

**CITY OF SAYRE, OKLAHOMA
SAYRE, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2023**

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City of Sayre, Oklahoma
Year Ended June 30, 2023
List of Principal Officials

City Manager

Guy Hylton

City Clerk

Hjordis Garrison

Mayor

Gerald Sherrill

Council

Geary Don Burrows

Marla Counts

David Epp

Mike Howard

Walter Jackson

Cheryl McLean

Von Wells

Shae Whitson



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Sayre, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sayre, 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 Sayre, 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, each major fund, and the aggregate remaining fund information of the City of Sayre, 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 Sayre, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore

is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sayre, 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 Sayre, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sayre, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and net pension liability schedules 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 net pension liability schedules 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 December 29, 2023, on our consideration of City of Sayre, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sayre, 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 Sayre, Oklahoma's internal control over financial reporting and compliance.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 29, 2023

Within this section, the City of Sayre's ("City") management provides narrative discussion and analysis of the financial performance of the City's for the fiscal year ended June 30, 2023. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL SUMMARY

- At June 30, 2023, the assets of the City exceeded its liabilities by \$20,554,468 (net position). Of this amount \$6,996,978 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. This compared to the previous year when assets exceeded liabilities by \$20,032,199 (as adjusted).
- The City's total net position are comprised of the following:
 - (1) Invested in capital assets, net of related debt of \$13,266,637 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
 - (2) Restricted net position of \$290,853.
 - (3) Unrestricted net position of \$6,996,978 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total liabilities of the City increased by \$34,175 during the fiscal year.
- Net position of governmental activities increased by \$127,284 or 2.96%, and net position of business-type activities increased by \$394,985 or 2.51%. Overall the health of the City improved when compared to prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,430,084 or 66.2% of total General Fund expenditures, excluding transfers and capital outlay.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are presented to demonstrate the extent the City has met its operating objective efficiently and effectively using all the resources available and whether the City can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating, identify financial strengths and weaknesses, and provide an assessment of liquidity. Evaluation of the overall economic health of the City would extend to other nonfinancial financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year and can be used to assess the City's operating results in its entirety and analyze how the City's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement

of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-type activities include utility services, including water and sanitation, provided by the City.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations and to demonstrate fiscal accountability. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds are provided in the form of combining statements in a later section of this report.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. These financial statements are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for the General Fund. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water and sanitation.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds and individual component units.

Fiduciary funds such as the hospital fund are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statement begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's pension benefits provided to its employees.

Major funds and component units are reported in the basic financial statements as discussed. Combining statements for non-major funds are presented in a subsequent section of the report.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position at June 30, 2023 is \$20,554,468. This is a \$522,269 increase (depreciation expense is \$832,786- a non-cash expense) over June 30, 2022 net position of \$20,032,199 (as adjusted). The City reported positive balances in total net position for both governmental and business-type activities, reporting \$4,423,971 and \$16,130,497, respectively. The City's overall financial position improved during fiscal year 2023. The primary reason for this was ARPA and other grant funds received by the City.

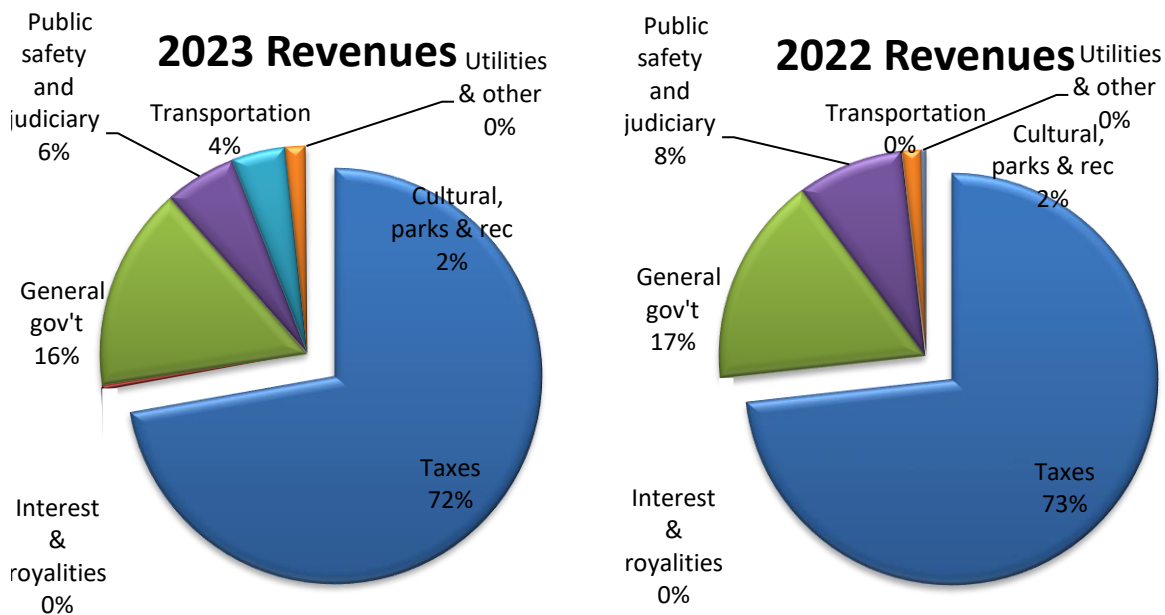
	Summary of Net Position						\$ Change	% Change
	Governmental Activities		Business-Type Activities		Total			
	2023	2022	2023	2022	2023	2022		
Current assets	\$ 1,611,383	\$ 1,494,335	\$ 5,384,605	\$ 5,129,109	\$ 6,995,988	\$ 6,623,444	\$ 372,544	6%
Non-current assets	55,052	293,549	1,262,696	1,235,978	1,317,748	1,529,527	(211,779)	100%
Capital assets, net	2,676,032	2,719,972	11,667,591	11,532,820	14,343,623	14,252,792	90,831	1%
Total assets	4,342,467	4,507,856	18,314,892	17,897,907	22,657,359	22,405,763	251,596	1%
Deferred outflow s of resource	366,249	121,899	-	-	366,249	121,899	244,350	200%
Current liabilities	198	256	205,762	202,385	205,960	202,641	3,319	2%
Non-current liabilities	30,478	18,245	1,978,633	1,960,010	2,009,111	1,978,255	30,856	2%
Total liabilities	30,676	18,501	2,184,395	2,162,395	2,215,071	2,180,896	34,175	2%
Deferred inflow s of resources	254,069	314,567	-	-	254,069	314,567	(60,498)	-19%
Net position								
Invested in capital assets, net of related debt	2,676,032	2,719,972	10,590,605	10,422,713	13,266,637	13,142,685	123,952	1%
Restricted	181,101	120,824	109,752	155,892	290,853	276,716	14,137	5%
Unrestricted	1,566,838	1,455,891	5,430,140	5,156,907	6,996,978	6,612,798	384,180	6%
Total net position	\$ 4,423,971	\$ 4,296,687	\$ 16,130,497	\$ 15,735,512	\$ 20,554,468	\$ 20,032,199	\$ 522,269	3%

