is calculated and 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.	(61,179)
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	256,568
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:	
Lease obligation principal payments	175,946
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 accrued interest payable	259
Change in accrued compensated absences	31,229
Change in total OPEB Liability	27,671
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	87,093
Change in net position of governmental activities	<u>\$ 463,463</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Net Position – June 30, 2023

	<u>Lindsay Public Works Authority</u>	<u>Internal Service Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,666,790	\$ 103,679
Restricted:		
Cash and cash equivalents	51,804	-
Due from other funds	1,063,918	-
Accounts receivable, net	1,052,378	-
Lease receivables	20,118	-
Other receivables	17,281	-
Inventories	162,539	-
Total current assets	<u>4,034,828</u>	<u>103,679</u>
Non-current assets:		
Restricted:		
Cash and cash equivalents	207,216	-
Investments	94,000	-
Net pension asset	182,989	-
Capital Assets:		
Land and construction in progress	1,698,184	-
Other capital assets, net of accumulated depreciation	7,584,318	-
Total non-current assets	<u>9,766,707</u>	<u>-</u>
Total assets	<u>13,801,535</u>	<u>103,679</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to OPEB	80,001	-
Deferred amounts related to pensions	298,944	-
Total deferred outflows	<u>378,945</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	386,002	-
Salaries payable	32,194	-
Accrued interest payable	1,038	-
Due to other governments	10,482	11,542
Due to other funds	103,262	-
Compensated absences	9,053	-
Lease liability	12,199	-
Due to depositors	51,804	-
Notes payable	259,890	-
Total current liabilities	<u>865,924</u>	<u>11,542</u>
Non-current liabilities:		
Compensated absences	81,480	-
Lease liability	11,774	-
Due to depositors	207,215	-
Notes payable	926,791	-
Total OPEB liability	42,250	-
Total non-current liabilities	<u>1,269,510</u>	<u>-</u>
Total liabilities	<u>2,135,434</u>	<u>11,542</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to OPEB	198,637	-
Deferred amounts related to pensions	97,113	-
Deferred amounts related to leases	23,382	-
Total deferred inflows	<u>319,132</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	8,048,338	-
Restricted for capital	153,303	-
Unrestricted	3,524,273	92,137
Total net position	<u>\$ 11,725,914</u>	<u>\$ 92,137</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position – Year Ended June 30, 2023

	Lindsay Public Works Authority	Internal Service Fund
OPERATING REVENUES		
Electric	\$ 3,913,710	\$ -
Water	707,074	-
Sewer	372,414	-
Sanitation	538,150	-
Golf course	39,387	-
Pool	37,558	-
Miscellaneous	375,111	6,903
Total operating revenues	<u>5,983,404</u>	<u>6,903</u>
OPERATING EXPENSES		
Billing	163,673	
Electric	2,882,713	-
Water	482,270	-
Sewer	123,389	-
Sanitation	389,197	-
Administration/Legal	224,284	-
Golf Course	150,075	-
Pool	53,534	-
General government	274,241	-
Depreciation expense	538,144	-
Total operating expenses	<u>5,281,520</u>	<u>-</u>
Operating income (loss)	<u>701,884</u>	<u>6,903</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	5,028	190
Grant revenue	41,523	-
Interest expense and fiscal agent fees	(9,476)	-
Total non-operating revenue	<u>37,075</u>	<u>190</u>
Income (loss) before transfers	738,959	7,093
Transfers in	1,007,773	80,000
Transfers out	(412,891)	-
Change in net position	1,333,841	87,093
Total net position - beginning, restated	10,392,073	5,044
Total net position - ending	<u>\$ 11,725,914</u>	<u>\$ 92,137</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Cash Flows – Year Ended June 30, 2023

	Lindsay Public Works Authority	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,076,738	\$ 6,903
Payments to suppliers	(3,632,780)	(21,517)
Payments to employees	(1,033,299)	-
Interfund receipts	(93,178)	-
Receipts of customer meter deposits	48,625	-
Refunds of customer meter deposits	(41,263)	-
Net cash provided by (used in) operating activities	1,324,843	(14,614)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	1,007,773	80,000
Transfers to other funds	(412,891)	-
Net cash provided by noncapital financing activities	594,882	80,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(1,269,839)	-
Principal paid on debt	(124,470)	-
Proceeds from issuance of capital debt	897,964	-
Payments on lease obligation	(13,349)	-
Interest and fiscal agent fees paid on debt	(9,437)	-
Net cash provided by (used in) capital and related financing activities	(519,131)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	5,028	190
Net cash provided by investing activities	5,028	190
Net increase (decrease) in cash and cash equivalents	1,405,622	65,576
Balances - beginning of year	520,188	38,103
Balances - end of year	\$ 1,925,810	\$ 103,679
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 1,666,790	\$ 103,679
Restricted cash and cash equivalents - current	51,804	-
Restricted cash and cash equivalents - noncurrent	207,216	-
Total cash and cash equivalents, end of year	\$ 1,925,810	\$ 103,679
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 701,884	\$ 6,903
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	538,144	-
Grant revenue	41,523	-
Change in assets, liabilities and deferrals:		
Due from other funds	35,039	-
Due from other governments	19,633	-
Due to other funds	(128,217)	-
Due to other governments	(40,943)	-
Accounts receivable	44,754	-
Lease receivables	13,111	-
Other receivables	(13,037)	-
Inventory	34,340	-
Net pension asset	362,750	-
Total OPEB liability	18,687	-
Deferred outflows related to pensions	(171,415)	-
Accounts payable	60,447	(21,517)
Accrued payroll payable	9,247	-
Deposits subject to refund	7,362	-
Accrued compensated absences	6,761	-
Deferred inflows related to pensions	(202,577)	-
Deferred inflows related to leases	(12,650)	-
Net cash provided by (used in) operating activities	\$ 1,324,843	\$ (14,614)

See accompanying notes to these financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61 and includes all component units for which the City is financially accountable.

The City's financial reporting entity includes the primary government (City of Lindsay), a blended component unit and two discretely presented component units.

The City of Lindsay— that operates the public safety, streets and highways, parks and recreation, and administrative activities.

The City of Lindsay is a Council/Manager form of government with a population of approximately 2,802 located in Garvin County in south-central Oklahoma. The City is governed by a five-member council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a seven-member governing body elected by the citizens at large
- 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 Manager

The City provides typical municipal services such as public safety, culture and recreation, cemetery, streets and public works.

Blended Component Unit [City Council serves as governing body (trustees)]:

The City of Lindsay Public Works Authority – that operates the electric, water, wastewater, sanitation, golf and pool services of the City.

The blended component unit (LPWA) has the City Council as their governing body (trustees) and the City is able to impose its will on the LPWA through required approval of all debt obligations issued by these entities.

Discretely Presented Component Units [Separate governing body (trustees) from the City Council]:

Lindsay Municipal Hospital Authority – that provides health care services to the residents of Lindsay and Garvin County

Lindsay Industrial Development Authority – that promotes industrial development within the City of Lindsay

Complete financial statements for the Lindsay Municipal Hospital Authority may be obtained at the City's administrative offices.

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, and, through its public trusts, certain utility services including electric, water, wastewater, and sanitation, and industrial development activities.

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The 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 Authorities. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

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. 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 the 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 within the Statement of Activities 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:

- General Government – license and permits, and capital grants
- Public Safety – fines and forfeitures, fire run charges, ambulance runs, restricted operating grants and restricted capital grants
- Streets and Highways – commercial vehicle and gasoline excise tax shared by the State
- Culture and recreation – operating grants and donations
- Cemetery – cemetery openings/closings and lot sales
- Airport – hangar rentals, land leases and capital grants
- Utilities – charges services for electric, water, sewer, and sanitation

All other 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 are comprised of the following:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds.
- Emergency Service 1¢ Fund – a special revenue fund that accounts for a 1 cent dedicated sales tax to be used for all emergency services including EMS, Fire and Police.

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

Special Revenue Funds:

- City Donation – accounts for donations received for various purposes
- Street and Alley Fund – accounts for state shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes
- LPWA Donation Fund – accounts for donations received for the Public Works Authority
- Library Fund – accounts for revenues received from library fines, copies, etc. Funds are used for operations of the library
- Grant Fund – accounts for various grants for the city

Capital Project Funds:

- Cemetery Care Fund – accounts for 25 percent of cemetery revenues restricted by City Ordinance for cemetery capital improvements
- Airport Fund – a capital project fund that accounts for revenues and expenditures for airport operations
- Capital Improvement Fund – a capital project fund that accounts for capital expenditures of all departments, in all funds.

The governmental funds are reported on the modified accrual basis of accounting and current financial resources measurement focus. 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 the 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 and Emergency Services 1¢ Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds. Enterprise funds are used to account for business-like activities provided to the general public. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The City's enterprise fund is the Lindsay Public Works Authority.

The City's proprietary funds are comprised of the following:

- Lindsay Public Works Authority (LPWA) – a major enterprise fund that accounts for the operation of the electric, water, sewer, sanitation, golf course and swimming pool activities

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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.

