

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

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

**FOR THE YEAR ENDED  
JUNE 30, 2024**

**CITY OF SAYRE, OKLAHOMA**  
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**For the fiscal year ended JUNE 30, 2024**

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**City of Sayre, Oklahoma**  
Year Ended June 30, 2024  
List of Principal Officials

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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

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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, 2024, 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, 2024, 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 30, 2024, 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 30, 2024



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, 2024. 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, 2024, the assets of the City exceeded its liabilities by \$20,966,461 (net position). Of this amount \$7,396,807 (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 \$20,554,468 (as adjusted).
- The City's total net position are comprised of the following:
  - (1) Invested in capital assets, net of related debt of \$13,236,458 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 \$333,196.
  - (3) Unrestricted net position of \$7,396,807 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total liabilities of the City decreased by \$4,720 during the fiscal year.
- Net position of governmental activities decreased by \$63,987 or 1.45%, and net position of business-type activities increased by \$475,980 or 2.95%. 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 \$1,132,721 or 51.7% 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-types 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, 2024 is \$20,966,461. This is a \$411,993 increase (depreciation expense is \$828,543- a non-cash expense) over June 30, 2023 net position of \$20,554,468 (as adjusted). The City reported positive balances in total net position for both governmental and business-type activities, reporting \$4,359,984 and \$16,606,477, respectively. The City's overall financial position improved during fiscal year 2024. The primary reason for this was repayment by the Sayre Hospital Authority to the City of funds expended on its behalf in prior years.

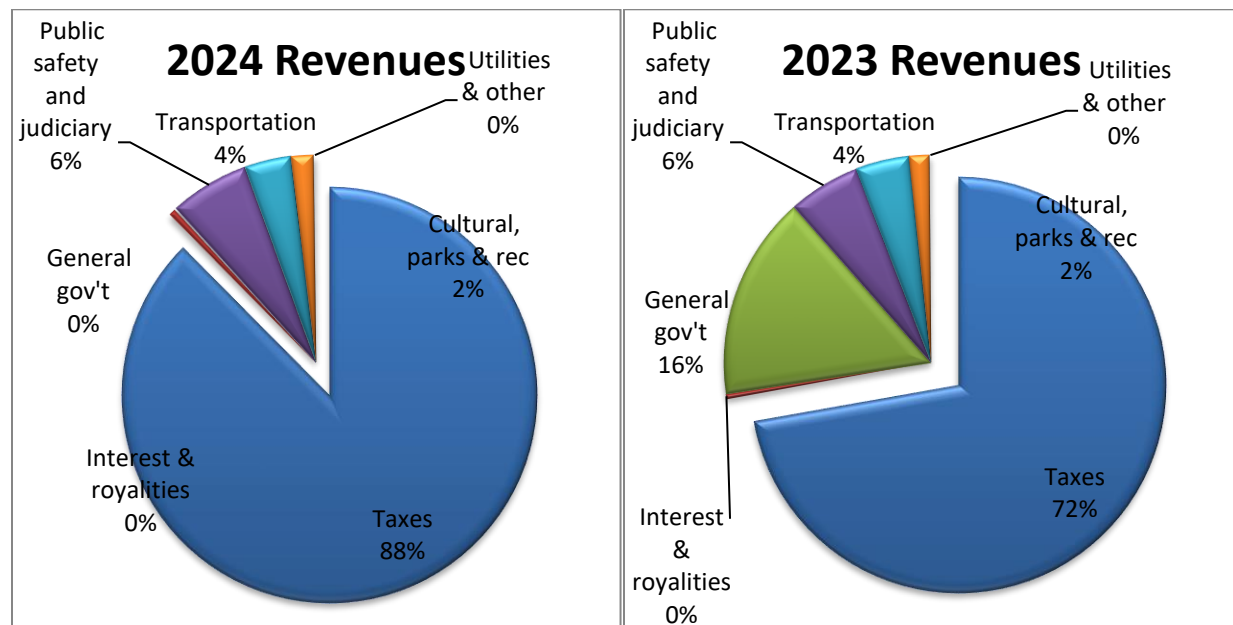
	Summary of Net Position							
	Governmental Activities		Business-Type Activities		Total		\$ Change	% Change
	2024	2023	2024	2023	2024	2023		
Current assets	\$ 1,491,954	\$ 1,611,383	\$ 5,930,963	\$ 5,384,605	\$ 7,422,917	\$ 6,995,988	\$ 426,929	6%
Non-current assets	17,265	55,052	1,335,340	1,262,696	1,352,605	1,317,748	34,857	100%
Capital assets, net	2,740,670	2,676,032	11,525,085	11,667,591	14,265,755	14,343,623	(77,868)	-1%
<b>Total assets</b>	<b>4,249,889</b>	<b>4,342,467</b>	<b>18,791,388</b>	<b>18,314,892</b>	<b>23,041,277</b>	<b>22,657,359</b>	<b>383,918</b>	<b>2%</b>
Deferred outflow s of resource:	307,622	366,249	-	-	307,622	366,249	(58,627)	-16%
Current liabilities	205	198	211,510	205,762	211,715	205,960	5,755	3%
Non-current liabilities	25,235	30,478	1,973,401	1,978,633	1,998,636	2,009,111	(10,475)	-1%
<b>Total liabilities</b>	<b>25,440</b>	<b>30,676</b>	<b>2,184,911</b>	<b>2,184,395</b>	<b>2,210,351</b>	<b>2,215,071</b>	<b>(4,720)</b>	<b>0%</b>
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	2,740,670	2,676,032	10,495,788	10,590,605	13,236,458	13,266,637	(30,179)	0%
Restricted	195,886	181,101	137,310	109,752	333,196	290,853	42,343	15%
Unrestricted	1,423,428	1,566,838	5,973,379	5,430,140	7,396,807	6,996,978	399,829	6%
<b>Total net position</b>	<b>\$ 4,359,984</b>	<b>\$ 4,423,971</b>	<b>\$ 16,606,477</b>	<b>\$ 16,130,497</b>	<b>\$ 20,966,461</b>	<b>\$ 20,554,468</b>	<b>\$ 411,993</b>	<b>2%</b>