Summary of Statement of Activities

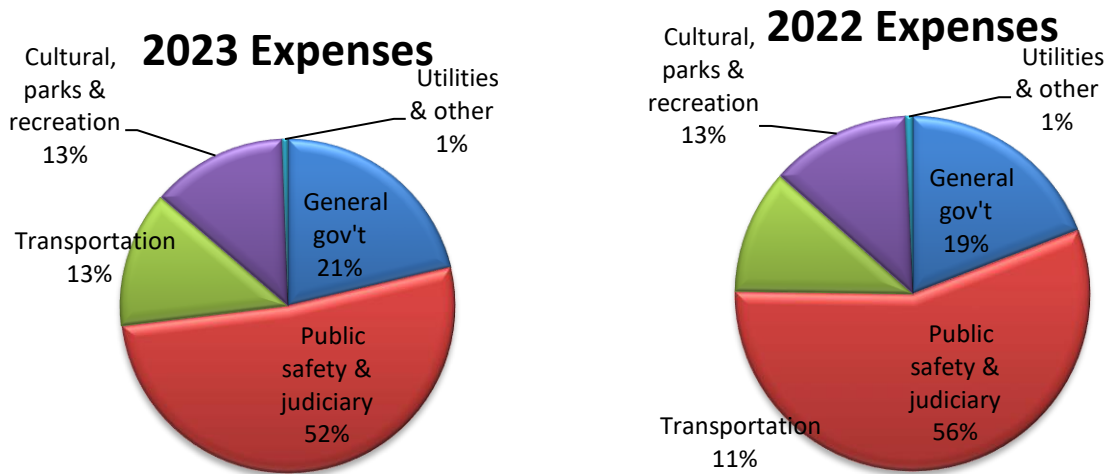
	Governmental Activities		Business-type Activities		Total		\$ Change	% Change
	2023	2022	2023	2022	2023	2022		
Revenues								
Program revenues	\$ 698,205	\$ 696,819	\$ 2,289,867	\$ 1,942,105	\$ 2,988,072	\$ 2,638,924	\$ 349,148	13%
Taxes and other general revenues	1,904,498	2,009,648	500,787	468,128	2,405,285	2,477,776	(72,491)	-3%
Total revenues	2,602,703	2,706,467	2,790,654	2,410,233	5,393,357	5,116,700	276,657	5%
Expenses								
General government	524,440	447,333	-	-	524,440	447,333	77,107	17%
Public safety and judiciary	1,275,790	1,311,367	-	-	1,275,790	1,311,367	(35,577)	-3%
Transportation	325,523	264,735	-	-	325,523	264,735	60,788	23%
Cultural, parks, and recreation	324,228	299,261	-	-	324,228	299,261	24,967	8%
Sanitation, utilities & other services	13,639	14,941	-	-	13,639	14,941	(1,302)	100%
Industrial	-	-	280,527	380,698	280,527	380,698	(100,171)	-26%
Water utilities	-	-	1,993,768	1,913,482	1,993,768	1,913,482	80,286	4%
Airport	-	-	133,173	145,967	133,173	145,967	(12,794)	-9%
Total expenses	2,463,620	2,337,637	2,407,468	2,440,147	4,871,088	4,777,784	93,304	2%
Excess (deficiency) before transfers	\$ 139,083	\$ 368,830	\$ 383,186	\$ (29,914)	\$ 522,269	\$ 338,916	\$ 183,353	54%
Transfers - internal	(11,799)	(391,752)	11,799	391,752	-	-	-	0%
Change in net position	127,284	(22,922)	394,985	361,838	522,269	338,916	183,353	54%
Beginning net position	4,296,687	4,319,609	15,735,512	14,324,319	20,032,199	18,643,928	1,388,271	7%
Prior period adjustment	-	-	-	1,049,355	-	338,916	183,353	1
Ending net position	\$ 4,423,971	\$ 4,296,687	\$ 16,130,497	\$ 15,735,512	\$ 20,554,468	\$ 19,321,760	\$ 1,754,977	9%

Revenues for the City increased 5.41% from the prior year. This increase in revenues is mainly attributable to an increase in grant income. Operating expenses increased from prior fiscal year 2022 with a 1.95% change.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities.

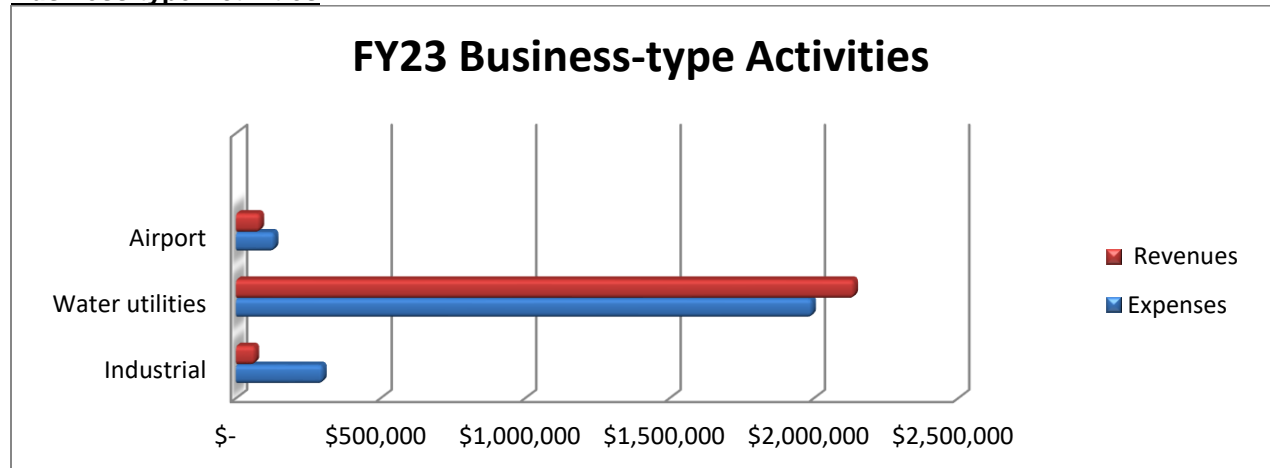


Taxes provided for 72% of the City's governmental revenues in fiscal year 2023. General government followed as the second major revenue source accounting for 16% of governmental revenues.



For the year ended June 30, 2023, total expenses for governmental activities were \$2,463,620. Of this amount, public safety & judiciary with \$1,275,790 was the largest operating service department at 52% of the total cost of services for governmental activities. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues. It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated and capital assets are reported.

Business-type Activities



Business-type activities are shown comparing costs to revenues generated by the related services. Airport & utilities activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

General Fund Budgetary Highlights

The adopted budget for the General Fund for fiscal year 2023 was \$2,222,050. Actual expenses were \$69,940 less than budgeted amounts. The General Fund budget complied with financial policies approved by the City.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$13,266,637 invested in capital assets, net of related debt, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and water lines and sewer lines in business-type activities. Refer to the table below.

	Primary Government			
	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
<i><u>Governmental Activities</u></i>				
Land	\$ 371,651	\$ -	\$ -	\$ 371,651
Construction in progress	-	-	-	-
Other capital assets	6,349,365	189,397	-	6,538,762
Total	6,721,016	189,397	-	6,910,413
Less accumulated depreciation	4,001,044	233,337	-	4,234,381
Governmental fixed assets, net	<u>\$ 2,719,972</u>	<u>\$ (43,940)</u>	<u>\$ -</u>	<u>\$ 2,676,032</u>
<i><u>Business-type Activities</u></i>				
Land	\$ 1,087,505	\$ -	\$ -	\$ 1,087,505
Construction in progress	101,963	19,710	63,100	58,573
Other capital assets	19,786,471	777,610	-	20,564,081
Total	20,975,939	797,320	63,100	21,710,159
Less accumulated depreciation	9,443,119	599,449	-	10,042,568
Business-type fixed assets, net	<u>\$ 11,532,820</u>	<u>\$ 197,871</u>	<u>\$ (63,100)</u>	<u>\$ 11,667,591</u>
Total primary government	<u>\$ 14,252,792</u>	<u>\$ 153,931</u>	<u>\$ (63,100)</u>	<u>\$ 14,343,623</u>

- In Governmental Activities, the most significant additions included \$133,984 for street overlays, \$34,100 for 2 new pickups for the street department.
- In Business-type activities capital additions included \$654,437 for sewerline from courthouse to lagoons, \$28,500 for a turbine drivetrain for the new lagoon, \$27,500 for Champion mast/basic for trash truck, \$21,000 for a tractor for the landfill, and \$12,500 for a John Deere loader for the landfill, and \$25,731 for various equipment for water well monitoring.

Long-Term Debt

At year-end, the City had \$1,002,561 in long-term debt outstanding. The City's changes in long-term debt by type of debt are as follows:

	Primary Government Long-Term Debt	
	Business-type Activities	
	2023	2022
Notes payable	1,057,276	1,110,107
less current portion	(54,715)	(53,056)
Totals	<u>\$ 1,002,561</u>	<u>\$ 1,057,051</u>

City obligations at June 30, 2023 include notes payable to the Oklahoma Department of Commerce for \$9,844 obtained originally for landfill and water system improvements; a note payable to the First National Bank for \$283,680 obtained to construct a new health department, and a note payable to the Oklahoma Water Resources Board for \$763,752 obtained for drinking water treatment system improvements.

ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

Economic Environment

The national economy has shown surprising resilience to the Federal Reserve hikes in interest rates. The national forecast no longer forecasts a recession in the near term. Real gross domestic product (GDP) is forecasted from slow to 1.2% in 2024.

The Oklahoma economy continues to recover from the COVID-19 recession, with seasonally-adjusted employment now about 1.5% above the pre-pandemic peak that was reached in 2019. The current unemployment rate lies below the pre-pandemic level while the labor force pre-participation rate exceeds the pre-pandemic level. The slowing of the national economy and a forecast of relatively stable energy prices should cause growth to slow in Oklahoma.

The following are highlights from the 2023-2024 budget:

The 2023-2024 budget was prepared to provide a financial plan that identifies as closely as possible most revenues and expenses while providing flexibility to address circumstances that could change. Budgeting for the 2023-2024 fiscal year continued with a conservative approach. Spending has been cut and there are continued economic development efforts being made to bring retail businesses to Sayre to bolster the sales tax revenue since the prison closed in July, 2023.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 102 W Main, Sayre, OK.