3. Cash, Cash Equivalents, Deposits 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, certificates of deposit or short-term investments with an original maturity of three-months or less. Revenue bond and promissory note trust account investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds' current share prices.

Investments consist of non-negotiable certificates of deposit whose original maturity term exceeds three months and mutual funds. These non-negotiable certificates of deposit are carried at cost. Marketable investments are carried at fair value.

For the year ended June 30, 2023, the City recognized \$9,006 of investment income. Most of the City's deposits are in demand and short-term time deposits.

At June 30, 2023, the primary government held the following deposits and investments:

PRIMARY GOVERNMENT:

Type	Maturities	Credit Rating	Fair Value Valuation Level	Carrying/Fair Value
Deposits:				
Petty cash				\$ 500
Demand deposits				3,664,836
Time deposits	May 2024			94,000
Total deposits and investments				<u>\$ 3,759,336</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				\$ 3,406,316
Restricted cash and cash equivalents				259,020
Restricted Investments				94,000
				<u>\$ 3,759,336</u>

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

As of June 30, 2023, the City and the LPWA were not exposed to custodial credit risk as defined above.

As of June 30, 2023, the deposits and investments for the Lindsay Municipal Hospital Authority were \$5,485,120. Of this amount, \$4,572,000 was exposed to custodial risk.

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

As of June 30, 2023, the City did not have any investments.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs. There were no investments within the hierarchy at June 30, 2023.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for debt service, or deposits held for others. The restricted assets as of June 30, 2023 are as follows:

<u>Type of Restricted Asset</u>	<u>Current Cash and cash equivalents</u>	<u>Noncurrent Cash and cash equivalents</u>	<u>Investments</u>	<u>Total</u>
Utility Deposits	\$ 51,804	\$ 207,216	\$ 94,000	\$353,020
Total	<u>\$ 51,804</u>	<u>\$ 207,216</u>	<u>\$ 94,000</u>	<u>\$353,020</u>

4. Accounts and Leases 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 ambulance, franchise and court fines receivables.

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	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Ambulance receivable	\$ 491,707	\$ 178,516	\$ 313,191
Court fines	507,884	406,307	101,577
Other receivables	26,411	12,150	14,261
Total Governmental Activities	<u>\$ 1,026,002</u>	<u>\$ 596,973</u>	<u>\$ 429,029</u>
Business-Type Activities:			
Utilities	\$ 1,764,024	\$ 711,646	\$ 1,052,378
Lease receivables	20,118	-	20,118
Other receivables	17,281	-	17,281
Total Business-Type Activities	<u>\$ 1,801,423</u>	<u>\$ 711,646</u>	<u>\$ 1,089,777</u>
Lindsay Municipal Hospital Authority:			
Patient receivable	\$ 1,845,124	\$ 232,000	\$ 1,613,124
Total Lindsay Municipal Hospital Authority	<u>\$ 1,845,124</u>	<u>\$ 232,000</u>	<u>\$ 1,613,124</u>

5. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$1,000 is used to report capital assets. Capital assets are reported at actual or estimated historical cost. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003. Prior to July 1, 2003, governmental funds' infrastructure assets, such as streets, bridges, drainage systems and traffic signal systems were not capitalized. Infrastructure assets acquired since that date are recorded at cost. Donated capital assets are recorded at their fair value at the date of donation.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	50
Infrastructure	30
Vehicles	5
Computer equipment	5
Machinery and equipment	10

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For the year ended June 30, 2023, capital assets balances changed as follows:

Primary Government:

	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 399,893	\$ -	\$ -	\$ 399,893
Construction in progress	126,369	57,750	161,097	23,022
Total capital assets not being depreciated	526,262	57,750	161,097	422,915
Other capital assets:				
Buildings	2,463,275	-	-	2,463,275
Land Improvements	27,500	-	-	27,500
Computers & Electronics	123,694	-	-	123,694
Furniture & Fixtures	31,604	-	-	31,604
Vehicles	2,936,848	-	-	2,936,848
Infrastructure	7,219,197	161,097	-	7,380,294
Machinery & Equipment	1,928,316	4,700	-	1,933,016
Total other capital assets at historical cost	14,730,434	165,797	-	14,896,231
Less accumulated depreciation for:				
Buildings	1,336,596	84,060	-	1,420,656
Land Improvements	27,500	-	-	27,500
Computers & Electronics	120,239	1,195	-	121,434
Furniture & Fixtures	30,092	171	-	30,263
Vehicles	2,049,205	114,230	-	2,163,435
Infrastructure	3,908,542	217,600	-	4,126,142
Machinery & Equipment	1,322,162	163,287	-	1,485,449
Total accumulated depreciation	8,794,336	580,543	-	9,374,879
Other capital assets, net	5,936,098	(414,746)	-	5,521,352
Governmental activities capital assets, net	\$ 6,462,360	\$ (356,996)	\$ 161,097	\$ 5,944,267
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 716,483	-	-	\$ 716,483
Construction in progress	717,395	1,039,314	775,008	981,701
Total capital assets not being depreciated	1,433,878	1,039,314	775,008	1,698,184
Other capital assets:				
Buildings	912,557	-	-	912,557
Computers & Electronics	117,770	-	-	117,770
Furniture & Fixtures	8,840	-	-	8,840
Vehicles	585,971	-	-	585,971
Machinery & equipment	1,753,683	211,905	-	1,965,588
Infrastructure	20,229,401	793,627	-	21,023,028
Total other capital assets at historical cost	23,608,222	1,005,532	-	24,613,754
Less accumulated depreciation for:				
Buildings	605,662	14,115	-	619,777
Computers & Electronics	114,911	852	-	115,763
Furniture & Fixtures	8,840	-	-	8,840
Vehicles	527,458	19,246	-	546,704
Machinery and equipment	1,262,833	154,265	-	1,417,098
Infrastructure	14,008,547	336,217	-	14,344,764
Total accumulated depreciation	16,528,251	524,695	-	17,052,946
Other capital assets, net	7,079,971	480,837	-	7,560,808
Leased Assets:				
Intangible Equipment	50,408	-	-	50,408
Total leased assets	50,408	-	-	50,408
Less accumulated amortization for:				
Intangible Equipment	13,449	13,449	-	26,898
Total accumulated amortization	13,449	13,449	-	26,898
Leased assets, net	36,959	(13,449)	-	23,510
Business-type activities capital assets, net	\$ 8,550,808	\$ 1,506,702	\$ 775,008	\$ 9,282,502

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	Balance at July 1, 2022	Additions	Disposals	Transfers	Balance at June 30, 2023
Lindsay Municipal Hospital Authority:					
Capital assets not being depreciated:					
Land	\$ 21,564	\$ -	\$ -	\$ -	\$ 21,564
Construction in progress	745,095	2,216,075		(1,070,365)	1,890,805
Total capital assets not being depreciated	766,659	2,216,075	-	(1,070,365)	1,912,369
Other capital assets:					
Buildings	4,212,255	7,607	-	1,070,365	5,290,227
Land Improvements	59,566	18,114	-	-	77,680
Machinery & Equipment	3,537,380	23,586			3,560,966
Total other capital assets at historical cost	7,809,201	49,307	-	1,070,365	8,928,873
Less accumulated depreciation for:					
Buildings	2,302,101	112,607	-	-	2,414,708
Land Improvements	35,604	2,290	-	-	37,894
Machinery & Equipment	2,449,503	158,418		-	2,607,921
Total accumulated depreciation	4,787,208	273,315	-	-	5,060,523
Other capital assets, net	3,021,993	(224,008)	-	1,070,365	3,868,350
Leased Assets:					
Intangible Equipment	626,220	293,965	-	-	920,185
Total leased assets	626,220	293,965	-	-	920,185
Less accumulated amortization for:					
Total accumulated amortization	195,960	224,904	-	-	420,864
Leased assets, net	430,260	69,061	-	-	499,321
Municipal Hospital capital assets, net	\$ 4,218,912	\$ 2,061,128	\$ -	\$ -	\$ 6,280,040
Lindsay Industrial Development Authority:					
Capital assets not being depreciated:					
Land - restated	\$ 102,443	\$ -	\$ -		\$ 102,443
Other capital assets:					
Buildings	800	-	-		800
Furniture & Fixtures	256	-	-		256
Total other capital assets at historical cost	1,056	-	-		1,056
Less accumulated depreciation for:					
Buildings	800	-	-		800
Furniture & Fixtures	256	-	-		256
Total accumulated depreciation	1,056	-	-		1,056
Other capital assets, net	-	-	-		-
Industrial Authority activities capital assets, net	\$ 102,443	\$ -	\$ -		\$ 102,443

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

Governmental Activities:

General government	\$ 56,274
Public safety	258,977
Highways and streets	18,614
Culture and recreation	100,846
Cemetery	25,407
Airport	120,425
	<u>\$ 580,543</u>

Business-Type Activities:

Electric	\$ 107,458
Water	279,090
Sewer	130,897
Sanitation	2,358
Golf Course	17,526
Pool	815
	<u>\$ 538,144</u>

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6. Long-Term Debt and Debt Service Requirements

<u>Type of Debt</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes payable - direct borrowings	\$ 989,251	\$ -	175,946	\$ 813,305	\$ 178,015
Accrued compensated absences	170,076	-	31,229	138,847	13,885
Total Governmental Activities	<u>\$ 1,159,327</u>	<u>\$ -</u>	<u>\$ 207,175</u>	<u>952,152</u>	<u>\$ 191,900</u>
			Total OPEB liability	54,515	
			Net pension liability	<u>2,213,753</u>	
				<u>\$ 3,220,420</u>	
Business-Type Activities:					
Notes payable - direct borrowings	\$ 413,187	\$ 897,964	\$ 124,470	\$ 1,186,681	\$ 259,890
Lease obligations	37,322	-	13,349	23,973	12,199
Meter deposit liability	251,657	48,625	41,263	259,019	51,804
Accrued compensated absences	83,772	6,761	-	90,533	9,053
Total Business-Type Activities	<u>785,938</u>	<u>953,350</u>	<u>179,082</u>	<u>1,560,206</u>	<u>332,946</u>
			Total OPEB liability	42,250	
				<u>\$ 1,602,456</u>	
Total Long-Term Debt	<u>\$ 1,945,265</u>	<u>\$ 953,350</u>	<u>\$ 386,257</u>	<u>\$ 4,822,876</u>	<u>\$ 524,846</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 524,846	
Due in more than one year				1,987,512	
Total OPEB liability				96,765	
Net pension liability				<u>2,213,753</u>	
Total long-term liabilities				<u>\$ 4,822,876</u>	

It should be noted that compensated absences are normally liquidated with resources from General Fund and Lindsay Public Works Authority enterprise fund. In addition, meter deposit liabilities are liquidated with resources from the Lindsay Public Works Authority enterprise fund.

Governmental Activities:

At June 30, 2023, the governmental activities long-term payable from taxes and other general revenues include the following:

Long-Term Notes Payable Commitments (Direct Borrowings):

Note Payable to Rural Electric Coop dated December 12, 2017, original amount \$1,000,000 with no interest, due in yearly installments of principal \$100,000 beginning January 1, 2018, final installment due January 2, 2027. Yearly payments are to be budgeted and appropriated by the City.

\$ 400,000

Note Payable to First National Bank dated September 27, 2018, original amount \$779,882 with interest rate of 2.94%, due in yearly installments of \$90,215.10 beginning May 18, 2019, final installment due May 18, 2028. Yearly payments are to be budgeted and appropriated by the City

\$ 413,305

Total Notes Payable

\$ 813,305

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Current portion	\$	178,015
Noncurrent portion		635,290
Total Notes Payable	\$	<u>813,305</u>

Accrued Compensated Absences

Current portion	\$	13,885
Noncurrent portion		124,962
Total Accrued Compensated Absences	\$	<u>138,847</u>

Business-Type Activities:

Long-term debt commitments payable from net revenues generated by the utility resources or other resources pledged to City's business-type activities at June 30, 2023, includes the following:

Long-Term Notes Payable Commitments (Direct Borrowings):

Grand River Dam Authority (GRDA) Promissory Note dated October 15, 2021, original amount \$402,135, due in monthly amounts of \$9,808, interest rate of 3%. \$ 220,217

OWRB-2021 CWSRF Promissory Note dated December 2021, original amount \$2,318,530, due in semi-annual principal installments each March 15 and September 15, final installment due March 15, 2038, interest rate of 1.47%. The note is secured by a pledge of net utility revenues. In the event of default, the lender may: 1) file suit for specific performance of covenants, 2) acceleration of payment of principal and interest accrued on the note, 3) appoint temporary trustees to take over, operate, and maintain the System, 4) file suit to enforce or enjoin action or inaction of parties under provisions of the Indenture.

966,464

Total Notes Payable (Direct Borrowings)	\$	<u>1,186,681</u>
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Current portion	259,890
Noncurrent portion	926,791
Total Notes Payable (Direct Borrowings)	<u>\$ 1,186,681</u>

Lease Obligations:

Lease liabilities reported in the business-type activities of liabilities related to the City being lessee under GASB 87

Current portion	\$	12,199
Noncurrent portion		11,774
Total Capital Leases Payable	\$	<u>23,973</u>

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Meter Deposit Liability

Current portion	\$	51,804
Noncurrent portion		207,215
Total Meter Deposit Liability	\$	<u>259,019</u>

Accrued Compensated Absences

Current portion	\$	9,053
Noncurrent portion		81,480
Total Accrued Compensated Absences	\$	<u>90,533</u>

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

Year Ended June 30,	Governmental		Business-Type	
	<u>Notes Payable (direct borrowings)</u>		<u>Notes Payable (direct borrowings)</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 178,015	\$ 12,200	259,890	38,254
2025	180,342	9,873	269,464	33,109
2026	182,704	7,511	154,569	28,970
2027	185,136	5,079	154,569	26,698
2028	87,108	2,583	154,569	24,426
2029	-	-	154,569	22,153
2030-2038	-	-	1,391,117	97,135
Total	<u>\$ 813,305</u>	<u>\$ 37,246</u>	<u>\$ 2,538,747</u>	<u>\$ 270,745</u>
Amount left to be drawn			(1,352,066)	
			<u>\$ 1,186,681</u>	

<u>Type of Debt</u>	Restated Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2023</u>	Due Within <u>One Year</u>
Component Unit:					
Lindsay Municipal Hospital Authority:					
Lease liabilities	\$ 454,018	\$ 293,965	\$ 219,234	\$ 528,749	\$ 189,165
Subscription liabilities	74,780	47,197	17,576	104,401	21,100
Total Lindsay Municipal Hospital	<u>\$ 528,798</u>	<u>\$ 341,162</u>	<u>\$ 236,810</u>	<u>\$ 633,150</u>	<u>\$ 210,265</u>

Year Ended June 30,	Lindsay Municipal Hospital Authority	
	<u>Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 189,165	\$ 33,383
2025	152,153	20,584
2026	110,835	9,486
2027	47,309	3,584
2028	29,287	764
Total	<u>\$ 528,749</u>	<u>\$ 67,801</u>

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Compensated Absences

The City's policies regarding vacation time permits employees to accumulate earned but unused vacation leave, as well as sick and comp time benefits. Beginning December 1, 2014, the city's policy regarding accumulated sick leave permits employees to accumulate unused sick leave to a maximum of 240 hours. Beginning July 1, 2012, the city's policy regarding accumulated vacation leave is a maximum of 240 hours of vacation for all employees. All vacation and comp pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental and proprietary funds.

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged one cent (or 25%) of future sales tax revenues and net utility revenues to repay \$2,318,530 OWRB 2021 CWSRF Promissory Note. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged net water, sewer, and electric sales tax revenues and net utility revenues and are payable through 2038. The total principal and interest payable for the remainder of the life of these notes is \$2,809,492. Pledged sales tax received in the current year was \$857,894 and net utility revenue was \$364,873. Debt service payments of \$134,881 for the current fiscal year were 11% of both pledge sales tax and net utility revenues of \$1,222,767.

7. Leases

Lessor

The Authority, as a lessor, has entered into a lease agreement involving land for agricultural purposes. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$12,867.

Lessee

The City, as a lessee, has entered into lease agreements for computers and postal equipment. The future minimum lease payments for the City are as follows:

	<u>Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 12,199	\$ 124
2025	8,566	55
2026	3,206	6
2027	-	-
	<u>\$ 23,971</u>	<u>\$ 185</u>

8. Net Position and Fund Balances

Net Position:

Net position is reported in the government-wide and proprietary fund financial statements and is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets and related accounts, 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 is available.

Fund Balances:

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, 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) law through constitutional provisions or enabling legislation.
- c. **Committed** – includes 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. The City currently reports no committed fund balance.
- 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 the 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 unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available.

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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.

Prior Period Adjustments:

	Government-Wide		Fund Level	
	Governmental Activities	Business-type Activities	General Fund	LPWA
Beginning net position, as previously reported	\$ 4,748,481	\$ 10,315,395	\$ (1,213,040)	\$ 10,315,395
Understatement of EMS receivable	241,589	-	241,589	-
Understatement of Utility Receivable	-	76,678	-	76,678
Beginning net position, restated	<u>\$ 4,990,070</u>	<u>\$ 10,392,073</u>	<u>\$ (971,451)</u>	<u>\$ 10,392,073</u>

9. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

10. Sales Tax Revenue

Sales tax revenue represents a 4-cent tax on each dollar of taxable sales of which 1 cent is transferred to the Lindsay Public Works Authority and used to secure debt payments and 1 cent is voter restricted (Ordinance #452) for Emergency Services.

11. Internal Balances and Transfers between Legal Entities

The City's policy is to eliminate inter-fund 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. Inter-fund transfers and balances between funds are not eliminated in the fund financial statements.