**Summary of Statement of Activities**

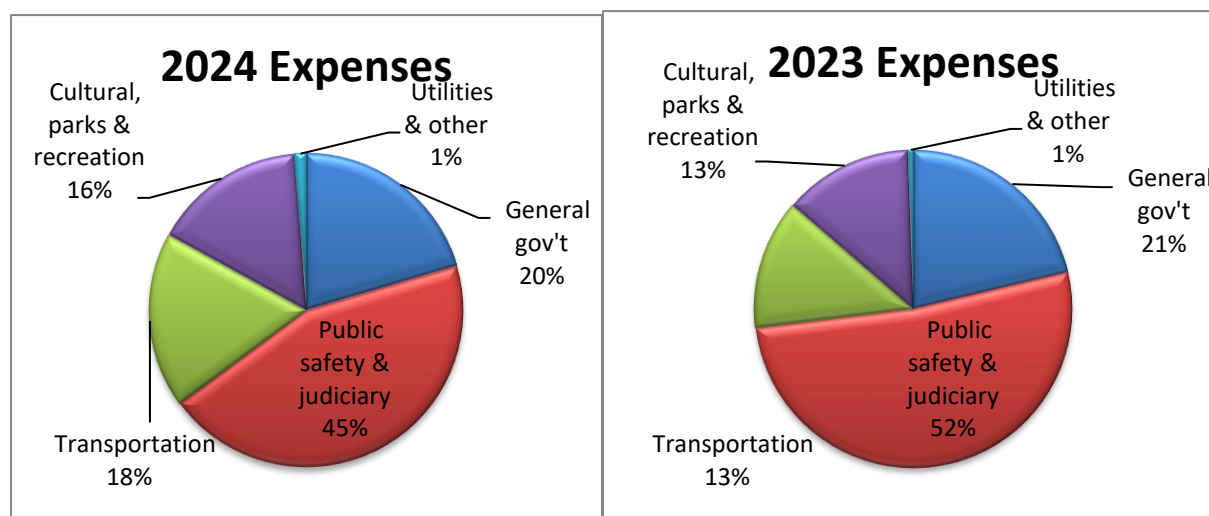
	Governmental Activities		Business-type Activities		Total		\$ Change	% Change
	2024	2023	2024	2023	2024	2023		
<b>Revenues</b>								
Program revenues	\$ 297,015	\$ 698,205	\$ 1,454,728	\$ 2,289,867	\$ 1,751,743	\$ 2,988,072	\$ (1,236,329)	-41%
Taxes and other general revenues	2,184,375	1,904,498	158,086	500,787	2,342,461	2,405,285	(62,824)	-3%
<b>Total revenues</b>	<b>2,481,390</b>	<b>2,602,703</b>	<b>1,612,814</b>	<b>2,790,654</b>	<b>4,094,204</b>	<b>5,393,357</b>	<b>(1,299,153)</b>	<b>-24%</b>
<b>Expenses</b>								
General government	507,335	524,440	-	-	507,335	524,440	(17,105)	-3%
Public safety and judiciary	1,105,936	1,275,790	-	-	1,105,936	1,275,790	(169,854)	-13%
Transportation	449,864	325,523	-	-	449,864	325,523	124,341	38%
Cultural, parks, and recreation	392,609	324,228	-	-	392,609	324,228	68,381	21%
Sanitation, utilities & other services	30,133	13,639	-	-	30,133	13,639	16,494	100%
Industrial	-	-	284,521	280,527	284,521	280,527	3,994	1%
Water utilities	-	-	1,877,178	1,993,768	1,877,178	1,993,768	(116,590)	-6%
Airport	-	-	165,413	133,173	165,413	133,173	32,240	24%
<b>Total expenses</b>	<b>2,485,877</b>	<b>2,463,620</b>	<b>2,327,112</b>	<b>2,407,468</b>	<b>4,812,989</b>	<b>4,871,088</b>	<b>(58,099)</b>	<b>-1%</b>
Excess (deficiency) before transfers	\$ (4,487)	\$ 139,083	\$ (714,298)	\$ 383,186	\$ (718,785)	\$ 522,269	\$ (1,241,054)	-238%
Reimbursements from hospital	-	-	1,130,778	-	1,130,778.00	-	1,130,778	0%
Transfers - internal	(59,500)	(11,799)	59,500	11,799	-	-	-	0%
<b>Change in net position</b>	<b>(63,987)</b>	<b>127,284</b>	<b>475,980</b>	<b>394,985</b>	<b>411,993</b>	<b>522,269</b>	<b>(110,276)</b>	<b>-21%</b>
Beginning net position	4,423,971	4,296,687	16,130,497	15,735,512	20,554,468	20,032,199	522,269	3%
Prior period adjustment	-	-	-	-	-	0	-	-

Revenues for the City decreased 24.09% from the prior year. This increase in revenues is mainly attributable to less utility revenue from closing of the prison. Operating expenses decreased from prior fiscal year 2023 with a 1.19% change.

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

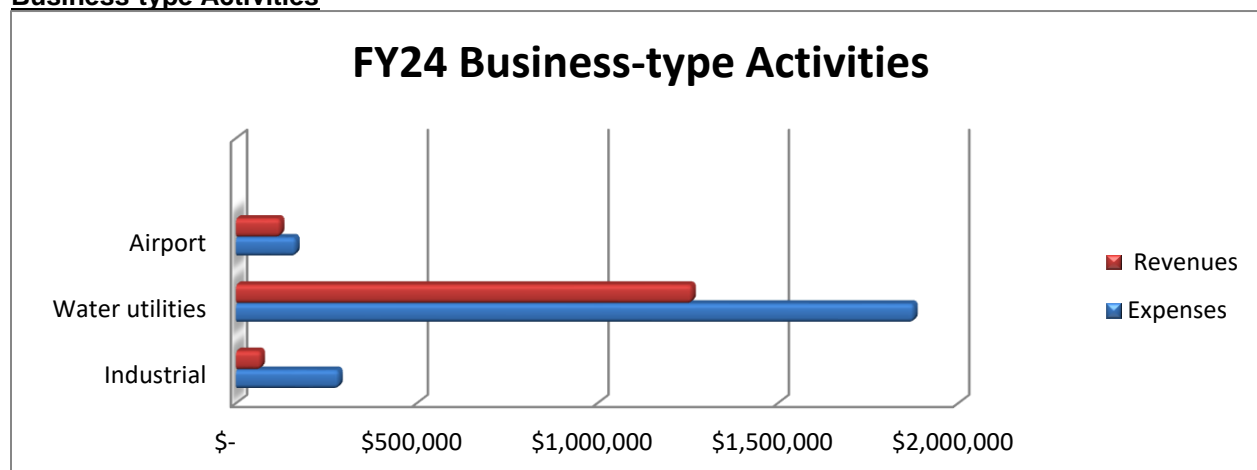


Taxes provided for 88% of the City's governmental revenues in fiscal year 2024. Public safety and judiciary followed as the second major revenue source accounting for 6% of governmental revenues.



For the year ended June 30, 2024, total expenses for governmental activities were \$2,485,877. Of this amount, public safety & judiciary with \$1,105,936 was the largest operating service department at 45% 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 2024 was \$2,481,542. Actual expenses were \$17,038 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, 2024, the City had \$13,236,458 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.