Guy Hylton, City Manager

City of Sayre, Oklahoma
Statement of Net Position
June 30, 2023

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 1,387,154	\$ 4,958,966	\$ 6,346,120
Certificates of deposit	26,675	157,635	184,310
Due from other governments	153,174	-	153,174
Accounts receivable (net)	5,451	188,412	193,863
Prepays	24,439	29,609	54,048
Grants receivable	-	-	-
Internal balances	14,490	-	14,490
Restricted cash and cash equivalents	-	10,508	10,508
Inventory	-	39,475	39,475
Total current assets	<u>1,611,383</u>	<u>5,384,605</u>	<u>6,995,988</u>
Noncurrent Assets:			
Pension asset	55,052	-	55,052
Investment in joint venture (ALFA)	-	1,075,316	1,075,316
Investments in real estate	-	187,380	187,380
Land and construction in progress	371,651	1,146,078	1,517,729
Other capital assets (net of accumulated depreciation)	2,304,381	10,521,513	12,825,894
Total noncurrent assets	<u>2,731,084</u>	<u>12,930,287</u>	<u>15,661,371</u>
Total assets	<u>\$ 4,342,467</u>	<u>\$ 18,314,892</u>	<u>\$ 22,657,359</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension obligation	\$ 366,249	\$ -	\$ 366,249
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 198	\$ 151,047	\$ 151,245
Current portion of long-term debt	-	54,715	54,715
Total current liabilities	<u>198</u>	<u>205,762</u>	<u>205,960</u>
Non-current liabilities:			
Long-term portion of debt	-	1,002,561	1,002,561
Pension liability	30,478	-	30,478
Landfill closure/post-closure liability	-	976,072	976,072
Total non-current liabilities	<u>30,478</u>	<u>1,978,633</u>	<u>2,009,111</u>
Total liabilities	<u>30,676</u>	<u>2,184,395</u>	<u>2,215,071</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on pension obligation	254,069	-	254,069
NET POSITION			
Invested in capital assets, net of related debt	2,676,032	10,590,605	13,266,637
Reserved for restricted purposes	181,101	109,752	290,853
Unrestricted	1,566,838	5,430,140	6,996,978
Total net position	<u>\$ 4,423,971</u>	<u>\$ 16,130,497</u>	<u>\$ 20,554,468</u>

City of Sayre, Oklahoma
Statement of Activities and Changes in Net Position
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants & Contributions
Governmental activities:					
General government	\$ 524,440	\$ 11,427	\$ -	\$ 393,597	\$ (119,416)
Public safety and judiciary	1,275,790	93,910	49,740	-	(1,132,140)
Transportation	325,523	-	-	106,634	(218,889)
Cultural, parks and recreation	324,228	34,487	5,000	-	(284,741)
Sanitation, utilities & other services	13,639	3,410	-	-	(10,229)
Total governmental activities	<u>2,463,620</u>	<u>143,234</u>	<u>54,740</u>	<u>500,231</u>	<u>(1,765,415)</u>
Business-type activities:					
Industrial	280,527	66,565	-	-	(213,962)
Water/sewer/garbage utilities	1,993,768	1,654,422	484,995	-	145,649
Airport	133,173	38,840	-	45,045	(49,288)
Total business-type activities	<u>2,407,468</u>	<u>1,759,827</u>	<u>484,995</u>	<u>45,045</u>	<u>(117,601)</u>
Total primary government	<u>\$ 4,871,088</u>	<u>\$ 1,903,061</u>	<u>\$ 539,735</u>	<u>\$ 545,276</u>	<u>\$ (1,883,016)</u>

City of Sayre, Oklahoma
Statement of Activities and Changes in Net Position (continued)
Year Ended June 30, 2023

Changes in Net Position:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (1,765,415)	\$ (117,601)	\$ (1,883,016)
General revenues:			
Taxes:			
Sales tax	1,391,143	-	1,391,143
Use tax	173,029	-	173,029
Franchise tax	122,485	-	122,485
Other taxes	154,014	-	154,014
Interest income	9,694	53,669	63,363
Gain on sale of assets	-	39,650	39,650
Impact fees	-	374,000	374,000
Pension change	54,118	-	54,118
Miscellaneous income	15	5,250	5,265
Income (loss) from joint venture (ALFA)	-	28,218	28,218
Transfers-Internal activity	(11,799)	11,799	-
Total general revenues and transfers	<u>1,892,699</u>	<u>512,586</u>	<u>2,405,285</u>
Change in net position	127,284	394,985	522,269
Net position-beginning	4,296,687	15,735,512	20,032,199
Prior period adjustment	-	-	-
Net position-ending	<u>\$ 4,423,971</u>	<u>\$ 16,130,497</u>	<u>\$ 20,554,468</u>

**City of Sayre, Oklahoma
Combined Balance Sheet
June 30, 2023**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,217,503	\$ 169,651	\$ 1,387,154
Certificates of deposit	20,375	6,300	26,675
Accounts receivable	5,451	-	5,451
Prepays	24,439	-	24,439
Grants receivable	-	-	-
Due from other funds	14,490	1,042	15,532
Due from other governments	149,066	4,108	153,174
Total assets	\$ 1,431,324	\$ 181,101	\$ 1,612,425
LIABILITIES			
Accounts payable	\$ 198	\$ -	\$ 198
Due to other funds	1,042	-	1,042
Total liabilities	1,240	-	1,240
FUND BALANCES			
Restricted for:	-	-	-
Street and alley	-	105,129	105,129
Debt service	-	319	319
911 program	-	46,573	46,573
Cemetery	-	29,080	29,080
Unassigned	1,430,084	-	1,430,084
Total fund balances	1,430,084	181,101	1,611,185
Total liabilities and fund balances	\$ 1,431,324	\$ 181,101	\$ 1,612,425
 Total fund balance- total governmental funds			\$ 1,611,185
 Amounts reported for governmental activities in the Statement of Net Position are different because:			
 Land and capital assets, net of accumulated depreciation, are not financial resources and, in the funds, and therefore, are not reported:			
Land and construction in process	371,651		
Capital assets	6,538,762		
Less: Accumulated depreciation	(4,234,381)		
			2,676,032
 Net pension asset			55,052
Pension related deferred outflows			366,249
Net pension liability			(30,478)
Pension related deferred inflows			(254,069)
 Net assets of governmental activities			\$ 4,423,971

City of Sayre, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Sales tax	\$ 1,391,143	\$ -	\$ 1,391,143
Use tax	173,029	-	173,029
Franchise tax	122,485	-	122,485
Alcoholic beverage tax	59,753	-	59,753
Cigarette tax	12,490	-	12,490
Fuel tax	-	39,959	39,959
Other taxes	41,812	-	41,812
Licenses, fees & permits	80,769	-	80,769
Park revenue	9,065	-	9,065
Cemetery revenue	2,989	421	3,410
Fire department revenue	4,157	-	4,157
Library fees & fines	1,248	-	1,248
Police fines & court fees	9,054	-	9,054
Refunds & reimbursements	22	39,687	39,709
Rentals	20,806	-	20,806
Senior citizens center	-	-	-
Miscellaneous sales & service	14,718	-	14,718
Grants	515,284	-	515,284
Interest	9,452	242	9,694
Total revenues	<u>2,468,276</u>	<u>80,309</u>	<u>2,548,585</u>
EXPENDITURES			
Current			
General government:			
General government	179,922	-	179,922
City management	128,125	-	128,125
City administration	98,755	-	98,755
Total general government	<u>406,802</u>	<u>-</u>	<u>406,802</u>
Public safety and judiciary:			
Police	765,684	-	765,684
Fire	118,209	-	118,209
City inspector/code enforcement	275,752	-	275,752
Animal control	35,673	-	35,673
City attorney	18,000	-	18,000
City judge	6,000	-	6,000
Total public safety and judiciary	<u>1,219,318</u>	<u>-</u>	<u>1,219,318</u>
Transportation:			
Street	256,743	68,780	325,523
Total transportation	<u>256,743</u>	<u>68,780</u>	<u>325,523</u>
Cultural, parks and recreation:			
Library	63,414	-	63,414
Park	165,753	-	165,753
Golf Course	30,000	-	30,000
Museum	6,193	-	6,193
Senior Citizens Center	8,418	-	8,418
Total cultural, parks and recreation	<u>273,778</u>	<u>-</u>	<u>273,778</u>
Public service:			
Cemetery	4,862	-	4,862
Department of Corrections	-	-	-
Total public service	<u>4,862</u>	<u>-</u>	<u>4,862</u>
Capital outlay	189,397	-	189,397
Total expenditures	<u>2,350,900</u>	<u>68,780</u>	<u>2,419,680</u>
Excess (deficiency) of revenues over expenditures	<u>117,376</u>	<u>11,529</u>	<u>128,905</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	427,798	94,748	522,546
Transfers out	(488,345)	(46,000)	(534,345)
Sale of assets	-	-	-
Total other financing sources and uses	<u>(60,547)</u>	<u>48,748</u>	<u>(11,799)</u>
Net change in fund balances	56,829	60,277	117,106
Fund balances - beginning	1,373,255	120,824	1,494,079
Fund balances - ending	<u>\$ 1,430,084</u>	<u>\$ 181,101</u>	<u>\$ 1,611,185</u>

City of Sayre, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023

Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$	117,106
Amounts reported for governmental activities in the Statement of Activities are different because:		

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases capitalized	189,397	
Depreciation expense	<u>(233,337)</u>	(43,940)

Government-Wide Statement of Activities report the cost of pension benefits earned net of employee contributions is reported as an element of pension. The fund financial statements report pension contributions as expenditures.