Internal balances between fund and legal entities are comprised of the following:

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<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Emergency Service 1% Sales Tax	719,816	sales tax
General Fund	LPWA	105,154	sales tax
General Fund	LPWA	866,692	expense paid on behalf of City
General Fund	Police Bond	9,169	court activity
General Fund	Cemetery	775	deposit correction
General Fund	Street and Alley	2,036	Commercial Vehicle Tax deposit correction
Grant Fund	General Fund	4,826	grant activity
Library Fund	General Fund	7,400	grant activity
CLEET Fund	General Fund	6,736	court activity
CLEET Fund	Police Bond	3,985	court activity
LPWA	Airport	9,905	deposit corrections
LPWA	Street and Alley	1,606	deposit correction
LPWA Donation Fund	LPWA	321	deposit correction
LPWA Improvement Fund	LPWA	91,751	capital asset activity
Total		<u>\$ 1,830,172</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 766,254	\$ -	\$ 766,254
Proprietary Funds	1,063,918	(103,262)	960,656
Total	<u>\$ 1,830,172</u>	<u>\$ (103,262)</u>	<u>\$ 1,726,910</u>

Transfers between funds and legal entities are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
LPWA	General Fund	\$ 225,566	operational expenses
EMS Fund	General Fund	514,000	sales tax transfer
LPWA	General Fund	100,000	debt service activity
Street & Alley Fund	General Fund	450	street repair expenses
Donation Fund	General Fund	349	correct expenses
LPWA	Airport Fund	2,600	operational expenses
LPWA	Airport Fund	4,000	operational expenses
General Fund	LPWA	963,048	sales tax transfer
LPWA Improvement Fund	LPWA	44,725	capital improvement expenses
General Fund	Insurance Trust Fund	40,000	operational expenses
LPWA	Insurance Trust Fund	40,000	operational expenses
Total		<u>\$ 1,934,738</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 846,965	\$ (1,521,847)	\$ (674,882)
Proprietary Funds	1,007,773	(412,891)	594,882
Internal Service Funds	80,000	-	80,000
	<u>\$ 1,934,738</u>	<u>\$ (1,934,738)</u>	<u>\$ -</u>

11. 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, Fleet Coverage, and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Workers' Compensation – Workers' compensation is covered through purchase of commercial insurance – Oklahoma Municipal Assurance Group.

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- Employee's Group Health and Life – Covered through purchase of commercial insurance – Blue Cross Blue Shield.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the city. Management believes such insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three fiscal years.

12. Retirement Plan Participation

The City participates in five employee retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (FPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement Fund Defined Benefit Plan – a defined benefit plan
- Oklahoma Municipal Retirement System Master Defined Contribution Plan – an agent multiple-employer defined contribution plan
- Oklahoma Municipal Retirement System CMO Defined Contribution Plan

A summary of all the amounts recorded in the City's financial statements for the plans is as follows:

	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Asset:			
Police	\$ 58,386	\$ -	\$ 58,386
OkMRF	368,879	182,989	551,868
Total	<u>\$ 427,265</u>	<u>\$ 182,989</u>	<u>\$ 610,254</u>
Net Pension Liability:			
Firefighters	\$ 2,213,753	\$ -	\$ 2,213,753
Total	<u>\$ 2,213,753</u>	<u>\$ -</u>	<u>\$ 2,213,753</u>
Deferred Outflows of Resources:			
OkMRF	\$ 445,365	\$ 298,944	\$ 744,309
Police	124,888	-	124,888
Firefighters	914,739	-	914,739
Total	<u>\$ 1,484,992</u>	<u>\$ 298,944</u>	<u>\$ 1,783,936</u>
Deferred Inflows of Resources:			
OkMRF	\$ 259,645	\$ 97,113	\$ 356,758
Police	8,750	-	8,750
Firefighters	92,544	-	92,544
Total	<u>\$ 360,939</u>	<u>\$ 97,113</u>	<u>\$ 458,052</u>
Pension Expense (Benefit):			
OkMRF	\$ 24,955	\$ 44,632	\$ 69,587
Police	15,133	-	15,133
Firefighters	378,772	-	378,772
Total	<u>\$ 418,860</u>	<u>\$ 44,632</u>	<u>\$ 463,492</u>

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Oklahoma Firefighters' Pension and Retirement System:

Plan description - The City of Lindsay, 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 retirement, disability, and death benefits based on members' final average compensation, age, and terms 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.

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 \$74,544. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$193,474 during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and

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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 \$173,415. 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 June 30, 2023, the City reported a net pension liability of \$2,213,752 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 0.169281%.

For the year ended June 30, 2023, the City recognized pension expense of \$378,772. At June 30, 2023, 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	\$ 284,186	\$ 11,176
Changes of assumptions	-	14,114
Net difference between projected and actual earnings on pension plan investments	257,262	-
Changes in proportion	296,416	65,869
City's contribution during the measurement date	2,331	1,385
City contributions subsequent to the measurement date	74,544	-
Total	<u>\$ 914,739</u>	<u>\$ 92,544</u>

The \$74,544 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 subsequent year. 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:

2024	195,297
2025	175,878
2026	106,767
2027	269,709
2028	-
Total	<u>\$ 747,651</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

For 2022, mortality rates were based on:

Active members—Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.

Retired members—Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018.

Disabled members—Pub-2010 Public Safety Disabled Table set forward 2 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, 2013, to June 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>Target Allocation</u>	<u>Long-Term Expected 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 State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% 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.

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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:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 2,852,579	\$ 2,213,752	\$ 1,679,388

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 Lindsay, 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.

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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 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$29,508. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$25,681 during the calendar year and this is reported as both a revenue and an expenditure 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 \$29,012. 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 June 30, 2023, the City reported an asset of \$58,386 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 0.072807%.

For the year ended June 30, 2023, the City recognized pension expense of 15,133. At June 30, 2023, 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	\$ 28,639	\$ 6,360
Changes of assumptions	2,033	-
Net difference between projected and actual earnings on pension plan investments	56,973	-
Changes in proportion	5,588	35
City contributions during measurement date	2,147	2,355
City contributions subsequent to the measurement date	29,508	-
Total	<u>\$ 124,888</u>	<u>\$ 8,750</u>

The \$29,508 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 an addition of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:	
2024	19,764
2025	6,257
2026	(14,423)
2027	71,011
2028	4,021
Thereafter	-
Total	<u>\$ 86,630</u>

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 10% 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:	<p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using scale AA.</p>

The actuarial assumptions used in the July 1, 2022, valuation was 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:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.34%
Domestic equity	4.69%
International equity	8.34%
Real estate	7.64%
Private equity	9.66%

The current allocation policy is 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)	\$ 169,161	\$ (58,386)	\$ (250,718)

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.

Oklahoma Municipal Retirement Fund Defined Benefit Plan

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.

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Summary of Significant Accounting Policies - For purposes of measuring the net pension asset/liability, 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.

Eligibility Factors and Benefit Provisions-

Provision	OkMRF Plan
Date of Last Actuarial Valuation	July 1, 2022
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	5.01% of covered payroll
-Employee Rate	3.75% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement with 10 years of service -Marital death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	2.25% 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	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-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.

Employees Covered by Benefit Terms –

Active Employees	43
Deferred Vested Former Employees	4
Disabled Participants	1
Retirees or Retiree Beneficiaries	<u>16</u>
Total	<u>64</u>

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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 7.96% of covered payroll as of 7-1-22. For the year ended June 30, 2023, the City recognized \$76,604 of employer contributions to the plan. Employees contribute 3.75% of covered payroll as of July 1, 2023.

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	7.50%
c. Projected Salary Increase	Varies between 7.5% and 4.5% based on age
d. Post Retirement Cost-Of-Living Increase	None
e. Inflation Rate	3%
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
j. Date of Last Experience Study	September 2017 for fiscal years 2012 thru 2016

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% 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 (2.75%). Best

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estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 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><u>100%</u></u>		
Average Real Return			4.75%
Inflation			<u>2.75%</u>
Long-term expected return			<u><u>7.50%</u></u>

Changes in Net Pension Liability (Asset) –

	<u>SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)</u>		
	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances Beginning of Year	\$ 4,871,128	\$ 6,331,280	\$ (1,460,152)
Changes for the Year:			
Service cost	182,617	-	182,617
Interest expense	355,191	-	355,191
Difference between expected & actual experience	(10,098)	-	(10,098)
Changes of assumptions	(220,399)		(220,399)
Contributions--City	-	119,811	(119,811)
Contributions--members	-	74,065	(74,065)
Net investment income	-	(784,011)	784,011
Benefits paid	(275,469)	(275,469)	-
Plan administrative expenses	-	(10,838)	10,838
Net Changes	<u>31,842</u>	<u>(876,442)</u>	<u>908,284</u>
Balances End of Year	<u>\$ 4,902,970</u>	<u>\$ 5,454,838</u>	<u>\$ (551,868)</u>

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Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate –

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability (Asset)	\$ 87,691	\$ (551,868)	\$ (1,075,223)

The City reported \$69,587 in pension expense for the year ended June 30, 2023. At June 30, 2023, 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	\$ 79,434	\$ 117,916
Changes of assumptions	20,490	174,768
Net difference between projected and actual earnings on pension plan investments	470,209	-
Changes in proportion and differences between City contributions and proportionate share of contributions	97,572	64,074
City contributions subsequent to the measurement date	76,604	-
Total	<u>\$ 744,309</u>	<u>\$ 356,758</u>

Amortization of Pension Deferrals –\$76,604 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/reduction of the net pension liability/asset in the subsequent year. 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:

2024	\$ 85,240
2025	38,048
2026	(17,516)
2027	205,162
2028	-
	<u>\$ 310,934</u>

OkMRF Defined Contribution Plan:

Plan Summary Information. Effective February 1, 2018, the City has provided a defined contribution plan and trust available to the employees of the City of Lindsay. The trust is in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). The plan is available for all eligible employees except the City Manager and those covered by the Firefighter Pension System. Administration of the City's individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate 30 days after hire date.