	<b>Balance at June 30, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2024</b>
<i><u>Governmental Activities</u></i>				
Land	\$ 371,651	\$ -	\$ -	\$ 371,651
Construction in progress	-	-	-	-
Other capital assets	6,538,762	292,392	-	6,831,154
Total	6,910,413	292,392	-	7,202,805
Less accumulated depreciation	4,234,381	227,754	-	4,462,135
Governmental fixed assets, net	<u>\$ 2,676,032</u>	<u>\$ 64,638</u>	<u>\$ -</u>	<u>\$ 2,740,670</u>
<i><u>Business-type Activities</u></i>				
Land	\$ 1,087,505	\$ 203,137	\$ -	\$ 1,290,642
Construction in progress	58,573	117,191	38,863	136,901
Other capital assets	20,564,081	176,818	-	20,740,899
Total	21,710,159	497,146	38,863	22,168,442
Less accumulated depreciation	10,042,568	600,789	-	10,643,357
Business-type fixed assets, net	<u>\$ 11,667,591</u>	<u>\$ (103,643)</u>	<u>\$ (38,863)</u>	<u>\$ 11,525,085</u>
<b>Total primary government</b>	<u>\$ 14,343,623</u>	<u>\$ (39,005)</u>	<u>\$ (38,863)</u>	<u>\$ 14,265,755</u>

- In Governmental Activities, the most significant additions included \$240,711 for street overlays, \$15,950 for fire department equipment, and \$10,000 for a 2011 pickup for the street department.
- In Business-type activities capital additions included \$44,883 for airport terminal apron/t-hanger project, \$203,137 for 150 acres of land by landfill, \$72,308 for water meter project, \$87,500 for 1985 CAT scraper, \$25,220 for 3yd side loader, and \$14,095 for a Gorman-Rupp trash pump.

**Long-Term Debt**

At year-end, the City had \$951,773 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**

	<b>Business-type Activities</b>	
	<b>2024</b>	<b>2023</b>
Notes payable	1,002,496	1,057,276
less current portion	(50,723)	(54,715)
Totals	<u>\$ 951,773</u>	<u>\$ 1,002,561</u>

City obligations at June 30, 2024 include notes payable to the Oklahoma Department of Commerce for \$1,969 obtained originally for landfill and water system improvements; a note payable to the First National Bank for \$255,701 obtained to construct a new health department, and a note payable to the Oklahoma Water Resources Board for \$744,826 obtained for drinking water treatment system improvements.

## **ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES**

### **Economic Environment**

In 2024, Oklahoma faces challenges with both a slowing national economy and weakness in energy prices. While oil price declines may boost the national economy, it in turn harms Oklahoma's economy. There is a more optimistic forecast for the national labor market and a greater weakness in energy prices. The net result is a slightly more pessimistic forecast for the Oklahoma labor market in the near term due to the forecast employment declines in the energy sector. Corresponding to the slowing of overall economic growth, employment growth is forecast to flatten out in both the nation and state in 2024. The easing of global supply chain constraints have brought down the rate of inflation.

The following are highlights from the 2024-2025 budget:

The 2024-2025 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 2024-2025 fiscal year continued with a conservative approach. No water and sewer rate increases were included in the budget, but the City will look at this during the fiscal year. 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.

## **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, 2024**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current Assets:			
Cash and cash equivalents	\$ 1,207,524	\$ 5,636,241	\$ 6,843,765
Certificates of deposit	27,643	163,280	190,923
Due from other governments	188,800	-	188,800
Accounts receivable (net)	10,684	94,318	105,002
Prepays	42,839	15,520	58,359
Grants receivable	-	-	-
Internal balances	14,464	(14,464)	-
Restricted cash and cash equivalents	-	10,978	10,978
Inventory	-	25,090	25,090
Total current assets	<u>1,491,954</u>	<u>5,930,963</u>	<u>7,422,917</u>
Noncurrent Assets:			
Pension asset	17,265	-	17,265
Investment in joint venture (ALFA)	-	1,147,960	1,147,960
Investments in real estate	-	187,380	187,380
Land and construction in progress	371,651	1,427,543	1,799,194
Other capital assets (net of accumulated depreciation)	2,369,019	10,097,542	12,466,561
Total noncurrent assets	<u>2,757,935</u>	<u>12,860,425</u>	<u>15,618,360</u>
Total assets	<u><u>\$ 4,249,889</u></u>	<u><u>\$ 18,791,388</u></u>	<u><u>\$ 23,041,277</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on pension obligation	<u>\$ 307,622</u>	<u>\$ -</u>	<u>\$ 307,622</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 205	\$ 160,787	\$ 160,992
Current portion of long-term debt	-	50,723	50,723
Total current liabilities	<u>205</u>	<u>211,510</u>	<u>211,715</u>
Non-current liabilities:			
Long-term portion of debt	-	951,773	951,773
Pension liability	25,235	-	25,235
Landfill closure/post-closure liability	-	1,021,628	1,021,628
Total non-current liabilities	<u>25,235</u>	<u>1,973,401</u>	<u>1,998,636</u>
Total liabilities	<u>25,440</u>	<u>2,184,911</u>	<u>2,210,351</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charges on pension obligation	<u>172,087</u>	<u>-</u>	<u>172,087</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,740,670	10,495,788	13,236,458
Reserved for restricted purposes	195,886	137,310	333,196
Unrestricted	1,423,428	5,973,379	7,396,807
Total net position	<u><u>\$ 4,359,984</u></u>	<u><u>\$ 16,606,477</u></u>	<u><u>\$ 20,966,461</u></u>

**City of Sayre, Oklahoma**  
**Statement of Activities and Changes in Net Position**  
**Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<b>Governmental activities:</b>					
General government	\$ 507,335	\$ 5,460	\$ -	\$ -	\$ (501,875)
Public safety and judiciary	1,105,936	45,056	108,364	-	(952,516)
Transportation	449,864	-	-	90,000	(359,864)
Cultural, parks and recreation	392,609	34,588	8,482	-	(349,539)
Sanitation, utilities & other services	30,133	5,065	-	-	(25,068)
Total governmental activities	<u>2,485,877</u>	<u>90,169</u>	<u>116,846</u>	<u>90,000</u>	<u>(2,188,862)</u>
<b>Business-type activities:</b>					
Industrial	284,521	69,535	-	-	(214,986)
Water/sewer/garbage utilities	1,877,178	1,262,153	-	-	(615,025)
Airport	165,413	52,107	-	70,933	(42,373)
Total business-type activities	<u>2,327,112</u>	<u>1,383,795</u>	<u>-</u>	<u>70,933</u>	<u>(872,384)</u>
Total primary government	<u>\$ 4,812,989</u>	<u>\$ 1,473,964</u>	<u>\$ 116,846</u>	<u>\$ 160,933</u>	<u>\$ (3,061,246)</u>



**City of Sayre, Oklahoma**  
**Statement of Activities and Changes in Net Position (continued)**  
**Year Ended June 30, 2024**

**Changes in Net Position:**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (2,188,862)	\$ (872,384)	\$ (3,061,246)
General revenues:			
Taxes:			
Sales tax	1,662,411	-	1,662,411
Use tax	262,954	-	262,954
Franchise tax	101,794	-	101,794
Other taxes	152,004	-	152,004
Interest income	12,886	81,925	94,811
Gain on sale of assets	1,500	-	1,500
Impact fees	-	-	-
Pension change	(9,189)	-	(9,189)
Miscellaneous income	15	3,472	3,487
Income (loss) from joint venture (ALFA)	-	72,689	72,689
Reimbursements from Hospital	-	1,130,778	1,130,778
Transfers-Internal activity	(59,500)	59,500	-
Total general revenues and transfers	<u>2,124,875</u>	<u>1,348,364</u>	<u>3,473,239</u>
Change in net position	(63,987)	475,980	411,993
Net position-beginning	4,423,971	16,130,497	20,554,468
			-
Net position-ending	<u>\$ 4,359,984</u>	<u>\$ 16,606,477</u>	<u>\$ 20,966,461</u>