54,118

	\$	<u><u>127,284</u></u>
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City of Sayre, Oklahoma
Statement of Net Position
Proprietary Fund
June 30, 2023

	Industrial Authority	Public Works Authority	Airport Authority	Total Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,610,755	\$ 2,209,245	\$ 138,966	\$ 4,958,966
Certificates of deposit	32,519	125,116	-	157,635
Accounts receivable, net	-	187,312	1,100	188,412
Prepays	4,017	25,592	-	29,609
Grants receivable	-	-	-	-
Due from other funds	-	-	-	-
Total current assets	<u>2,647,291</u>	<u>2,547,265</u>	<u>140,066</u>	<u>5,334,622</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	10,508	-	10,508
Restricted investment in joint venture (ALFA)	-	1,075,316	-	1,075,316
Inventory	-	-	39,475	39,475
Investment in real estate	187,380	-	-	187,380
Capital assets (net)				
Land	729,061	358,444	-	1,087,505
Construction in Progress	-	38,863	19,710	58,573
Other Capital Assets, Net of Depreciation	4,130,900	5,046,149	1,344,464	10,521,513
Total noncurrent assets	<u>5,047,341</u>	<u>6,529,280</u>	<u>1,403,649</u>	<u>12,980,270</u>
Total assets	<u>\$ 7,694,632</u>	<u>\$ 9,076,545</u>	<u>\$ 1,543,715</u>	<u>\$ 18,314,892</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deposits payable	-	151,047	-	151,047
Current portion of long-term debt	27,914	26,801	-	54,715
Total current liabilities	<u>27,914</u>	<u>177,848</u>	<u>-</u>	<u>205,762</u>
Noncurrent liabilities:				
Notes payable, non-current	255,766	746,795	-	1,002,561
Landfill closure/post-closure liability	-	976,072	-	976,072
Total noncurrent liabilities	<u>255,766</u>	<u>1,722,867</u>	<u>-</u>	<u>1,978,633</u>
Total liabilities	<u>283,680</u>	<u>1,900,715</u>	<u>-</u>	<u>2,184,395</u>
NET POSITION				
Invested in capital assets, net of related debt	4,576,281	4,669,860	1,344,464	10,590,605
Restricted	-	109,752	-	109,752
Unrestricted	<u>2,834,671</u>	<u>2,396,218</u>	<u>199,251</u>	<u>5,430,140</u>
Total net position	<u>\$ 7,410,952</u>	<u>\$ 7,175,830</u>	<u>\$ 1,543,715</u>	<u>\$ 16,130,497</u>

City of Sayre, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2023

	<u>Industrial Authority</u>	<u>Public Works Authority</u>	<u>Airport Authority</u>	<u>Total Enterprise Funds</u>
<u>Operating revenues:</u>				
Charges for services:				
Water charges	\$ -	\$ 1,052,871	\$ -	\$ 1,052,871
Sewer charges	-	282,800	-	282,800
Garbage Service	-	313,908	-	313,908
Rental income	66,565	-	21,590	88,155
Other income	-	4,843	17,250	22,093
Total operating revenues	<u>66,565</u>	<u>1,654,422</u>	<u>38,840</u>	<u>1,759,827</u>
<u>Operating expenses:</u>				
Personal services	-	894,124	-	894,124
Supplies & repairs	27,933	616,389	25,644	669,966
Insurance expense	17,692	31,855	-	49,547
Depreciation and amortization	221,410	270,510	107,529	599,449
Total operating expenses	<u>267,035</u>	<u>1,812,878</u>	<u>133,173</u>	<u>2,213,086</u>
Net operating income	(200,470)	(158,456)	(94,333)	(453,259)
<u>Nonoperating revenue (expense):</u>				
Interest income	29,233	23,921	515	53,669
Impact fee	374,000	-	-	374,000
Miscellaneous income	5,250	-	-	5,250
Grant income	-	484,995	45,045	530,040
Gain (loss) on sale of assets	39,650	-	-	39,650
Interest expense	(13,492)	(18,609)	-	(32,101)
Landfill Closure/Post-closure	-	(162,281)	-	(162,281)
Income (loss) from joint venture (ALFA)	-	28,218	-	28,218
Total nonoperating revenue/(expense)	<u>434,641</u>	<u>356,244</u>	<u>45,560</u>	<u>836,445</u>
Net Income before contributions and transfers	234,171	197,788	(48,773)	383,186
<u>Contributions and transfers:</u>				
Transfers from other funds	-	393,597	47,833	441,430
Transfers to other funds	(143,476)	(286,155)	-	(429,631)
Change in net position	90,695	305,230	(940)	394,985
Net position-beginning of year	7,320,257	6,870,600	1,544,655	15,735,512
Prior period adjustment	-	-	-	-
Net position-end of year	<u>\$ 7,410,952</u>	<u>\$ 7,175,830</u>	<u>\$ 1,543,715</u>	<u>\$ 16,130,497</u>

City of Sayre, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Industrial Authority	Public Works Authority	Airport Authority	Total Enterprise Funds
<u>Cash flows from operating activities:</u>				
Receipts from customers	\$ 100,565	\$ 1,602,192	\$ 38,940	\$ 1,741,697
Payments to suppliers	(49,642)	(673,836)	(51,877)	(775,355)
Payments to employees	-	(894,124)	-	(894,124)
Cost reimbursements from (to) other funds	-	-	-	-
Net cash provided (used) by operating activities	50,923	34,232	(12,937)	72,218
<u>Cash flows from non-capital financing activities:</u>				
Receipts from miscellaneous income	5,250	1,500	-	6,750
Receipts from Impact fees	374,000	-	-	374,000
Receipts from interfund loan agreements	123,766	287,240	-	411,006
Receipts from other funds	-	393,597	19,710	413,307
Transfers to other funds	(143,476)	(286,155)	-	(429,631)
Net cash provided (used) by non-capital financing activities	359,540	396,182	19,710	775,432
<u>Cash flows from capital and related financing activities:</u>				
Purchases of capital assets	-	(714,510)	(19,710)	(734,220)
Proceeds from capital debt	-	-	-	-
Principal paid on capital debt	(26,509)	(26,322)	-	(52,831)
Interest paid on capital debt	(13,492)	(18,609)	-	(32,101)
Proceeds from sale of assets	39,650	-	-	39,650
Proceeds from grant revenue	-	484,995	45,045	530,040
Receipts of utility deposits	-	1,718	-	1,718
Payments for landfill costs	-	(89,168)	-	(89,168)
Net cash provided (used) by capital and related financing activities	(351)	(361,896)	25,335	(336,912)
<u>Cash flows from investing activities:</u>				
(Sale) purchase of investments	(660)	(11,895)	-	(12,555)
Investment income	29,233	23,921	515	53,669
Net cash provided (used) by investing activities	28,573	12,026	515	41,114
Net increase (decrease) in cash and cash equivalents	438,685	80,544	32,623	551,852
Cash & cash equivalents, June 30, 2022	2,172,070	2,139,209	106,343	4,417,622
Cash & cash equivalents, June 30, 2023	\$ 2,610,755	\$ 2,219,753	\$ 138,966	\$ 4,969,474
Cash, including time deposits	\$ 2,610,755	\$ 2,209,245	\$ 138,966	\$ 4,958,966
Restricted cash	-	10,508	-	10,508
Total cash and cash equivalents, end of year	\$ 2,610,755	\$ 2,219,753	\$ 138,966	\$ 4,969,474
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>				
Operating income (loss)	\$ (200,470)	\$ (158,456)	\$ (94,333)	\$ (453,259)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	221,410	270,510	107,529	599,449
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	34,000	(52,230)	100	(18,130)
(Increase) decrease in prepaids	(4,017)	(25,592)	-	(29,609)
(Increase) decrease in inventory	-	-	(26,233)	(26,233)
Increase (decrease) in accounts payable	-	-	-	-
Total adjustments	251,393	192,688	81,396	525,477
Net cash provided (used) by operating activities	\$ 50,923	\$ 34,232	\$ (12,937)	\$ 72,218