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Funding Policy. Employees participating in the Plan are not required to contribute but may do so voluntarily. The amount the City, as employer, is required to contribute is 2%. The City contributions for each employee (and interest allocated to the employee's account) are vested at incremental percentages beginning after five years of service and are 100% vested after ten years of service. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2023, employer contributions to the plan were \$34,171.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1001 N.W. 63rd Street, Suite 260, Oklahoma City, Oklahoma, 73116.

OkMRF CMO Plan:

Plan Summary Information. Effective April 1, 2022, the City has also provided a defined contribution plan and trust available to the City Manager of the City of Lindsay. The trust is in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). Administration of the City's individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the plan plus investment earnings. The City Manager is eligible to participate immediately upon hire.

Funding Policy. The City Manager is required to contribute 8% to the plan. The City, as employer, is required to contribute 2% of covered payroll to the plan. The City contributions for the City Manager (and interest allocated to the employee's account) are immediately 100% vested. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2023, employer contributions to the plan were zero, and the employee contributions were zero since the City only had an interim City Manager for FY23.

OkMRF issues a separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1001 N.W. 63rd Street, Suite 260, Oklahoma City, Oklahoma, 73116.

13. Other Post-Employment Benefits

Plan description – The City's defined benefit OPEB plan provides OPEB to eligible retirees and their dependents. The plan is a single employer defined benefit OPEB plan administered by the City. The City's 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 Plan covers all current retirees of the City and provides for employee and dependent healthcare coverage from the date of retirement to life, provided the participant was covered by the Plan before retiring. The City provides postretirement medical benefits through the Plan if the retiree and spouse pay the full active premium. Participants can elect medical, dental and vision.

Employees covered by benefit terms - At June 30, 2023 the following employees were covered by the benefit terms:

Active Employees	63
Inactive or beneficiaries currently receiving benefit payments	<u>0</u>
Total	<u>63</u>

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Total OPEB Liability – The City’s total OPEB liability of \$96,765 was measured as of June 30, 2023.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2022 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary
- Service Cost – determined for each employee as the Actuarial present value of benefits allocated to the valuation year.
- Discount Rate – 3.54% (1.04% real rate of return plus 2.50% inflation)
- Average Per Capita Claim Cost – range from age 50 at a cost of \$6,668 to age 80+ at a cost of \$6,286
- Healthcare cost trend rates - 4.5%
- Mortality Rates - RPH-2014 projected to 2030 using Scale MP-2021
- Turnover – rates vary for non-safety employees, policemen and firemen. Turnover and retirement rates developed from assumptions used in valuing Oklahoma Municipal Retirement Fund (OkMRF), the Oklahoma Police Pension and Retirement System (OPPRS) and the Oklahoma Fire Pension and Retirement System (OFPRS).
- Disability – none assumed
- Retirement Rates –
- Retiree contributions – 100% of the monthly contribution is paid by the retiree for elected coverage
- Salary Scale – 3.50%
- Date Assumptions – Coverage – 100% of any retirees who currently have healthcare coverage will continue with the same coverage. 25% of all actives who currently have coverage will continue with individual coverage upon retirement. The plan does not have spouses covered.
- Valuation Methodology and Terminology – used GASB accounting methodology to determine the postretirement medical benefit obligations
- Valuation date – June 30, 2022
- Measurement date – June 30, 2022

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

	<u>Total OPEB Liability</u>
Balances Beginning of Year	\$ 76,300
Changes for the Year:	
Service cost	16,408
Interest expense	4,057
Experience (Gain)/Loss	-
Changes of assumptions	-
Net Changes	<u>20,465</u>
Balances End of Year	<u>\$ 96,765</u>

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 2.16%, 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 (1.21%) or 1-percentage-point higher (3.21) than the current rate:

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	1% Decrease (2.54%)	Current Discount Rate 3.54%	1% Increase (4.54%)
Employers' total OPEB liability	\$ 94,390	\$ 76,300	\$ 62,711

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 4.50% as well as what the Plans' total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower (4.50% decreasing to 3.50%) or 1 percentage-point higher (4.50% increasing to 5.50%) than the current rate:

	1% Decrease (4.50% decreasing to 3.50%)	Healthcare Cost Trend Rate (4.50%)	1% Increase (4.50% increasing to 5.50%)
Employers' total OPEB liability	\$ 60,469	\$ 76,300	\$ 98,126

OPEB Expense- For the year ended June 30, 2023 the City recognized OPEB expense of \$39,457.

14. Commitments and Contingencies

Litigation:

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings.

Federal and State Award Programs:

The City of Lindsay participates in various federal or state grant/loan programs from year to year. In 2023, the City's involvement in federal and state award programs was not material. 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.

DEQ Consent Order:

The City of Lindsay is currently under a consent order, Case No. 22-197, from the Department of Environmental Quality and has been since 2018 and is still working on corrections. There are specific tasks and due dates for 2024 and 2025.

Asset Retirement Obligation:

The City has incurred certain asset retirement obligations related to the operations 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 June 30, 2023, since the specific legally required costs of retirement

have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in a subsequent fiscal year.

Lindsay Municipal Hospital Authority:

Net Patient Service Revenue

The Lindsay Municipal Hospital Authority (the “Hospital Authority”) has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. The payment arrangements include:

- **Medicare** - Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital Authority is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital Authority and audits thereof by the Medicare administrative contractor.
- **Medicaid** - The Hospital Authority has also been reimbursed for services rendered to patients covered by the state Medicaid program on a prospective determined rate with no retroactive adjustment. These payment rates vary according to a patient classification system that is based on clinical, diagnostic and other factors.
- **Department of Corrections** - Inpatient and outpatient services rendered to the Department of Corrections patients are reimbursed under a cost-reimbursement methodology. The Hospital Authority is reimbursed for certain services at tentative rates with settlements based on quarterly filings.

Less than 10% of net patient service revenues are from participation in the Medicare and state sponsored Medicaid programs for the year ended June 30, 2023. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term. Approximately 90% of net patient service revenues are from patients covered under agreements with the Department of Corrections for the year ended June 30, 2023.

The Hospital Authority has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital Authority under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Charity Care

The Hospital Authority provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

Medical Malpractice Claims

The Hospital Authority purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of American require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probably ultimate costs of the incidents. At June 30, 2023, the Authority recorded no accrual based on its claims experience for these claims. It is reasonably possible that this estimate could change materially in the near term.

Contracts with the Oklahoma Department of Corrections

During 2001, the Hospital Authority entered into three agreements with the Oklahoma Department of Corrections (DOC) related to services to be provided by the Hospital Authority. Those agreements were the Occupancy Agreement, the Contract for Inpatient Medical Services and the Outpatient Medical Services Contract. Each agreement was for an initial period of ten years, with two five-year renewal options. New agreements were signed by the Authority and the ODOC effective September 1, 2011, for a period of 10 years, with the five-year renewal options.

Under the Occupancy Agreement signed in 2001, the Hospital Authority granted ODOC exclusive rights to occupy 21 beds of the Authority and certain outpatient facilities for provision of medical services to prisoners of the ODOC. The Occupancy Agreement signed in 2011 was expanded to 22 beds.

Effective September 1, 2017, ODOC and the Authority agreed to extend the Contract for Inpatient Medical Services and the Outpatient Medical Services Contract, including a continuation of the 8% administrative fee. There have been no further amendments to the contract through the date the financial statements were issued.

Effective September 1, 2021, ODOC and the Authority agreed to renew the contract under the same terms and conditions through August 31, 2026.

Covid-19 Pandemic and Government Grant Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 as a global pandemic.

The extent of the COVID-19 pandemic's adverse impact on the Hospital Authority's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Hospital Authority's control and ability to forecast.