**City of Sayre, Oklahoma  
Combined Balance Sheet  
June 30, 2024**

	<u>General Fund</u>	<u>Capital Expenditures Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 865,756	\$ 157,344	\$ 184,424	\$ 1,207,524
Certificates of deposit	21,343	-	6,300	27,643
Accounts receivable	10,684	-	-	10,684
Prepays	42,839	-	-	42,839
Grants receivable	-	-	-	-
Due from other funds	60,906	-	1,042	61,948
Due from other governments	139,950	44,730	4,120	188,800
Total assets	<u>\$ 1,141,478</u>	<u>\$ 202,074</u>	<u>\$ 195,886</u>	<u>\$ 1,539,438</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 205	\$ -	\$ -	\$ 205
Due to other funds	8,552	38,932	-	47,484
	<u>8,757</u>	<u>38,932</u>	<u>-</u>	<u>47,689</u>
<b>FUND BALANCES</b>				
Restricted for:	-	-	-	-
Street and alley	-	-	79,588	79,588
Debt service	-	-	319	319
911 program	-	-	86,260	86,260
Cemetery	-	-	29,719	29,719
Unassigned	1,132,721	163,142	-	1,295,863
Total fund balances	<u>1,132,721</u>	<u>163,142</u>	<u>195,886</u>	<u>1,491,749</u>
Total liabilities and fund balances	<u>\$ 1,141,478</u>	<u>\$ 202,074</u>	<u>\$ 195,886</u>	<u>\$ 1,539,438</u>
Total fund balance- total governmental funds				\$ 1,491,749
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			6,831,154	
Less: Accumulated depreciation			<u>(4,462,135)</u>	
				2,740,670
Net pension asset				17,265
Pension related deferred outflows				307,622
Net pension liability				(25,235)
Pension related deferred inflows				<u>(172,087)</u>
Net assets of governmental activities				<u>\$ 4,359,984</u>

**City of Sayre, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2024**

	General Fund	Capital Expenditures Fund	Other Governmental Funds	Total Governmental Funds
<b><u>REVENUES</u></b>				
Sales tax	\$ 1,273,019	\$ 389,392	\$ -	\$ 1,662,411
Use tax	200,204	62,750	-	262,954
Franchise tax	101,794	-	-	101,794
Alcoholic beverage tax	57,867	-	-	57,867
Cigarette tax	10,772	-	-	10,772
Fuel tax	-	-	43,196	43,196
Other taxes	40,169	-	-	40,169
Licenses, fees & permits	17,384	-	-	17,384
Park revenue	7,618	-	-	7,618
Cemetery revenue	4,449	-	616	5,065
Fire department revenue	3,576	-	-	3,576
Library fees & fines	1,314	-	-	1,314
Police fines & court fees	24,152	-	-	24,152
Refunds & reimbursements	2,316	-	39,687	42,003
Rentals	25,331	-	-	25,331
Miscellaneous sales & service	93,428	-	-	93,428
Grants	77,159	-	-	77,159
Interest	12,627	-	259	12,886
Total revenues	<u>1,953,179</u>	<u>452,142</u>	<u>83,758</u>	<u>2,489,079</u>
<b><u>EXPENDITURES</u></b>				
<b><u>Current</u></b>				
General government:				
General government	180,535	-	-	180,535
City management	133,096	-	-	133,096
City administration	65,897	-	-	65,897
Total general government	<u>379,528</u>	<u>-</u>	<u>-</u>	<u>379,528</u>
Public safety and judiciary:				
Police	787,509	-	-	787,509
Fire	97,408	-	-	97,408
City inspector/code enforcement	83,964	-	-	83,964
Animal control	65,140	-	-	65,140
City attorney	18,000	-	-	18,000
City judge	6,000	-	-	6,000
Total public safety and judiciary	<u>1,058,021</u>	<u>-</u>	<u>-</u>	<u>1,058,021</u>
Transportation:				
Street	380,891	-	68,973	449,864
Total transportation	<u>380,891</u>	<u>-</u>	<u>68,973</u>	<u>449,864</u>
Cultural, parks and recreation:				
Library	65,239	-	-	65,239
Park	236,763	-	-	236,763
Golf Course	29,812	-	-	29,812
Museum	3,380	-	-	3,380
Senior Citizens Center	9,865	-	-	9,865
Total cultural, parks and recreation	<u>345,059</u>	<u>-</u>	<u>-</u>	<u>345,059</u>
Public service:				
Cemetery	25,651	-	-	25,651
Department of Corrections	-	-	-	-
Total public service	<u>25,651</u>	<u>-</u>	<u>-</u>	<u>25,651</u>
Capital outlay	<u>292,392</u>	<u>-</u>	<u>-</u>	<u>292,392</u>
Total expenditures	<u>2,481,542</u>	<u>-</u>	<u>68,973</u>	<u>2,550,515</u>
Excess (deficiency) of revenues over expenditures	<u>(528,363)</u>	<u>452,142</u>	<u>14,785</u>	<u>(61,436)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	229,500	-	-	229,500
Transfers out	-	(289,000)	-	(289,000)
Sale of assets	1,500	-	-	1,500
Total other financing sources and uses	<u>231,000</u>	<u>(289,000)</u>	<u>-</u>	<u>(58,000)</u>
Net change in fund balances	(297,363)	163,142	14,785	(119,436)
Fund balances - beginning	1,430,084	-	181,101	1,611,185
Fund balances - ending	<u>\$ 1,132,721</u>	<u>\$ 163,142</u>	<u>\$ 195,886</u>	<u>\$ 1,491,749</u>

**City of Sayre, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2024**

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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 \$ (119,436)

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	292,392	
Depreciation expense	<u>(227,754)</u>	64,638

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. (9,189)

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Change in Net Position of Governmental Activities	<u><u>\$ (63,987)</u></u>
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**City of Sayre, Oklahoma**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2024**