City of Sayre, Oklahoma
Statement of Fiduciary Net Position
Sayre Memorial Hospital Authority
June 30, 2023

ASSETS	
Cash and cash equivalents	\$ 1,058,613
Due from other governments	47,773
Property, plant & equipment, net	-
 Total assets	 <u>\$ 1,106,386</u>
 LIABILITIES AND NET POSITION	
Accrued interest payable	\$ -
Due to other funds	14,490
Bonds payable	-
 Total liabilities	 <u>14,490</u>
 Net position (deficit)	 <u>\$ 1,091,896</u>

City of Sayre, Oklahoma
Statement of Changes in Fiduciary Net Position
Sayre Memorial Hospital Authority
Year Ended June 30, 2023

Revenues:

Sales tax	\$	463,714
Use tax		57,676
Miscellaneous income		200
Interest		48
Total revenues		521,638

Operating expenses:

Bank administration, legal and other fees		-
Hospital expenses		-
Interest and bank fees		-
Depreciation and amortization		-
Total operating expenses		-

Excess of revenue & other sources under expenses & other uses		521,638
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Non-operating revenues (expenses):

Gain on disposition of hospital		-
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Income (loss) before contributions and transfers		521,638
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Contributions and transfers:

Transfers from City		-
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Net position- beginning		570,258
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Net position- ending	\$	1,091,896
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(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The incorporated City of Sayre, Oklahoma operates under the Aldermanic form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, utility (water, sanitation and sewer), planning and zoning, library, airport, recreation and general administration.

The accounting and reporting framework and the more significant accounting principles and practices of the City of Sayre, Oklahoma ("City") are discussed in subsequent section of this note. The remainder of the notes are organized to provide explanations, including required disclosures of the City's financial activities for the fiscal year ended June 30, 2023.

A. Financial Reporting Entity

Fund Types and Major Funds

Major Governmental Funds

General Fund

The General Fund is the general operating fund of the City and is always classified as a major fund. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund

Grant Fund

Established as a special revenue fund to account for the City's grant programs.

Non-Major Governmental Funds

Street and Alley Fund

Accounts for the legally restricted gasoline and commercial vehicle taxes. Funds are used for maintenance and repair of streets and street equipment.

Sinking Fund

The Sinking Fund is used to account for the accumulation of resources for the payment of principal, interest and related costs on the general long-term debt of the City other than debt service payments made by enterprise or trust funds

911 Fund

Established as a special revenue fund to account for the City's 911 activity.

Cemetery Fund

Established as a special revenue fund to account for cemetery restricted funds.

Major Proprietary Funds

Industrial Authority

The Industrial Trust Authority was originally set up to promote the development of industry around Sayre. The City Council also serves as its trustees with the City manager in charge of its daily operations.

Public Works Authority

The PWA operates the City's water, sewer, and sanitation services to the citizens of Sayre. The City Council serves to the citizens of Sayre. The Council serves as trustees and the City Manager is general manager.

Airport Authority

The Airport Authority operates the local airport including hangar rentals. The City Council serves as the governing board

Fiduciary Component Units (reported in fiduciary financial statements)

Sayre Hospital Authority

Accounts for operation of the municipal hospital.

Joint Venture

SPWA is a participant with other local Oklahoma governments in the Association for Landfill Financial Assurance (ALFA) to fund landfill closure and post-closure care costs (see Note 2). ALFA is a not-for-profit Oklahoma corporation authorized by state law and approved by the Oklahoma Department of Environmental Quality as a financial assurance mechanism for landfill closure and post-closure care costs on behalf of each ALFA participant. ALFA's board of directors consists of one representation from each government.

Financial statements for the Association for Landfill Financial Assurance may be obtained from its administrative offices at 100 E Street SW, Suite 200, Ardmore, OK 73401

B. Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed; however the

statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns.

Measurement Focus and Basis of Accounting

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Proprietary financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

C. Budget Policy and Practice

Budget Approval

The City Manager submits an annual budget to the City Council in accordance with the City Charter and the Oklahoma Municipal Budget Act. The budget is presented to the City Council for review, and public hearings are held to address priorities and the allocation of resources. By June, the City Council adopts the annual fiscal year budgets for City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted are also subjected to the Council review and approval process.

Compliance

At June 30, 2023, the City was in material compliance with Oklahoma budgeting regulations.

D. Policies Related to Assets, Liabilities, and Fund Equity

Cash and Investments

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

Due from other governments

Significant receivables include sales tax, use tax, gasoline and motor vehicle tax receivables due from the state of Oklahoma and Beckham County. Sales and Use Tax are considered fully collectible.

Accounts Receivable

Significant receivables include amount due from customers primarily for utility services. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days. At June 30, 2023, the City has estimated an allowance of \$5,834.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements. The investment in joint venture is restricted for landfill closure and post-closure care costs.

Interfund Balances

Generally, outstanding balances between funds reported as due to/due from other funds include outstanding charges by one fund to another for services for goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalized assets with cost of \$1,000 or more as purchase and construction outlay occur.

The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

- Buildings 20-50 years
- Other improvements 10 years
- Machinery, furniture & equipment 5-25 years
- Infrastructure 20-40 years

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has defined benefit pension related items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. An example of an item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category would be unavailable revenue from property taxes and special assessments. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. Those amounts would be deferred and recognized as an inflow of resources in the period that the amounts become available. The City does have defined benefit pension related items that qualify as a deferred inflow of resources.

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

Fund Equity

Fund Balance

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

Net Position

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position.

Invested in capital assets, net of related debt

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position

Amounts reported as restricted consist of net position with constraints placed on their 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.

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

Nonspendable

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Commission, the City's highest level of decision-making authority,

Assigned

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

E. Policies Related to Revenues and Expenses

Program Revenues

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

General Revenues

General revenues reported with governmental activities include tax revenues and unrestricted investment income.

Sales Tax

Sales tax is levied at 4%: 3 cents is recorded as sales tax revenue within the General Fund and 1 cent is restricted for debt service in relation to the Hospital Authority debt.

(2) **ASSETS AND LIABILITIES**

A. **Assets**

Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Investments

The City invests primarily in certificates of deposit. Investment securities are exposed to various risks such as interest rate risk and credit risk.

<u>Types of Investments</u>	<u>Primary Government</u>			
	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Primary government				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 184,310	\$ 184,310	N/A	134
Total investments	184,310	184,310		
 Total primary government investments	 \$ 151,380	 \$ 151,380		

RECONCILIATION TO STATEMENT OF NET ASSETS

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Investments, unrestricted	\$ 26,675	\$ 157,635	\$ 184,310
Total investments	\$ 26,675	\$ 157,635	\$ 184,310

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

Investment in Joint Venture

As discussed in Note 1, in accordance with the terms of the joint venture agreement with ALFA, SPWA is obligated to pay a share of ALFA's operating budget each year in the form of participation fees. Through June 30, 2023 SPWA paid \$16,496 in such fees which were reported in the SPWA fund

The joint venture agreement also requires that SPWA establish a "Funding Program" through ALFA to accumulate the estimated costs of closing and providing thirty years of maintenance and monitoring of its landfill by the time the landfill ceases operations. The amounts required for the Funding Program are determined by formula. Each ALFA member deposits funds annually into a common escrow account managed by ALFA. SPWA's funding for 2022-2023 was \$18,000. In that regard, SPWA's proportionate share of the net investment earnings in the escrow account, which includes unrealized gains and losses on investments, amounts to \$8,718 which is reported as "Income (Loss) from Joint Venture".

The sum of the deposits made and SPWA's share of the net income or loss on the escrow account represents the equity interest in this joint venture. At June 30, 2023, SPWA's equity interest totaled \$1,075,316 which is reported as "Investment in joint venture (ALFA) on the statement of net position. For the year ended June 30, 2023, the investment in joint venture balance changed as follows:

Beginning investment in joint venture	\$ 1,048,598
Contribution	18,000
Net income in joint venture	8,718
 Ending investment in joint venture	 \$ 1,075,316

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Capital Assets

Changes in Capital Assets

	Primary Government			
	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
<i><u>Governmental Activities</u></i>				
Land	\$ 371,651	\$ -	\$ -	\$ 371,651
Construction in progress	-	-	-	-
Other capital assets	6,349,365	189,397	-	6,538,762
Total	6,721,016	189,397	-	6,910,413
Less accumulated depreciation	4,001,044	233,337	-	4,234,381
Governmental fixed assets, net	\$ 2,719,972	\$ (43,940)	\$ -	\$ 2,676,032
<i><u>Business-type Activities</u></i>				
Land	\$ 1,087,505	\$ -	\$ -	\$ 1,087,505
Construction in progress	101,963	19,710	63,100	58,573
Other capital assets	19,786,471	777,610	-	20,564,081
Total	20,975,939	797,320	63,100	21,710,159
Less accumulated depreciation	9,443,119	599,449	-	10,042,568
Business-type fixed assets, net	\$ 11,532,820	\$ 197,871	\$ (63,100)	\$ 11,667,591
Total primary government	\$ 14,252,792	\$ 153,931	\$ (63,100)	\$ 14,343,623