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REQUIRED SUPPLEMENTAL INFORMATION

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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ (971,447)	\$ (971,447)
Resources (Inflows)				
Taxes	1,833,400	2,093,400	3,138,316	1,044,916
Intergovernmental	64,500	64,500	76,927	12,427
Charges for services	378,250	378,850	334,643	(44,207)
Fines and forfeitures	143,200	143,200	54,466	(88,734)
Licenses and permits	9,200	9,200	19,238	10,038
Investment income	1,170	1,170	966	(204)
Miscellaneous	152,000	233,289	223,568	(9,721)
Transfers in	1,032,806	1,152,066	840,365	(311,701)
Sub-total Resources (Inflows)	3,614,526	4,075,675	4,688,489	612,814
Amounts Available for Appropriation	3,614,526	4,075,675	3,717,042	(358,633)
Charges to Appropriations (Outflows)				
Public safety	1,934,147	1,965,636	1,844,856	120,780
Streets	27,700	27,700	10,598	17,102
Culture & recreation	214,488	205,088	172,860	32,228
General government	212,000	253,400	235,461	17,939
Cemetery	114,877	174,177	169,810	4,367
Health & public safety -ambulance	1,048,164	1,285,624	1,147,803	137,821
Transfers out	63,000	107,000	1,007,048	(900,048)
Total Charges to Appropriations	3,614,376	4,018,625	4,588,436	(569,811)
Fund balances - ending	\$ 150	\$ 57,050	\$ (871,394)	\$ (928,444)

	EMERGENCY SERVICES ONE CENT FUND			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 104,260	\$ 1,105,394	\$ 1,001,134
Resources (Inflows)				
Taxes	700,000	785,000	857,343	72,343
Investment income	1,500	1,500	1,041	(459)
Transfer In	-	-	-	-
Amounts Available for Appropriation	701,500	890,760	1,963,778	1,073,018
Charges to Appropriations (Outflows)				
Health & Public Safety -Ambulance	-	-	-	-
Transfers out	600,000	596,260	514,000	82,260
Total Charges to Appropriations	600,000	596,260	514,000	82,260
Fund balances - ending	\$ 101,500	\$ 294,500	\$ 1,449,778	\$ 1,155,278

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Budgetary Comparison Schedules – Year Ended June 30, 2023, (Cont.)

Footnotes to Budgetary Comparison Schedules:

1. The City prepares its budgets for all funds on the modified accrual basis of accounting with the exception of certain expenditures and revenues related to on-behalf payments for police and fire pensions and capital leases. For budgetary purposes expenditures are recorded in the period the invoice is received. All unexpended encumbrances lapse at year-end and therefore are not recorded as expenditures for budgetary purposes.
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 Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector. The City exceeded the approved budget in these areas:

Transfers out	\$900,048
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3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	<u>General Fund</u>
Total budgetary resources (inflows)	\$ 4,688,489
Add: On-behalf payments	219,155
Total resources as recorded on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 4,907,644</u>

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

Total revenues	\$ 4,067,279
Transfers in	840,365
Total Resources	<u>\$ 4,907,644</u>

Total budgetary expenditures and transfers	\$ 4,588,436
Add: On-behalf payments	219,155
Total expenditures as recorded on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 4,807,591</u>

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

Total expenditures	\$ 3,800,543
Transfers out	1,007,048
Total Expenditures	<u>\$ 4,807,591</u>

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Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.169281%	0.137566%	0.131145%	0.139641%	0.153497%	0.134337%	0.136979%	0.144398%	0.143005%
City's proportionate share of the net pension liability	\$ 2,213,752	\$ 905,966	\$ 1,615,601	\$ 1,475,546	\$ 1,727,829	\$ 1,689,579	\$ 1,673,479	\$ 1,532,645	\$ 1,470,589
City's covered payroll	\$ 547,507	\$ 475,536	\$ 420,171	\$ 427,973	\$ 433,052	\$ 376,262	\$ 375,600	\$ 385,957	\$ 362,586
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	404%	191%	385%	345%	399%	449%	446%	397%	406%
Plan fiduciary net position as a percentage of the total pension liability	69.49%	84.24%	69.98%	72.85%	70.73%	68.27%	64.87%	68.27%	68.12%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

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

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	74,544	76,651	66,575	58,824	59,916	\$ 60,627	\$ 52,677	\$ 52,584	\$ 54,034
Contributions in relation to the statutorily required contribution	74,544	76,651	66,575	58,824	59,916	60,627	52,677	52,584	54,034
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 532,454	\$ 547,507	\$ 475,536	\$ 420,171	\$ 427,973	\$ 433,052	\$ 376,262	\$ 375,600	\$ 385,957
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.96%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

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Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF LINDSAY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.0728%	0.0771%	0.0864%	0.0869%	0.0919%	0.0830%	0.0893%	0.0787%	0.0882%
City's proportionate share of the net pension liability (asset)	\$ (58,386)	\$ (369,950)	\$ 99,259	\$ (5,547)	\$ (43,754)	\$ 6,382	\$ 136,711	\$ 3,208	\$ (29,686)
City's covered payroll	\$ 239,462	\$ 288,196	\$ 289,464	\$ 282,547	\$ 280,181	\$ 247,401	\$ 263,262	\$ 222,377	\$ 241,600
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.38%	128.37%	-34.29%	1.96%	15.62%	2.58%	51.93%	1.44%	12.29%
Plan fiduciary net position as a percentage of the total pension liability	102.74%	117.07%	95.80%	100.24%	101.89%	99.82%	93.50%	99.82%	101.53%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

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

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 29,508	\$ 31,130	\$ 37,465	\$ 37,630	\$ 36,731	\$ 36,424	\$ 32,162	\$ 34,224	\$ 28,909
Contributions in relation to the statutorily required contribution	29,508	31,130	37,465	37,630	36,731	36,424	32,162	34,224	28,909
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 218,023	\$ 239,462	\$ 288,196	\$ 289,464	\$ 282,547	\$ 280,181	\$ 247,401	\$ 263,262	\$ 222,377
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	182,617	208,107	179,605	162,972	161,164	176,742	189,500	172,099	\$ 149,157
Interest	355,191	347,499	321,147	285,024	279,474	279,848	272,680	260,188	253,634
Assumption changes	(220,399)	-	-	90,542	-	14,789	-	-	-
Differences between expected and actual experience	(10,098)	(177,755)	99,632	158,544	(105,690)	(106,196)	(112,059)	(23,395)	-
Benefit payments, including refunds of member contributions	(275,469)	(275,122)	(223,840)	(207,333)	(312,677)	(189,039)	(323,715)	(174,493)	(163,848)
Net change in total pension liability	31,842	102,729	376,544	489,749	22,271	176,144	26,406	234,399	238,943
Total pension liability - beginning	4,871,128	4,768,399	4,391,855	3,902,106	3,879,836	3,703,692	3,677,286	3,442,887	3,203,944
Total pension liability - ending (a)	4,902,970	4,871,128	4,768,399	4,391,855	3,902,107	3,879,836	3,703,692	3,677,286	\$ 3,442,887
Plan fiduciary net position									
Contributions - employer	119,811	109,489	90,520	100,350	136,407	154,657	165,204	160,195	\$ 147,521
Contributions - member	74,065	68,431	67,884	62,421	57,963	57,999	61,951	60,030	55,320
Net investment income	(784,011)	1,384,345	202,307	320,164	330,518	491,494	29,177	109,808	546,195
Benefit payments, including refunds of member contributions	(275,469)	(275,122)	(223,840)	(207,333)	(312,677)	(189,039)	(323,715)	(174,493)	(163,848)
Administrative expense	(10,838)	(11,625)	(10,165)	(9,593)	(9,278)	(8,586)	(7,933)	(8,121)	(8,091)
Net change in plan fiduciary net position	(876,442)	1,275,518	126,706	266,009	202,933	506,525	(75,316)	147,419	577,097
Plan fiduciary net position - beginning	6,331,280	5,055,762	4,929,056	4,663,047	4,460,115	3,953,590	4,028,906	3,881,487	3,304,390
Plan fiduciary net position - ending (b)	5,454,838	6,331,280	5,055,762	4,929,056	4,663,048	4,460,115	3,953,590	4,028,906	\$ 3,881,487
Net pension liability(asset) - ending (a) - (b)	\$ (551,868)	\$ (1,460,152)	\$ (287,363)	\$ (537,201)	\$ (760,940)	\$ (580,279)	\$ (249,898)	\$ (351,620)	\$ (438,600)
Plan fiduciary net position as a percentage of the total pension liability	111.26%	129.98%	106.03%	112.23%	119.50%	114.96%	106.75%	109.56%	112.74%
Covered payroll	1,990,250	1,894,225	1,799,591	1,644,818	1,490,288	1,550,364	1,647,985	1,601,333	\$ 1,447,608
Net pension liability (asset) as a percentage of covered-employee payroll	27.73%	77.08%	15.97%	32.66%	51.06%	37.43%	15.16%	21.96%	30.30%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of 6/30.
Only nine years are presented because 10-year data is not yet available.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	76,604	120,609	94,901	89,980	82,241	\$ 72,130	\$ 90,076	\$ 110,745	\$ 113,855
Contributions in relation to the actuarially determined contribution	76,604	119,152	113,061	92,789	99,983	132,362	154,716	165,241	160,218
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 1,457</u>	<u>\$ (18,160)</u>	<u>\$ (2,809)</u>	<u>\$ (17,742)</u>	<u>\$ (60,232)</u>	<u>\$ (64,640)</u>	<u>\$ (54,496)</u>	<u>\$ (46,363)</u>
Covered payroll	1,819,528	1,990,250	1,894,225	1,799,591	1,644,818	\$ 1,490,288	\$ 1,550,364	\$ 1,647,985	\$ 1,601,333
Contributions as a percentage of covered-employee payroll	4.21%	5.99%	5.97%	5.16%	6.08%	8.88%	9.98%	10.03%	10.01%