	<b>Industrial Authority</b>	<b>Public Works Authority</b>	<b>Airport Authority</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,502,824	\$ 1,936,103	\$ 197,314	\$ 5,636,241
Certificates of deposit	34,180	129,100	-	163,280
Accounts receivable, net	-	93,218	1,100	94,318
Prepays	-	15,520	-	15,520
Grants receivable	-	-	-	-
Due from other funds	46,442	-	-	46,442
Total current assets	<u>3,583,446</u>	<u>2,173,941</u>	<u>198,414</u>	<u>5,955,801</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	10,978	-	10,978
Restricted investment in joint venture (ALFA)	-	1,147,960	-	1,147,960
Inventory	-	-	25,090	25,090
Investment in real estate	187,380	-	-	187,380
Capital assets (net)				
Land	932,198	358,444	-	1,290,642
Construction in Progress	-	72,308	64,593	136,901
Other Capital Assets, Net of Depreciation	3,912,395	4,948,212	1,236,935	10,097,542
Total noncurrent assets	<u>5,031,973</u>	<u>6,537,902</u>	<u>1,326,618</u>	<u>12,896,493</u>
<b>Total assets</b>	<u>\$ 8,615,419</u>	<u>\$ 8,711,843</u>	<u>\$ 1,525,032</u>	<u>\$ 18,852,294</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 4,925	\$ -	\$ -	\$ 4,925
Due to other funds	-	60,846	60	60,906
Deposits payable	-	155,862	-	155,862
Current portion of long-term debt	29,215	21,508	-	50,723
Total current liabilities	<u>34,140</u>	<u>238,216</u>	<u>60</u>	<u>272,416</u>
Noncurrent liabilities:				
Notes payable, non-current	226,486	725,287	-	951,773
Landfill closure/post-closure liability	-	1,021,628	-	1,021,628
Total noncurrent liabilities	<u>226,486</u>	<u>1,746,915</u>	<u>-</u>	<u>1,973,401</u>
<b>Total liabilities</b>	<u>260,626</u>	<u>1,985,131</u>	<u>60</u>	<u>2,245,817</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	4,588,892	4,605,368	1,301,528	10,495,788
Restricted	-	137,310	-	137,310
Unrestricted	3,765,901	1,984,034	223,444	5,973,379
<b>Total net position</b>	<u>\$ 8,354,793</u>	<u>\$ 6,726,712</u>	<u>\$ 1,524,972</u>	<u>\$ 16,606,477</u>

**City of Sayre, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2024**

	<u>Industrial Authority</u>	<u>Public Works Authority</u>	<u>Airport Authority</u>	<u>Total Enterprise Funds</u>
<b><u>Operating revenues:</u></b>				
Charges for services:				
Water charges	\$ -	\$ 549,276	\$ -	\$ 549,276
Sewer charges	-	203,223	-	203,223
Garbage Service	-	430,460	-	430,460
Rental income	69,535	-	35,080	104,615
Other income	-	79,194	17,027	96,221
Total operating revenues	<u>69,535</u>	<u>1,262,153</u>	<u>52,107</u>	<u>1,383,795</u>
<b><u>Operating expenses:</u></b>				
Personal services	-	840,047	-	840,047
Supplies & repairs	36,145	560,924	57,884	654,953
Insurance expense	19,628	35,389	-	55,017
Depreciation and amortization	218,505	274,755	107,529	600,789
Total operating expenses	<u>274,278</u>	<u>1,711,115</u>	<u>165,413</u>	<u>2,150,806</u>
Net operating income	(204,743)	(448,962)	(113,306)	(767,011)
<b><u>Nonoperating revenue (expense):</u></b>				
Interest income	47,460	33,718	747	81,925
Impact fee	-	-	-	-
Miscellaneous income	3,472	-	-	3,472
Grant income	-	-	70,933	70,933
Gain (loss) on sale of assets	-	-	-	-
Interest expense	(10,243)	(18,214)	-	(28,457)
Landfill Closure/Post-closure	-	(147,849)	-	(147,849)
Income (loss) from joint venture (ALFA)	-	72,689	-	72,689
Total nonoperating revenue/(expense)	<u>40,689</u>	<u>(59,656)</u>	<u>71,680</u>	<u>52,713</u>
<b>Net Income before contributions and transfers</b>	(164,054)	(508,618)	(41,626)	(714,298)
<b><u>Contributions and transfers:</u></b>				
Transfers from other funds	1,130,778	59,500	22,883	1,213,161
Transfers to other funds	<u>(22,883)</u>	<u>-</u>	<u>-</u>	<u>(22,883)</u>
<b>Change in net position</b>	943,841	(449,118)	(18,743)	475,980
Net position-beginning of year	7,410,952	7,175,830	1,543,715	16,130,497
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position-end of year	<u>\$ 8,354,793</u>	<u>\$ 6,726,712</u>	<u>\$ 1,524,972</u>	<u>\$ 16,606,477</u>

**City of Sayre, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2024**

	<b>Industrial Authority</b>	<b>Public Works Authority</b>	<b>Airport Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Cash flows from operating activities:</u></b>				
Receipts from customers	\$ 69,535	\$ 1,356,247	\$ 52,107	\$ 1,477,889
Payments to suppliers	(46,831)	(586,241)	(43,499)	(676,571)
Payments to employees	-	(840,047)	-	(840,047)
Cost reimbursements from (to) other funds	-	-	-	-
<b>Net cash provided (used) by operating activities</b>	<u>22,704</u>	<u>(70,041)</u>	<u>8,608</u>	<u>(38,729)</u>
<b><u>Cash flows from non-capital financing activities:</u></b>				
Receipts from miscellaneous income	3,472	45	-	3,517
Receipts from Impact fees	-	-	-	-
Receipts from (payments to) interfund loan agreements	(46,442)	60,846	60	14,464
Receipts from other funds	1,130,778	59,500	22,883	1,213,161
Transfers to other funds	(22,883)	-	-	(22,883)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>1,064,925</u>	<u>120,391</u>	<u>22,943</u>	<u>1,208,259</u>
<b><u>Cash flows from capital and related financing activities:</u></b>				
Purchases of capital assets	(203,137)	(210,263)	(44,883)	(458,283)
Proceeds from capital debt	-	-	-	-
Principal paid on capital debt	(27,979)	(26,801)	-	(54,780)
Interest paid on capital debt	(10,243)	(18,214)	-	(28,457)
Proceeds from sale of assets	-	-	-	-
Proceeds from grant revenue	-	-	70,933	70,933
Receipts of utility deposits	-	4,815	-	4,815
Payments for landfill costs	-	(102,293)	-	(102,293)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(241,359)</u>	<u>(352,756)</u>	<u>26,050</u>	<u>(568,065)</u>
<b><u>Cash flows from investing activities:</u></b>				
(Sale) purchase of investments	(1,661)	(3,984)	-	(5,645)
Investment income	47,460	33,718	747	81,925
<b>Net cash provided (used) by investing activities</b>	<u>45,799</u>	<u>29,734</u>	<u>747</u>	<u>76,280</u>
Net increase (decrease) in cash and cash equivalents	892,069	(272,672)	58,348	677,745
Cash & cash equivalents, June 30, 2023	<u>2,610,755</u>	<u>2,219,753</u>	<u>138,966</u>	<u>4,969,474</u>
Cash & cash equivalents, June 30, 2024	<u>\$ 3,502,824</u>	<u>\$ 1,947,081</u>	<u>\$ 197,314</u>	<u>\$ 5,647,219</u>
Cash, including time deposits	\$ 3,502,824	\$ 1,936,103	\$ 197,314	\$ 5,636,241
Restricted cash	-	10,978	-	10,978
Total cash and cash equivalents, end of year	<u>\$ 3,502,824</u>	<u>\$ 1,947,081</u>	<u>\$ 197,314</u>	<u>\$ 5,647,219</u>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>				
Operating income (loss)	\$ (204,743)	\$ (448,962)	\$ (113,306)	\$ (767,011)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	218,505	274,755	107,529	600,789
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	94,094	-	94,094
(Increase) decrease in prepaids	4,017	10,072	-	14,089
(Increase) decrease in inventory	-	-	14,385	14,385
Increase (decrease) in accounts payable	4,925	-	-	4,925
Total adjustments	<u>227,447</u>	<u>378,921</u>	<u>121,914</u>	<u>728,282</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 22,704</u>	<u>\$ (70,041)</u>	<u>\$ 8,608</u>	<u>\$ (38,729)</u>