Depreciation Expense

Primary Government			
Governmental Activities		Business-type Activities	
General government	\$ 117,638	Industrial	\$ 221,410
Public safety & judiciary	56,472	Water utilities	270,510
Cultural, parks & recreation	50,450	Airport	107,529
Sanitation, utilities & other services	8,777		
Total depreciation expense	\$ 233,337	Total depreciation expense	\$ 599,449

B. Liabilities

Notes Payable

Public Works Authority

The Sayre Public Works Authority entered into another loan with the Oklahoma Department of Commerce. The funds were obtained for water system improvements. The loan is non-interest bearing and has a final maturity date of November 1, 2024. Principal payments of \$656.25 are due each month. The Authority's water and sewer revenue serve as collateral on this loan. 9,844

The Sayre Public Works Authority entered into an agreement with the Oklahoma Water Resources Board. The funds were obtained for drinking water treatment system improvements. The loan carries an interest rate of 2.86% and has a final maturity date of September 15, 2050. Semi annual payments of \$20,499 are due beginning March 15, 2021. 763,752

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Sayre Industrial Authority

The Sayre Industrial Authority entered into a loan agreement with the First National Bank & Trust of Elk City for the construction of the Beckham County Health Department Building. The building is leased to the Oklahoma Department of Health annually for the amount of the loan payments. The loan has a fixed interest rate of 4.45% and requires monthly payment of principal and interest of \$3,333.34. The loan matures on March 10, 2032 at which time the City will transfer title of the building to the Oklahoma Department of Health.

	283,680
Total Notes Payable	\$ 1,057,276

The total notes payable are classified in the current year financial statements as follows:

Current portion of long-term debt	\$ 54,715
Long-term portion of debt	1,002,561
Total notes payable	\$ 1,057,276

Changes in Long-Term Debt

Type of Debt	Balance at July 1, 2022	Amount Issued	Amount Retired	Balance at June 30, 2023	Due Within One Year
Department of Commerce	\$ 17,719	\$ -	\$ 7,875	\$ 9,844	\$ 7,875
Oklahoma Water Resources Board	782,199	-	18,447	763,752	18,926
First National Bank & Trust	310,189	-	26,509	283,680	27,914
Total	\$ 1,110,107	\$ -	\$ 52,831	\$ 1,057,276	\$ 54,715

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding non-commitment debt, as of June 30, 2023, is as follows:

Business-Type Activities Notes Payable

	Principal	Interest
2024	\$ 54,715	\$ 34,158
2025	50,723	32,244
2026	50,652	30,347
2027	52,626	28,372
2028	54,609	26,389
2029-2033	246,872	99,620
2034-2038	134,144	70,848
2039-2043	154,921	50,071
2044-2048	178,909	26,083
2049-2050	79,105	2,893
Totals	\$ 1,057,276	\$ 401,025

Landfill Closure and Post-Closure Care Cost

Oklahoma laws and regulations require SPWA to perform certain closure activities for its landfill and to provide certain maintenance and monitoring functions at the site for thirty years after it ceases operation. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, SPWA reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$976,072 reported as "Landfill Closures/Post-Closure Cost" at June 30, 2023, represents the cumulative amount to date based on 15.98% of the estimated capacity of the landfill. SPWA will recognize the remaining estimated cost of closure and post-closure care of \$5,132,011 as the remaining capacity if filled. These amounts are based on what it would cost to perform all closure and post-closure care at the site in 2023.

976,072

However SPWA expects its landfill to remain in operation for another 55 years with closure scheduled for the year 2078. Therefore, actual costs may be higher due to inflation, changes in technology, or changes in laws and regulations.

SWPA is also required by Federal and State regulations to provide evidence of financial assurance that funds are available to properly close the facility and to perform post-closure care for thirty years after the facility has stopped accepting waste. SPWA is in compliance with this requirement and, as evidence of the financial assurance obligation; SPWA is a member of and has entered into a participation agreement with the Association for Landfill Assurance (AFLA), an Oklahoma not-for-profit corporation.

ALFA is a joint venture of local government owners and operators of landfills, including SPWA and is authorized by Oklahoma statute to serve as an approved financial assurance mechanism for its members.

SWPA periodically deposits a portion of the revenues derived from the operation of its landfill to a common escrow account managed by ALFA in amounts calculated to aggregate the estimated total cost of closure and post-closure care over the remaining operating life of the facility and through the post-closure period such amounts are determined in accordance with the terms of the joint venture agreement between SPWA and AFLA. SPWA expects that future inflation costs will be paid from investment earnings on these restricted assets.

However, if investment earnings are inadequate or if additional closure and post-closure care expenditures are deemed necessary due, for example, to changes in technology or applicable laws or regulations, then these costs may need to be covered by charges to future landfill users or from future borrowing.

(3) REVENUES AND EXPENSES

Interfund Transfers

	Transfers In	Transfers Out
GENERAL FUND		
911 Fund	\$ 46,000	\$ -
Street & Alley	-	94,748
Sayre Public Works Authority	286,155	393,597
Sayre Industrial Authority	95,643	-
Total General Fund	427,798	488,345
911 FUND		
General Fund	-	46,000
Total 911 Fund	-	46,000
STREET & ALLEY		
General Fund	94,748	-
Total 911 Fund	94,748	-
PUBLIC WORKS AUTHORITY		
General Fund	393,597	286,155
Total Public Works Authority	393,597	286,155
AIRPORT AUTHORITY		
Sayre Industrial Authority	47,833	-
Total Airport Authority	47,833	-
SAYRE INDUSTRIAL AUTHORITY		
General Fund	-	95,643
Public Works Authority	-	-
Airport Authority	-	47,833
Total Sayre Industrial Authority	-	143,476
GRAND TOTAL	\$ 963,976	\$ 963,976

(4) PENSION AND POST-EMPLOYMENT PLANS

The City participates in three employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Contribution Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighter Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

A. Oklahoma Municipal Retirement Fund- Defined Contribution Plan

Plan Description

Substantially all of the City's full-time employees, except police and firefighters, participate in a defined contribution pension plan adopted by the City and administered by the Oklahoma Municipal Retirement System (OMRF), which was established to administer pension plans for municipal employees. OMRF issues a publically available financial report that can be obtained at www.okmrf.org.

B. Defined Benefit Cost-Sharing, Multiple Employer Pension Plans

Plan Description

The City of Sayre, as the employer, participates in two statewide, cost-sharing, multiple-employer defined benefit plans on behalf of police officers and firefighters.

Under Title 36-312.1 of the State of Oklahoma Statutes, 14% and 34% of taxes collected for insurance premium taxes is allocated and distributed to the Oklahoma Police Pension and Retirement System and the Oklahoma Firefighters Pension Retirement System, respectively. This provides ear-marked state taxes to help with the financing burden for the police and fire plans. The expected employer contributions expected to be funded by the State are not considered in the calculations of the net pension asset/liability and related deferred inflows, deferred outflows and pension expense.

The required supplementary information schedules of employer contributions and the schedule of net pension liability (asset) and related ratios immediately following the notes to the financial statements presents certain ten-year trend information for as many years for which information measured in conformity with the requirements of GASB 68 is available. Detailed information about the Oklahoma Police and Firefighter Plans' fiduciary net position is available in the separately issued Oklahoma Police Pension report and the Oklahoma Firefighters Pension report. Copies of these reports may be obtained from the respective state retirement systems; Oklahoma Police Pension and Retirement System, 1001 NW 63rd Street, Suite 305, Oklahoma City OK 73116-7335 (or www.ok.gov/OPPRS), and the Oklahoma Firefighters Pension and Retirement System at 6601 Broadway Extension, Suite 100, Oklahoma City, OK 73116 (or www.ok.gov/fprs).

Benefit Provisions

Police Pension

The police pension plan is administered by agencies of the State of Oklahoma. Benefit provisions for the authority are established by state statute. All full time officers employed by a participating municipality, working more than 25 hours per week or any person undergoing police training to become an officer with ages not less than 21 years of age or more than 45 years of age when accepting membership may be eligible for benefits. Eligibility for benefits is 20 years credited service to receive 2 1/2% of final average salary multiplied by the years of credited service with a maximum of 30 years considered. Termination benefits are provided if officers have more than 10 years of service, but are not eligible for normal retirement benefits. Benefits are payable when officers would have had 20 years of service at reduced rates. An officer with 20 years of credited service has an additional option to participate in a deferred option plan for a maximum of 5 years is available. There has been no change in benefit terms since the prior measurement date.