Notes to Schedule:

- Only the last nine fiscal years are presented because 10-year data is not yet available
- Actuarially determined contribution rate is calculated as of July 1, 2022 for fiscal year 2023 is 6.16%. The City decided to contribute 6.21%.
- Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 30 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 5 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.50% to 7.5% (varies by attained age)
 - Investment rate of return - 7.50%

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 75,610	75,610	75,610	56,125	16,408	16,408
Interest	15,779	18,568	22,212	6,481	4,057	4,057
Experience (Gain)/Loss	-	-	-	-	(83,707)	
Change in assumptions	(10,347)	-	(484,833)	(6,796)	(27,607)	
Benefit payments, including refunds of member contributions	(5,987)	(5,987)	-	-	-	-
Net change in total OPEB liability	75,055	88,191	(387,011)	55,810	(90,849)	20,465
Total OPEB liability - beginning	335,104	410,159	498,350	111,339	167,149	76,300
Total OPEB liability - ending	\$ 410,159	498,350	111,339	167,149	76,300	96,765
Covered employee payroll	\$ 2,069,939	2,523,678	2,210,025	2,210,025	2,338,315	2,866,330
Total OPEB liability as a percentage of covered employee payroll	19.82%	19.75%	5.04%	7.56%	3.26%	3.38%

Notes to Schedule:

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

The discount rate used for 2022 is 3.54%

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

SUPPLEMENTAL INFORMATION

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Balance Sheet – Non-Major Governmental Funds – June 30, 2023

	Special Revenue Funds					Capital Project Funds			Total Governmental Funds
	City Donation	Street & Alley	LPWA Donation	Library	Grant	Cemetery Care	Airport	Capital Improvement	
ASSETS									
Cash and cash equivalents	\$ 285,989	\$ 18,380	\$ 394	\$ 1,550	\$ 338,840	\$ 16,391	\$ 3,970	\$ 318	\$ 665,832
Receivable from other governments	-	9,994	-	-	-	-	-	-	9,994
Due from other funds	-	3,642	-	-	-	775	9,905	-	14,322
Other receivables	-	-	-	-	-	-	1,600	-	1,600
Total assets	<u>\$ 285,989</u>	<u>\$ 32,016</u>	<u>\$ 394</u>	<u>\$ 1,550</u>	<u>\$ 338,840</u>	<u>\$ 17,166</u>	<u>\$ 15,475</u>	<u>\$ 318</u>	<u>\$ 691,748</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Due to other funds	\$ -	\$ -	\$ 321	\$ 7,400	\$ 4,826	\$ -	\$ -	\$ -	\$ 12,547
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>321</u>	<u>7,400</u>	<u>4,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,547</u>
Deferred Inflows:									
Unavailable revenue	<u>-</u>	<u>7,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,440</u>	<u>-</u>	<u>10,230</u>
Fund balances:									
Restricted for:									
Street and Alley	\$ -	\$ 19,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,021
City Donation	285,989	-	-	-	-	-	-	-	285,989
Library	-	-	-	(5,850)	-	-	-	-	(5,850)
Grants	-	-	-	-	87,385	-	-	-	87,385
Cemetery	-	-	-	-	-	3,477	-	-	3,477
Assigned to:									
Capital Improvements	-	-	-	-	-	-	-	318	318
Street and Alley	-	5,205	-	-	-	-	-	-	5,205
Public Works	-	-	73	-	-	-	-	-	73
Airport	-	-	-	-	-	-	13,035	-	13,035
Grants	-	-	-	-	1,821	-	-	-	1,821
Cemetery	-	-	-	-	-	13,689	-	-	13,689
Total fund balances	<u>285,989</u>	<u>24,226</u>	<u>73</u>	<u>(5,850)</u>	<u>89,206</u>	<u>17,166</u>	<u>13,035</u>	<u>318</u>	<u>424,163</u>
Total liabilities and fund balances	<u>\$ 285,989</u>	<u>\$ 32,016</u>	<u>\$ 394</u>	<u>\$ 1,550</u>	<u>\$ 94,032</u>	<u>\$ 17,166</u>	<u>\$ 15,475</u>	<u>\$ 318</u>	<u>\$ 446,940</u>

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds – Year Ended June 30, 2023

	Special Revenue Funds					Capital Project Funds			Total-Other Governmental Funds
	City Donation	Street & Alley	LPWA Donation	Library	Grant	Cemetery Care	Airport	Capital Improvement	
REVENUES									
Intergovernmental	\$ -	\$ 21,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,020
Charges for services	-	-	-	-	-	11,301	5,900	-	17,201
Investment income	856	34	1	8	803	64	9	6	1,781
Miscellaneous	10,801	-	-	-	-	-	-	-	10,801
Total revenues	<u>11,657</u>	<u>21,054</u>	<u>1</u>	<u>8</u>	<u>803</u>	<u>11,365</u>	<u>5,909</u>	<u>6</u>	<u>50,803</u>
EXPENDITURES									
Current:									
Public Safety	1,300	-	-	-	-	-	-	-	1,300
Highways and roads	-	1,549	-	-	-	-	-	-	1,549
Culture and recreation	325	-	-	-	-	-	-	-	325
Airport	-	-	-	-	-	-	8,898	-	8,898
Capital Outlay	-	-	-	-	-	25,000	-	-	25,000
Total Expenditures	<u>1,625</u>	<u>1,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>8,898</u>	<u>-</u>	<u>37,072</u>
Excess (deficiency) of revenues over expenditures	<u>10,032</u>	<u>19,505</u>	<u>1</u>	<u>8</u>	<u>803</u>	<u>(13,635)</u>	<u>(2,989)</u>	<u>6</u>	<u>13,731</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	6,600	-	6,600
Transfers out	(349)	(450)	-	-	-	-	-	-	(799)
Total other financing sources and uses	<u>(349)</u>	<u>(450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,600</u>	<u>-</u>	<u>5,801</u>
Net change in fund balances	9,683	19,055	1	8	803	(13,635)	3,611	6	19,532
Fund balances - beginning	276,306	5,171	72	(5,858)	88,403	30,801	9,424	312	404,631
Fund balances - ending	<u>\$ 285,989</u>	<u>\$ 24,226</u>	<u>\$ 73</u>	<u>\$ (5,850)</u>	<u>\$ 89,206</u>	<u>\$ 17,166</u>	<u>\$ 13,035</u>	<u>\$ 318</u>	<u>\$ 424,163</u>

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2023

Federal Grantor/Pass Through Agency Grantor/Program Title	Federal AL Number	Grant #	Award Amount	Awards Expended
FEDERAL AWARDS:				
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through the Oklahoma Department of Commerce: Community Development Block Grant	14.228	17857 CDBG 20	<u>\$ 299,999</u>	<u>\$ 41,541</u>
<u>U.S. DEPT OF TREASURY:</u>				
American Rescue Plan Act - COVID-19 Coronavirus Local Fiscal Recovery Funds	21.027	ARPA-NEU	<u>244,823</u>	<u>-</u>
Total Federal Awards			<u><u>\$ 544,822</u></u>	<u><u>\$ 41,541</u></u>

Footnote to Schedule of Expenditures of Federal Awards:

1. Significant Accounting Policies -The accompanying schedule of expenditures of federal awards is prepared on the basis of accounting consistent with the definition of federal awards expended in Uniform Guidance.

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>			
Rural Fire Grant	N/A	<u>\$ 10,053</u>	<u>\$ 10,053</u>
<u>OKLAHOMA DEPARTMENT OF LIBRARIES:</u>			
ARPA Grant 2022	N/A	3,000	60
2023 State Aid Grant	N/A	<u>2,939</u>	<u>2,939</u>
Total State Awards		<u><u>\$ 15,992</u></u>	<u><u>\$ 13,052</u></u>

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

INTERNAL CONTROL COMPLIANCE INFORMATION



**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 City Council
City of Lindsay, 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 Lindsay, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Lindsay, Oklahoma's basic financial statements and have issued our report thereon dated August 8, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 City of Lindsay, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-001.

City of Lindsay, Oklahoma's Response to Findings

City of Lindsay, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings. City of Lindsay, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Handwritten signature in black ink that reads "HBC CPAs & Advisors".