**City of Sayre, Oklahoma**  
**Statement of Fiduciary Net Position**  
**Sayre Memorial Hospital Authority**  
**June 30, 2024**

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**ASSETS**

Cash and cash equivalents	\$ 227
Total assets	<u>\$ 227</u>

**LIABILITIES AND NET POSITION**

Accrued interest payable	\$ -
Due to other funds	-
Bonds payable	<u>-</u>
Total liabilities	-
Net position (deficit)	<u>\$ 227</u>

**City of Sayre, Oklahoma**  
**Statement of Changes in Fiduciary Net Position**  
**Sayre Memorial Hospital Authority**  
**Year Ended June 30, 2024**

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**Revenues:**

Sales tax	\$ 34,948
Use tax	3,984
Miscellaneous income	94
Interest	83
Total revenues	<u>39,109</u>

**Operating expenses:**

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

Excess of revenue & other sources under expenses & other uses	39,109
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**Non-operating revenues (expenses):**

Gain on disposition of hospital	<u>-</u>
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Income (loss) before contributions and transfers	39,109
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**Contributions and transfers:**

Transfers to City	(1,130,778)
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Net position- beginning	1,091,896
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Net position- ending	<u>\$ 227</u>
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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, 2024.

**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, 2024, 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, 2024, the City has estimated an allowance of \$23,815.

### ***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 capital expenditures and maintenance.

**(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>	<b>Primary Government</b>			
	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
<b>Primary government</b>				
<b><u>INVESTMENTS:</u></b>				
Certificates of deposit	\$ 190,923	\$ 190,923	N/A	134
Total investments	<u>190,923</u>	<u>190,923</u>		
Total primary government investments	<u>\$ 190,923</u>	<u>\$ 190,923</u>		

**RECONCILIATION TO STATEMENT OF NET ASSETS**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Investments, unrestricted	\$ 27,643	\$ 163,280	\$ 190,923
Total investments	<u>\$ 27,643</u>	<u>\$ 163,280</u>	<u>\$ 190,923</u>

(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**

Sayre Public Works Authority is a participant with other Oklahoma local governments in the Association for Landfill Financial Assurance (ALFA) to fund landfill closure and post-closure care costs. 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 representative from each government.

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, 2024 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 2023-2024 was \$17,585. 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 \$55,059 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, 2024, SPWA's equity interest totaled \$1,147,960 which is reported as "Investment ALFA" on the statement of net position.



**CITY OF SAYRE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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.

**Capital Assets**

**Changes in Capital Assets**

	<b>Primary Government</b>			
	<b>Balance at June 30, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2024</b>
<u><b>Governmental Activities</b></u>				
Land	\$ 371,651	\$ -	\$ -	\$ 371,651
Construction in progress	-	-	-	-
Other capital assets	6,538,762	292,392	-	6,831,154
Total	6,910,413	292,392	-	7,202,805
Less accumulated depreciation	4,234,381	227,754	-	4,462,135
Governmental fixed assets, net	<u>\$ 2,676,032</u>	<u>\$ 64,638</u>	<u>\$ -</u>	<u>\$ 2,740,670</u>
<u><b>Business-type Activities</b></u>				
Land	\$ 1,087,505	\$ 203,137	\$ -	\$ 1,290,642
Construction in progress	58,573	117,191	38,863	136,901
Other capital assets	20,564,081	176,818	-	20,740,899
Total	21,710,159	497,146	38,863	22,168,442
Less accumulated depreciation	10,042,568	600,789	-	10,643,357
Business-type fixed assets, net	<u>\$ 11,667,591</u>	<u>\$ (103,643)</u>	<u>\$ (38,863)</u>	<u>\$ 11,525,085</u>
<b>Total primary government</b>	<u><b>\$ 14,343,623</b></u>	<u><b>\$ (39,005)</b></u>	<u><b>\$ (38,863)</b></u>	<u><b>\$ 14,265,755</b></u>

**Depreciation Expense**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>
General government	\$ 127,807	Industrial \$ 218,505
Public safety & judiciary	47,915	Water utilities 274,755
Cultural, parks & recreation	47,550	Airport 107,529
Sanitation, utilities & other services	4,482	
Total depreciation expense	<u>\$ 227,754</u>	Total depreciation expense <u>\$ 600,789</u>

**B. Liabilities**

**Notes Payable**

**Public Works Authority**

The Sayre Public Works Authority entered into another loan with the Oklahoma Department of Commerce. 1,969  
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.

The Sayre Public Works Authority entered into an agreement with the Oklahoma Water Resources Board. 744,826  
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.

**CITY OF SAYRE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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.

255,701

**Total Notes Payable**

\$ 1,002,496

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

Current portion of long-term debt	\$ 50,723
Long-term portion of debt	<u>951,773</u>
Total notes payable	<u>\$ 1,002,496</u>

**Changes in Long-Term Debt**

<u>Type of Debt</u>	<u>Balance at July 1, 2023</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2024</u>	<u>Due Within One Year</u>
Department of Commerce	\$ 9,844	\$ -	\$ 7,875	\$ 1,969	\$ 1,969
Oklahoma Water Resources Board	763,752	-	18,926	744,826	19,539
First National Bank & Trust	<u>283,680</u>	<u>-</u>	<u>27,979</u>	<u>255,701</u>	<u>29,215</u>
<b>Total</b>	<u>\$ 1,057,276</u>	<u>\$ -</u>	<u>\$ 54,780</u>	<u>\$ 1,002,496</u>	<u>\$ 50,723</u>

**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**

	<u>Principal</u>	<u>Interest</u>
2025	\$ 50,723	\$ 32,244
2026	50,652	30,347
2027	52,626	28,372
2028	54,609	26,389
2029	56,817	24,182
2030-2034	215,304	91,122
2035-2039	138,062	66,930
2040-2044	159,427	45,565
2045-2049	184,154	20,838
2050	<u>40,122</u>	<u>878</u>
Totals	<u>\$ 1,002,496</u>	<u>\$ 366,867</u>

**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 \$1,021,628 reported as "Landfill Closures/Post-Closure Cost" at June 30, 2024, represents the cumulative amount to date based on 16.13% of the estimated capacity of the landfill. SPWA will recognize the remaining estimated cost of closure and post-closure care of \$5,312,087 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care at the site in 2024.