Fire Pension

The fire pension plan is administered by agencies of the State of Oklahoma. Benefit provisions for the authority are established by state statute. All full time or voluntary firefighters of a participating municipality are eligible to participate. Eligibility for full time benefits is 20 years of credited service for those hired prior to November 1, 2013, and 22 years of credited service for those hired after November 1, 2013 and age 50. Paid firefighters receive a monthly benefit equal to 50% of final average compensation. A firefighter with 20 years of credited service has an additional option to participate in a deferred option plan for maximum of 5 years. There has been no change in benefit terms since the prior measurement date.

Contributions

Police Pension

Contribution requirements are established by state statute. As of June 30, 2022, the Plan member's contribution rate was 8% of covered payroll. The employer contributes 13% of covered payroll.

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Fire Pension

Contribution requirements are established by state statute. As of June 30, 2022, the Plan member's contribution rate was 8% of covered payroll. The employer contributes 14% of covered payroll.

Net Pension Asset (Liability), Pension Expense and Deferred Outflows and Inflows of Resources
Proportionate Share

Police Pension

The Police Pension's net pension liability was allocated proportionately to the City of Sayre based on the ratio of the City's actual contributions, relative to the total contributions for the fiscal year ended June 30, 2022. The City's portion for 2022 was 0.0687% compared to 0.0612% for 2021. At June 30, 2023, the City recorded a Police Pension Plan asset of \$55,052 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation date of July 1, 2022. This is reported in governmental activities.

Firefighters Pension

The Firefighters Pension's net pension liability was allocated proportionately to the City of Sayre based on the ratio of the City's actual contributions, relative to the total contributions for the fiscal year ended June 30, 2022. The City's portion for 2022 was 0.002331% compared to 0.002770% for 2021. At June 30, 2023, the City recorded a Firefighters Pension Plan liability of \$30,478 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 date of July 1, 2022. This is reported in governmental activities.

Pension Expense

	Primary Government Governmental Activities	
Police Pension	Fire Pension	Total
\$13,157	\$4,236	\$17,393

Pension Deferred Outflows and Deferred Inflows

Deferred Outflow/(Inflows) of resources represents the following items that have not been recognized in the pension expense:

1. Differences between expected and actual experience of the pension plan
2. Changes in assumptions
3. Difference between projected and actual experience of the pension plan

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in pension plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

	Primary Government					
	<i>Governmental Activities</i>					
	Police Pension		Fire Pension		Total	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Current year contributions- Employer	\$ 27,649	\$ -	\$ 780	\$ -	\$ 28,429	\$ -
Difference between expected and actual pension plan experience	27,004	5,997	3,913	154	30,917	6,151
Investment projected vs actual	291,528	237,808	13,458	9,916	304,986	247,724
Changes in assumptions	1,917	-	-	194	1,917	194
Changes in proportion and differences between employer contributions and proportion share of contributions	-	-	-	-	-	-
Total	\$ 348,098	\$ 243,805	\$ 18,151	\$ 10,264	\$ 366,249	\$ 254,069

Actuarial Assumptions

	Police Pension	Firefighters Pension
Valuation date	7/1/22	7/1/22
Price inflation	2.75%	2.75%
Wage inflation	3.5%	2.75%
Salary increases	3.5% to 12% average, including inflation	2.75% to 10.5% average, including inflation
Post Retirement COLA	1/3 to 1/2 of the base salary increase of 3.5%	Firefighters with 20 yrs of service as of May 26, 1983, receive an increase of 1/2 of the dollar amount of a 2.75% assumed increase in pay
Investment rate of return	7.5%	7.5%

Police Pension

Mortality rates were based on the RP-2000 with Blue Collar Healthy Combined Annuitant Mortality Table for males or females, as appropriate, with adjustments for generational mortality improvements based on Scale AA with age set back four years.

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

Fire Pension

Mortality rates were based on the Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.

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

Discount Rate

Police Pension

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. There were no changes in the discount rate during the year.

Firefighters Pension

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 the Firefighters Pension contributions will continue to follow the current funding policy. Total covered employee payroll is assumed to grow at 3.5% per year. The total statewide insurance premium tax is assumed to grow at 2.75% per year. In addition, the allocation of the tax to the System is assumed to be 36% for the entire projection period. Based on those 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 of 7.5% was applied to all periods of projected benefit payments to determine the total pension liability. There were no changes in the discount rate during the year.

Long-term Expected Rate of Return and Target Allocations

Police Pension

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. The Plan fully exited its commodities allocation in fiscal year 2021 and has accordingly set that long-term return expectation at 0.00%. The inflation factor added was 2.31% for 2022. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the below table:

Firefighters Pension

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. The inflation factor added back was 2.31% for 2022. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the below table:

	<u>Police Pension</u>		<u>Firefighters Pension</u>
	Long-term Expected Rate of Return		Long-term Expected Rate of Return
Fixed income	3.34%	Fixed income	3.62%
Domestic equity	4.69%	Domestic equity	5.66%
International equity	8.34%	International equity	8.34%
Real estate	7.64%	Real estate	7.64%
Private equity	9.66%	Other assets	5.08%

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate allocation of what the total pension liability of the Police Pension and Firefighters Pension would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate and the resulting net pension asset (liability):

	<u>Rate</u>	Police Pension Net Pension <u>Asset(Liability)</u>	<u>Rate</u>	Firefighters Pension Net Pension <u>Asset(Liability)</u>
1% decrease	6.5%	(159,618)	6.5%	(39,280)
Current single discount rate	7.5%	55,092	7.5%	(30,483)
1% increase	8.5%	236,574	8.5%	(23,125)

Other Post-Employment Benefits

For the year ended June 30, 2023 the City provided no post-employment benefits (other than pension) to terminated employees.

(5) COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

B. Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

City of Sayre, Oklahoma
General Fund
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales tax	\$ 1,229,164	\$ 125,000	\$ 1,354,164	\$ 1,364,972	\$ 10,808
Use tax	148,134	15,000	163,134	174,070	10,936
Franchise tax	98,500	20,000	118,500	122,485	3,985
Alcoholic beverage tax	40,000	12,500	52,500	55,439	2,939
Cigarette tax	13,000	(1,000)	12,000	12,779	779
Other taxes	53,000	-	53,000	46,264	(6,736)
Licenses and permits	300	-	300	80,769	80,469
Park revenue	30,000	(2,500)	27,500	9,065	(18,435)
Cemetery revenue	5,000	(3,000)	2,000	2,989	989
Fire department revenue	8,000	6,000	14,000	4,157	(9,843)
Library fees & fines	5,000	-	5,000	1,248	(3,752)
Police fines & court fees	55,000	(46,000)	9,000	9,054	54
Refunds & reimbursements	13,100	300	13,400	22	(13,378)
Street Department	-	-	-	-	-
Rentals	-	-	-	20,806	20,806
Senior citizens center	500	(500)	-	-	-
Miscellaneous sales & service	45,967	(45,000)	967	14,718	13,751
Grants	-	81,500	81,500	515,284	433,784
Interest	1,000	-	1,000	9,452	8,452
Total revenues	<u>1,745,665</u>	<u>162,300</u>	<u>1,907,965</u>	<u>2,443,573</u>	<u>535,608</u>
EXPENDITURES					
General government:					
General government	143,000	37,500	180,500	179,922	578
City management	145,500	(12,500)	133,000	128,125	4,875
City administration	56,500	42,500	99,000	98,755	245
Total general government	<u>345,000</u>	<u>67,500</u>	<u>412,500</u>	<u>406,802</u>	<u>5,698</u>
Public safety and judiciary:					
Police	781,500	1,000	782,500	781,834	666
Fire	125,050	9,000	134,050	118,209	15,841
City inspector/code enforcement	90,500	70,000	160,500	159,769	731
Animal control	64,500	(24,000)	40,500	35,673	4,827
City attorney	18,000	-	18,000	18,000	-
City judge	6,000	-	6,000	6,000	-
Total public safety and judiciary	<u>1,085,550</u>	<u>56,000</u>	<u>1,141,550</u>	<u>1,119,485</u>	<u>22,065</u>
Transportation:					
Street:	196,600	158,400	355,000	337,358	17,642
Total street	<u>196,600</u>	<u>158,400</u>	<u>355,000</u>	<u>337,358</u>	<u>17,642</u>
Cultural, parks and recreation:					
Library	71,000	(5,000)	66,000	63,414	2,586
Park	137,000	39,000	176,000	175,578	422
Golf course	30,000	2,000	32,000	30,000	2,000
Museum	6,000	500	6,500	6,193	307
Senior citizens center	8,000	1,000	9,000	8,418	582
Total cultural parks & recreation	<u>252,000</u>	<u>37,500</u>	<u>289,500</u>	<u>283,603</u>	<u>5,897</u>
Public services					
Department of Corrections	-	-	-	-	-
Cemetery	7,000	16,500	23,500	4,862	18,638
Total public services	<u>7,000</u>	<u>16,500</u>	<u>23,500</u>	<u>4,862</u>	<u>18,638</u>
Total expenditures	<u>1,886,150</u>	<u>335,900</u>	<u>2,222,050</u>	<u>2,152,110</u>	<u>69,940</u>
Revenue over (under) expenditures	(140,485)	(173,600)	(314,085)	291,463	605,548
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	-	45,000	45,000	(60,547)	(105,547)
Sale of assets	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>45,000</u>	<u>45,000</u>	<u>(60,547)</u>	<u>(105,547)</u>
Revenues and other financing sources over (under) expenditures and other uses	(140,485)	(128,600)	(269,085)	230,916	500,001
Fund balance at beginning of year (Non-GAAP budgetary basis)	590,960	-	590,960	1,359,160	768,200
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 450,475</u>	<u>\$ (128,600)</u>	<u>\$ 321,875</u>	<u>\$ 1,590,076</u>	<u>\$ 1,268,201</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(159,992)	
Fund balance at end of year (GAAP basis)				<u>\$ 1,430,084</u>	