Oklahoma City, Oklahoma
August 8, 2024

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2023**

Finding Number: 2023-001 *Compliance with Title, Section 17-211 creation of a deficit balance
(Repeat Finding 2022-003)*

Criteria:

Title 11, Section 17-211 prohibits the creation of a deficit fund balance in any fund except for a public trust fund.

Condition:

The General Fund had a deficit fund balance at the end of the fiscal year under audit.

Cause:

A deficit fund balance carried over from the prior fiscal year was not fully addressed in the current fiscal year, despite improvement in the fund balance compared to the prior year.

Effect or Potential Effect:

The City's actions indicate a violation of state budget laws, as a deficit fund balance was allowed in the General fund and Library fund.

Recommendation:

Procedures and controls should be implemented to ensure the proper monitoring of the budget and fund balance. Develop and implement a plan to eliminate the deficit fund balance in the General Fund, including specific timelines and strategies.

Management's Response:

Management has implemented budget review with department heads and training to understand budget reporting which identifies budget constraints. All expenditures are being scrutinized for availability of funds and need.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2023**

Finding Number: 2022-001 *Purchase Orders and Approvals (Repeat Finding 2021-001)*

Criteria:

A municipality should establish internal controls allow for proper recording of expenditure and proper authorization and payment of accounts payable, which including the implementation of adequate segregation of duties.

Condition:

Our inquiries and testing reveal deficiencies in the City's expenditure processes. The reliance on a single individual for purchase order review, the lack of updated budgets provided to departments, and insufficient oversight of purchase card transactions compromise independent verification and budgetary control.

Cause:

The City has failed to establish proper internal controls and segregation of duties, leading to the identified deficiencies in expenditure recording, authorization, and oversight processes.

Effect or Potential Effect:

The absence of adequate internal controls and segregation of duties increases the risk of errors, irregularities, and fraud in the disbursement of City funds. Without independent verification and oversight, individuals may exploit these weaknesses to cause and/or conceal financial discrepancies, thereby compromising the integrity of the financial management system.

Recommendation:

Procedures and controls should be implemented to ensure the proper approval and recording of transactions.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. All purchase orders are reviewed. Internal controls are identified in our adopted Purchasing Manuel. Department heads are provided with budgets monthly. Purchase card are checked out and all purchases are approved. Every purchase will have documentation with it and they are reconciled. New procedures started in July 2022.

Status:

Corrected

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2023**

Finding Number: 2022-002 Controls over Utility Billings (Repeat Finding 2021-002)

Criteria:

Municipalities should establish internal controls to effectively maintain and monitor utility billings, ensuring accurate billing amounts and active pursuit of collections.

Condition:

The City has identified several issues related to utility billing processes. These include a failure to update billing systems following a rate increase, leading to incorrect charges and lost revenue. Additionally, the City lacks a proactive approach to collections, resulting in a high volume of past-due balances. Finally, zero readings on utility meters are not adequately addressed, potentially causing billing inaccuracies and impacting collections.

Cause:

The City's failure to establish internal controls and accounting procedures for utility billing maintenance and updates has contributed to these issues.

Effect or Potential Effect:

The City's inability to maintain and monitor utility billing accurately has resulted in significant revenue losses for the municipality.

Recommendation:

Procedures and controls should be implemented to ensure the proper updating and collection of utility billings.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. Fiscal year 2022-23 utility collection oversight was enforced. The Community Care utility assistance program left the city with significant unpaid active utility accounts. Large unpaid utility balances are being handled through payment contract on file with stringent payment requirements or turned over to a recently contracted collection agency.

Status:

Corrected

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2023**

Finding Number: 2022-004 *Timely Reconciliations (Repeat Finding 2021-004)*

Criteria:

Internal controls should be in place to have proper reviewing and reconciling bank balances and P-card statements.

Condition:

The City's bank accounts and p-card statements were not timely reconciled.

Cause:

The City has not established internal controls and accounting procedures specifically designed to facilitate timely reconciliation of bank accounts and P-card statements.

Effect or Potential Effect:

The absence of adequate internal controls and segregation of duties increases the risk of errors, irregularities, and fraud in the disbursement of City funds. Without timely account reconciliations, there is a potential for fraudulent activities, bank errors, or unauthorized withdrawals. Additionally, the lack of reconciliations could lead to reduced cash flow due to overspending.

Recommendation:

Procedures and controls should be implemented to ensure the timely reconciliation of accounts.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. Effective July 2022 an external consultive was brought on site to make corrective action and reconcile bank accounts and P-card statements. The internal control of proper financial reporting to coincide with monthly bank reconciliations are in place.

Status:

Corrected

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2023**

Finding Number: 2022-005 *Limited Understanding of Accounting Policies (Repeat Finding 2021-005)*

Criteria:

Internal controls should be in place to ensure that individuals assigned to duties possess the necessary skills, knowledge, and experience for proper recording of transactions to the general ledger and running reports.

Condition:

The City experienced significant accounting errors that were not detected by the City's controls and required correction by external consultants. These errors included numerous mispostings to the general ledger, untimely posting of transactions, and a lack of experience running the software in place to analyze those mispostings.

Cause:

The City lacked staff members with the necessary understanding of basic accounting functions. These deficiencies could have been identified through regular bank reconciliations and other reconciliations to supporting reports.

Effect or Potential Effect:

The absence of proper recording of transactions, accounting reports and reconciliations may lead to alternative decisions being made without the benefit of accurate financial information.

Recommendation:

The City should hire and train staff so they are equipped with the necessary knowledge and experience to perform their duties.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. After July 2022 the City hired an external financial consultant to correct accounting errors which has been completed. The city has hired an experienced account payable finance individual. The P-card purchases are being provided to the city council with the claims to be paid as this was not being done in the past.

Status:

Corrected

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2023**

Finding Number: 2022-006 *Compliance with Tax Payments (Repeat Finding 2021-006)*

Criteria:

The City should be in compliance with payroll taxes in the recording of tax payments and accurate reporting of payment periods.

Condition:

The City made incorrect payments to tax authorities for quarterly tax obligations, and some payments were allocated to the wrong quarters to those tax authorities.

Cause:

The City lacked staff members with the necessary understanding of payroll tax reporting and payment procedures.

Effect or Potential Effect:

The incorrect and misapplied payments to the tax authorities could lead to potential penalties.

Recommendation:

The City should hire and train staff so they are equipped with the necessary knowledge and experience to perform their duties.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. The city has hired trained individuals who are properly completing the payroll tax reporting and payment procedures.

Status:

Corrected

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2023**

Finding Number: 2022-007 Missing Vendor Invoices (*Repeat Finding 2021-007*)

Criteria:

Internal controls should be implemented to ensure the proper maintenance and accessibility of documents.

Condition:

The City was unable to locate documents for expenditures that were requested for the audit.

Cause:

The City's failure to maintain accurate records was due to a lack of established procedures, staff training, and managerial oversight.

Effect or Potential Effect:

The failure to maintain accurate records could result in loss of important documents, the inability to establish compliance with regulations, and the inability to ensure that proper authorization procedures are being followed.

Recommendation:

The City should develop controls that would ensure that documentation is maintained and accessible.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. The city is currently maintaining proper documentation for the proper payment of expenditures. The process allows for the proper authorization of expenditures.

Status:

Corrected

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2023**

Finding Number: 2022-008 Budgeted Appropriations (*Repeat Finding 2021-008*)

Criteria:

The City prepares its budget in accordance with the Oklahoma Municipal Budget Act of 1979. As part of compliance with that budget act, the City prepares and administers its budget at the department level. This is the City's legal level of control.

Condition:

As reported in the notes to financial statements, the amount of expenditures of several departments within the City exceeded their appropriations.

Cause:

The City expended more than the amounts appropriated to these specific departments during the budget year 2021-2022.

Effect or Potential Effect:

The City appears to have violated state budget laws.

Recommendation:

We recommend that the City review its procedures, particularly as it relates to ensure that appropriations are sufficient.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. Effective July 2022, budget oversight was done by management and department heads. Budget oversight to see that expenditures were in line with the approved budget. Any area of overruns, budget amendments and supplements are approved by the city council.

Status:

Corrected

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2023**

Finding Number: 2022-009 Limited Expenditure Transparency

Criteria:

Established financial internal controls require knowledge of what the expenditure was used for and proper description of that expenditure.

Condition:

The City was unable to provide adequate explanation for certain transactions. This lack of clarification prevents a clear understanding of the purpose behind these expenditures.

Cause:

The City's failure to maintain accurate records was due to a lack of established procedures, staff training, and managerial oversight.

Effect or Potential Effect:

Incomplete descriptions of expenditures undermines transparency, accountability, and the ability to understand the true nature of these transactions.

Recommendation:

Develop and enforce written procedures for documenting all expenditures, including guidance on specific required supporting records (e.g., purpose, vendor, approvals). Implement a review process where managers verify the completeness and accuracy of expenditure documentation before payments are processed.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. The city is currently maintaining proper documentation for the proper payment of expenditures. The process allows for the proper authorization of expenditures. The transactions are now adequately documented for easy understanding.

Status:

Corrected