1,021,628

However SPWA expects its landfill to remain in operation for another 55 years with closure scheduled for the year 2079. 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***

	<b>Transfers In</b>	<b>Transfers Out</b>
GENERAL FUND		
Capital Expenditures Fund	\$ 229,500	\$ -
Total General Fund	229,500	-
CAPITAL EXPENDITURES FUND		
General Fund	-	289,000
Total Capital Expenditures Fund	-	289,000
PUBLIC WORKS AUTHORITY		
Capital Expenditures Fund	59,500	-
Total Public Works Authority Fund	59,500	-
AIRPORT AUTHORITY		
Sayre Industrial Authority	22,883	-
Total Airport Authority	22,883	-
SAYRE MEMORIAL HOSPITAL AUTHORITY		
Sayre Industrial Authority	-	1,130,778
Total Sayre Memorial Hospital Authority	-	1,130,778
SAYRE INDUSTRIAL AUTHORITY		
Sayre Industrial Authority	1,130,778	-
Airport Authority	-	22,883
Total Sayre Industrial Authority	1,130,778	22,883
GRAND TOTAL	\$ 1,442,661	\$ 1,442,661

**(4) PENSION AND POST-EMPLOYMENT PLANS**

The City participates in three employee pension systems as follows:

<b>Name of Plan</b>	<b>Type of Plan</b>
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](http://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 63<sup>rd</sup> Street, Suite 305, Oklahoma City OK 73116-7335 (or [www.ok.gov/OPPRS](http://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](http://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, 2024, the Plan member's contribution rate was 8% of covered payroll. The employer contributes 13% of covered payroll.

Fire Pension

Contribution requirements are established by state statute. As of June 30, 2024, 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, 2023. The City's portion for 2023 was 0.0565% compared to 0.0687% for 2022. At June 30, 2024, the City recorded a Police Pension Plan asset of \$17,265 for its

**CITY OF SAYRE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation date of July 1, 2023. 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, 2023. The City's portion for 2023 was 0.001956% compared to 0.002331% for 2022. At June 30, 2024, the City recorded a Firefighters Pension Plan liability of \$25,235 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of July 1, 2023. This is reported in governmental activities.

***Pension Expense***

	<b>Primary Government</b>	
	<i>Governmental Activities</i>	
Police Pension	Fire Pension	Total
\$46,155	\$4,307	\$50,462

***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.

	<b>Primary Government</b>					
	<i>Governmental Activities</i>					
	Police Pension		Fire Pension		Total	
	Deferred		Deferred		Deferred	Total
	Outflows	Deferred Inflows	Outflows	Deferred Inflows	Outflows	Deferred Inflows
Current year contributions- Employer	\$ 32,131	\$ -	\$ 900	\$ -	\$ 33,031	\$ -
Difference between expected and actual pension plan experience	47,261	2,663	3,001	32	50,262	2,695
Investment projected vs actual	216,089	130,550	8,240	6,576	224,329	137,126
Changes in assumptions	-	32,226	-	40	-	32,266
Changes in proportion and differences between employer contributions and proportion share of contributions	-	-	-	-	-	-
<b>Total</b>	<b>\$ 295,481</b>	<b>\$ 165,439</b>	<b>\$ 12,141</b>	<b>\$ 6,648</b>	<b>\$ 307,622</b>	<b>\$ 172,087</b>

***Actuarial Assumptions***

	<b>Police Pension</b>	<b>Firefighters Pension</b>
Valuation date	7/1/23	7/1/23
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, 2023 valuation were based on the results of an actuarial experience study for July 1, 2017 through June 30, 2022.

**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, 2023 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 contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by Oklahoma statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premiums, as established by Oklahoma Statute. Prior to July 2, 2020, the Plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

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

The plan will also receive \$40,625 each year from July 1, 2020 through June 30, 2027. 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.

### **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 inflation factor added was 2.62% for 2023 and 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 2.62% and 2.31% for 2023 and 2022, respectively. 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	5.78%	Fixed income	5.80%
Domestic equity	7.73%	Domestic equity	9.49%
International equity	11.55%	International equity	11.55%
Real estate	7.66%	Real estate	9.48%
Private equity	11.64%	Other assets	6.48%

### **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>Police Pension</u>		<u>Firefighters Pension</u>	
	Rate	Net Pension Asset(Liability)	Rate	Net Pension Asset(Liability)
1% decrease	6.5%	(163,006)	6.5%	(32,885)
Current single discount rate	7.5%	17,265	7.5%	(25,235)
1% increase	8.5%	169,897	8.5%	(18,8422)

**Other Post-Employment Benefits**

For the year ended June 30, 2024 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.

**(6) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 30, 2024, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.



**City of Sayre, Oklahoma**  
**General Fund**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2024**

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales tax	\$ 1,227,067	\$ 70,000	\$ 1,297,067	\$ 1,299,771	\$ 2,704
Use tax	161,453	20,000	181,453	182,578	1,125
Franchise tax	117,262	(10,000)	107,262	101,794	(5,468)
Alcoholic beverage tax	54,608	-	54,608	53,053	(1,555)
Cigarette tax	11,368	(2,000)	9,368	11,003	1,635
Other taxes	36,472	-	36,472	44,742	8,270
Licenses and permits	50	-	50	17,384	17,334
Park revenue	25,000	95,000	120,000	7,618	(112,382)
Cemetery revenue	-	4,000	4,000	4,449	449
Fire department revenue	8,000	8,000	16,000	3,576	(12,424)
Library fees & fines	5,000	5,000	10,000	1,314	(8,686)
Police fines & court fees	8,000	15,000	23,000	24,152	1,152
Refunds & reimbursements	8,600	2,250	10,850	2,316	(8,534)
Street Department	-	-	-	-	-
Rentals	-	-	-	25,331	25,331
Senior citizens center	-	-	-	-	-
Miscellaneous sales & service	6,000	60,000	66,000	93,428	27,428
Grants	-	-	-	77,159	77,159
Interest	5,000	-	5,000	12,627	7,627
Total revenues	1,673,880	267,250	1,941,130	1,962,295	21,165
<b>EXPENDITURES</b>					
<u>General government:</u>					
General government	150,300	30,700	181,000	180,535	465
City management	145,500	(12,000)	133,500	133,096	404
City administration	56,500	10,000	66,500	65,897	603
Total general government	352,300	28,700	381,000	379,528	1,472
<u>Public safety and judiciary:</u>					
Police	747,500	45,000	792,500	787,509	4,991
Fire	87,500	29,500	117,000	116,201	799
City inspector/code enforcement	89,000	(5,000)	84,000	83,964	36
Animal control	53,300	22,000	75,300	72,640	2,660
City attorney	18,000	-	18,000	18,000	-
City judge	6,000	-	6,000	6,000	-
Total public safety and judiciary	1,001,300	91,500	1,092,800	1,084,314	8,486
<u>Transportation:</u>					
Street:	195,280	445,000	640,280	639,102	1,178
Total street	195,280	445,000	640,280	639,102	1,178
<u>Cultural, parks and recreation:</u>					
Library	66,500	-	66,500	65,239	1,261
Park	122,000	117,000	239,000	238,651	349
Golf course	36,000	1,000	37,000	35,812	1,188
Museum	6,000	(1,000)	5,000	3,380	1,620
Senior citizens center	8,000	2,000	10,000	9,865	135
Total cultural parks & recreation	238,500	119,000	357,500	352,947	4,553
<u>Public services</u>					
Department of Corrections	-	-	-	-	-
Cemetery	5,000	22,000	27,000	25,651	1,349
Total public services	5,000	22,000	27,000	25,651	1,349
Total expenditures	1,792,380	706,200	2,498,580	2,481,542	17,038
Revenue over (under) expenditures	(118,500)	(438,950)	(557,450)	(519,247)	38,203
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	48,000	439,500	487,500	229,500	(258,000)
Sale of assets	-	-	-	1,500	1,500
Net other financing sources (uses)	48,000	439,500	487,500	231,000	(256,500)
Revenues and other financing sources over (under) expenditures and other uses	(70,500)	550	(69,950)	(288,247)	(218,297)
Fund balance at beginning of year (Non-GAAP budgetary basis)	1,200,000	-	1,200,000	1,430,084	230,084
Fund balance at end of year (Non-GAAP budgetary basis)	\$ 1,129,500	\$ 550	\$ 1,130,050	\$ 1,141,837	\$ 11,787
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				(9,116)	
Fund balance at end of year (GAAP basis)				\$ 1,132,721	