City of Sayre, Oklahoma
Schedules of Required Supplementary Information

Oklahoma Police Pension Retirement Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014
Proportionate share	0.0687%	0.0612%	0.0692%	0.0680%	0.0809%	0.0943%	0.0915%	0.0801%	0.0796%
Proportionate share of the net pension liability (asset)	(55,092)	(293,586)	79,473	(4,341)	(38,537)	7,254	140,127	3,266	(26,801)
Proportionate share of the net pension liability (asset) of the State and other municipalities	(80,136,908)	(479,422,414)	114,765,527	(6,379,659)	(47,596,463)	7,684,746	153,003,873	4,073,734	(33,642,199)
Total plan net pension liability (asset)	(80,192,000)	(479,716,000)	114,845,000	(6,384,000)	(47,635,000)	7,692,000	153,144,000	4,077,000	(33,669,000)
Plan fiduciary net position as a percentage of the total pension liability	102.74%	117.07%	95.80%	100.24%	101.89%	99.68%	93.50%	99.82%	101.53%
Covered payroll	243,748	209,045	235,418	220,498	249,763	282,081	271,213	236,541	230,444
Plan net pension liability as a percentage of covered payroll	-22.60%	-140.44%	33.76%	-1.97%	-15.43%	2.57%	51.67%	1.38%	-11.63%
Schedule of Employer Contributions for Cost Sharing Plans (4):									
Contractually Required Contribution (CRC) (5)	27,649	27,528	30,142	28,665	32,469	36,671	35,258	30,750	29,958
Contributions in Relation to CRC (6)	27,649	27,528	30,142	28,665	32,469	36,671	35,258	30,750	29,958
Contribution deficiency	-	-	-	-	-	-	-	-	-
Covered payroll	212,685	211,754	231,862	220,500	249,762	282,085	271,215	236,538	230,446
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

(1) Amounts presented above represent the City's proportionate share presented in Note 4A

(2) This schedule is presented to illustrate the requirement to show information for 10 years. However results for valuation dates before June 30, 2014 are not available. This information will be developed prospectively until eventually 10 years of information is available

(3) The proportionate share percentages is rounded for the annual financial report so amount may vary from actuals

(4) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated

(5) Contractually required contribution amounts presented do not include amounts provided by the State of Oklahoma

City of Sayre, Oklahoma
Schedules of Required Supplementary Information

Oklahoma Fire Pension Retirement Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014
Proportionate share	0.002331%	0.002770%	0.002670%	0.002772%	0.002882%	0.003166%	0.003371%	0.002823%	0.003371%
Proportionate share of the net pension liability (asset)	30,483	18,242	32,892	29,291	32,441	39,820	41,184	29,964	34,666
Proportionate share of the net pension liability (asset) of the State and other municipalities	<u>1,307,703,988</u>	<u>658,548,245</u>	<u>1,231,880,403</u>	<u>1,056,636,712</u>	<u>1,125,613,990</u>	<u>1,257,683,831</u>	<u>1,221,673,323</u>	<u>1,061,378,285</u>	<u>1,028,313,177</u>
Total plan net pension liability (asset)	<u>1,307,734,471</u>	<u>658,566,487</u>	<u>1,231,913,295</u>	<u>1,056,666,003</u>	<u>1,125,646,431</u>	<u>1,257,723,651</u>	<u>1,221,714,507</u>	<u>1,061,408,249</u>	<u>1,028,347,843</u>
Plan fiduciary net position as a percentage of the total pension liability	69.49%	84.24%	69.97%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%
Covered payroll	7,640	8,680	8,503	8,530	8,735	9,025	9,224	7,637	9,155
Plan net pension liability as a percentage of covered payroll	398.99%	210.16%	386.83%	343.39%	371.39%	441.22%	446.49%	392.35%	378.66%
Schedule of Employer Contributions for Cost Sharing Plans (4):									
Contractually Required Contribution (CRC) (5)	780	1,200	1,190	1,194	1,223	1,264	1,291	1,069	1,282
Contributions in Relation to CRC (6)	<u>780</u>	<u>1,200</u>	<u>1,190</u>	<u>1,194</u>	<u>1,223</u>	<u>1,264</u>	<u>1,291</u>	<u>1,069</u>	<u>1,282</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	5,571	8,571	8,500	8,529	8,736	9,029	9,221	7,636	9,157
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Amounts presented above represent the City's proportionate share presented in Note 4A

(2) This schedule is presented to illustrate the requirement to show information for 10 years. However results for valuation dates before June 30, 2014 are not available. This information will be developed prospectively until eventually 10 years of information is available

(3) The proportionate share percentages is rounded for the annual financial report so amount may vary from actuals

(4) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated

(5) Contractually required contribution amounts presented do not include amounts provided by the State of Oklahoma

**City of Sayre, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023**

	<u>Street & Alley</u>	<u>Sinking Fund</u>	<u>911 Fund</u>	<u>Cemetery Fund</u>	<u>Total Non-Major Funds</u>
ASSETS					
Cash and cash equivalents	\$ 101,021	\$ 319	\$ 46,573	\$ 21,738	\$ 169,651
Certificates of deposit	-	-	-	6,300	6,300
Due from other governments	4,108	-	-	-	4,108
Due from other funds	-	-	-	1,042	1,042
Total assets	<u>\$ 105,129</u>	<u>\$ 319</u>	<u>\$ 46,573</u>	<u>\$ 29,080</u>	<u>\$ 181,101</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street and alley	105,129	-	-	-	105,129
Debt service	-	319	-	-	319
911 program	-	-	46,573	-	46,573
Cemetery	-	-	-	29,080	29,080
Total fund balances	<u>105,129</u>	<u>319</u>	<u>46,573</u>	<u>29,080</u>	<u>181,101</u>
Total liabilities and fund balances	<u>\$ 105,129</u>	<u>\$ 319</u>	<u>\$ 46,573</u>	<u>\$ 29,080</u>	<u>\$ 181,101</u>

City of Sayre, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	<u>Street & Alley</u>	<u>Sinking Fund</u>	<u>911 Fund</u>	<u>Cemetery Fund</u>	<u>Total Non-Major Funds</u>
<u>REVENUES</u>					
Fuel tax	\$ 39,959	\$ -	\$ -	\$ -	\$ 39,959
Cemetery revenue	-	-	-	421	421
Refunds and reimbursements	-	-	39,687	-	39,687
Interest income	226	-	-	16	242
Total revenues	<u>40,185</u>	<u>-</u>	<u>39,687</u>	<u>437</u>	<u>80,309</u>
<u>EXPENDITURES</u>					
General government:					
General government	-	-	-	-	-
Total general government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation					
Street	68,780	-	-	-	68,780
Total transportation	<u>68,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,780</u>
Capital outlay					
Total expenditures	<u>68,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,780</u>
Excess (deficiency) of revenues over expenditures	<u>(28,595)</u>	<u>-</u>	<u>39,687</u>	<u>437</u>	<u>11,529</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	94,748	-	-	-	94,748
Transfers out	-	-	(46,000)	-	(46,000)
Total other financing sources and uses	<u>94,748</u>	<u>-</u>	<u>(46,000)</u>	<u>-</u>	<u>48,748</u>
Net change in fund balances	66,153	-	(6,313)	437	60,277
Fund balances - beginning	38,976	319	52,886	28,643	120,824
Fund balances - ending	<u>\$ 105,129</u>	<u>\$ 319</u>	<u>\$ 46,573</u>	<u>\$ 29,080</u>	<u>\$ 181,101</u>



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and City Council
City of Sayre, 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 City of Sayre, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Sayre, Oklahoma's basic financial statements, and have issued our report thereon dated December 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Sayre, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 Sayre, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

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.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 29, 2023