**City of Sayre, Oklahoma**  
**Schedules of Required Supplementary Information**

**Oklahoma Police Pension Retirement Plan**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Valuation date	7/1/2023	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	0.0565%	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)	(17,256)	(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	(30,522,744)	(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)	<b>(30,540,000)</b>	<b>(80,192,000)</b>	<b>(479,716,000)</b>	<b>114,845,000</b>	<b>(6,384,000)</b>	<b>(47,635,000)</b>	<b>7,692,000</b>	<b>153,144,000</b>	<b>4,077,000</b>	<b>(33,669,000)</b>
Plan fiduciary net position as a percentage of the total pension liability	101.02%	102.74%	117.07%	95.80%	100.24%	101.89%	99.68%	93.50%	99.82%	101.53%
Covered payroll	213,375	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	-8.09%	-22.60%	-140.44%	33.76%	-1.97%	-15.43%	2.57%	51.67%	1.38%	-11.63%
<b>Schedule of Employer Contributions for Cost Sharing Plans (4):</b>										
Contractually Required Contribution (CRC) (5)	32,131	27,649	27,528	30,142	28,665	32,469	36,671	35,258	30,750	29,958
Contributions in Relation to CRC (6)	32,131	27,649	27,528	30,142	28,665	32,469	36,671	35,258	30,750	29,958
Contribution deficiency	-	-	-	-	-	-	-	-	-	-
Covered payroll	247,162	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%	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**

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Valuation date	7/1/2023	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	0.001956%	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)	25,237	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	1,290,225,211	1,307,703,988	658,548,245	1,231,880,403	1,056,636,712	1,125,613,990	1,257,683,831	1,221,673,323	1,061,378,285	1,028,313,177
<b>Total plan net pension liability (asset)</b>	<b>1,290,250,448</b>	<b>1,307,734,471</b>	<b>658,566,487</b>	<b>1,231,913,295</b>	<b>1,056,666,003</b>	<b>1,125,646,431</b>	<b>1,257,723,651</b>	<b>1,221,714,507</b>	<b>1,061,408,249</b>	<b>1,028,347,843</b>
Plan fiduciary net position as a percentage of the total pension liability	70.85%	69.49%	84.24%	69.97%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%
Covered payroll	6,730	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	374.99%	398.99%	210.16%	386.83%	343.39%	371.39%	441.22%	446.49%	392.35%	378.66%
<b>Schedule of Employer Contributions for Cost Sharing Plans (4):</b>										
Contractually Required Contribution (CRC) (5)	900	780	1,200	1,190	1,194	1,223	1,264	1,291	1,069	1,282
Contributions in Relation to CRC (6)	900	780	1,200	1,190	1,194	1,223	1,264	1,291	1,069	1,282
Contribution deficiency	-	-	-	-	-	-	-	-	-	-
Covered payroll	6,429	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%	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, 2024**

	<u>Street &amp; Alley</u>	<u>Sinking Fund</u>	<u>911 Fund</u>	<u>Cemetery Fund</u>	<u>Total Non-Major Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 75,468	\$ 319	\$ 86,260	\$ 22,377	\$ 184,424
Certificates of deposit	-	-	-	6,300	6,300
Due from other governments	4,120	-	-	-	4,120
Due from other funds	-	-	-	1,042	1,042
Total assets	<u>\$ 79,588</u>	<u>\$ 319</u>	<u>\$ 86,260</u>	<u>\$ 29,719</u>	<u>\$ 195,886</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted for:			-		
Street and alley	79,588	-	-	-	79,588
Debt service	-	319	-	-	319
911 program	-	-	86,260	-	86,260
Cemetery	-	-	-	29,719	29,719
Total fund balances	<u>79,588</u>	<u>319</u>	<u>86,260</u>	<u>29,719</u>	<u>195,886</u>
Total liabilities and fund balances	<u>\$ 79,588</u>	<u>\$ 319</u>	<u>\$ 86,260</u>	<u>\$ 29,719</u>	<u>\$ 195,886</u>

**City of Sayre, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2024**

	<u>Street &amp; Alley</u>	<u>Sinking Fund</u>	<u>911 Fund</u>	<u>Cemetery Fund</u>	<u>Total Non-Major Funds</u>
<b><u>REVENUES</u></b>					
Fuel tax	\$ 43,196	\$ -	\$ -	\$ -	\$ 43,196
Cemetery revenue	-	-	-	616	616
Refunds and reimbursements	-	-	39,687	-	39,687
Interest income	236	-	-	23	259
Total revenues	<u>43,432</u>	<u>-</u>	<u>39,687</u>	<u>639</u>	<u>83,758</u>
<b><u>EXPENDITURES</u></b>					
General government:					
General government	-	-	-	-	-
Total general government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation					
Street	68,973	-	-	-	68,973
Total transportation	<u>68,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,973</u>
Capital outlay	-	-	-	-	-
Total expenditures	<u>68,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,973</u>
Excess (deficiency) of revenues over expenditures	<u>(25,541)</u>	<u>-</u>	<u>39,687</u>	<u>639</u>	<u>14,785</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(25,541)	-	39,687	639	14,785
Fund balances - beginning	105,129	319	46,573	29,080	181,101
Fund balances - ending	<u>\$ 79,588</u>	<u>\$ 319</u>	<u>\$ 86,260</u>	<u>\$ 29,719</u>	<u>\$ 195,886</u>



**BRITTON, KUYKENDALL, & MILLER**  
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL  
RICK D. MILLER

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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, 2024, 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 30, 2024.

***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 30, 2024