

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

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

**FOR THE YEAR ENDED  
JUNE 30, 2022**

**CITY OF SAYRE, OKLAHOMA**  
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**For the fiscal year ended JUNE 30, 2022**

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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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sayre, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sayre, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and net pension liability schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and net pension liability schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, on our consideration of City of Sayre, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sayre, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sayre, Oklahoma's internal control over financial reporting and compliance.

*Britton, Kuykendall & Miller*

BRITTON, KUYKENDALL & MILLER

Certified Public Accountants

Weatherford, Oklahoma

December 29, 2022

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, 2022. 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, 2022, the assets of the City exceeded its liabilities by \$20,032,199 (net position). Of this amount \$6,612,798 (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 \$19,693,283 (as adjusted).
- The City's total net position are comprised of the following:
  - (1) Invested in capital assets, net of related debt of \$13,142,685 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 \$276,716.
  - (3) Unrestricted net position of \$6,612,798 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total liabilities of the City decreased by \$95,095 during the fiscal year.
- Net position of governmental activities decreased by \$22,922 or 0.53%, and net position of business-type activities increased by \$361,838 or 2.35%. 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 \$1,373,255 or 66.37% of total General Fund expenditures, excluding transfers and capital outlay.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### **Government-wide Financial Statements**

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

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

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



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

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

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

### ***Fund Financial Statements***

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

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

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

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

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

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

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

### ***Notes to the financial statements***

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

**Other Information**

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

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

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

The City's combined net position at June 30, 2022 is \$20,032,199. This is a \$338,916 increase (depreciation expense is \$809,446- a non-cash expense) over June 30, 2021 net position of \$19,693,283 (as adjusted). The City reported positive balances in total net position for both governmental and business-type activities, reporting \$4,296,687 and \$15,735,512, respectively. The City's overall financial position improved during fiscal year 2022. The primary reason for this was ARPA funds received by the City.

	Summary of Net Position						\$ Change	% Change
	Governmental Activities		Business-Type Activities		Total			
	2022	2021	2022	2021	2022	2021		
Current assets	\$ 1,494,335	\$ 1,486,677	\$ 5,129,109	\$ 4,307,358	\$ 6,623,444	\$ 5,794,035	\$ 829,409	14%
Non-current assets	293,549	-	1,235,978	1,277,585	1,529,527	1,277,585	251,942	100%
Capital assets, net	2,719,972	2,833,221	11,532,820	11,952,132	14,252,792	14,785,353	(532,561)	-4%
<b>Total assets</b>	<b>4,507,856</b>	<b>4,319,898</b>	<b>17,897,907</b>	<b>17,537,075</b>	<b>22,405,763</b>	<b>21,856,973</b>	<b>548,790</b>	<b>3%</b>
Deferred outflow s of resource:	121,899	156,559	-	-	121,899	156,559	(34,660)	-22%
Current liabilities	256	188	202,385	196,111	202,641	196,299	6,342	3%
Non-current liabilities	18,245	112,402	1,960,010	1,967,290	1,978,255	2,079,692	(101,437)	-5%
<b>Total liabilities</b>	<b>18,501</b>	<b>112,590</b>	<b>2,162,395</b>	<b>2,163,401</b>	<b>2,180,896</b>	<b>2,275,991</b>	<b>(95,095)</b>	<b>-4%</b>
Deferred inflow s of resources	314,567	57,734	-	-	314,567	57,734	256,833	445%
Net position								
Invested in capital assets, net of related debt	2,719,972	2,833,221	10,422,713	10,229,567	13,142,685	13,062,788	79,897	1%
Restricted	120,824	123,081	155,892	243,254	276,716	366,335	(89,619)	-24%
Unrestricted	1,455,891	1,363,307	5,156,907	4,900,853	6,612,798	6,264,160	348,638	6%
<b>Total net position</b>	<b>\$ 4,296,687</b>	<b>\$ 4,319,609</b>	<b>\$ 15,735,512</b>	<b>\$ 15,373,674</b>	<b>\$ 20,032,199</b>	<b>\$ 19,693,283</b>	<b>\$ 338,916</b>	<b>2%</b>

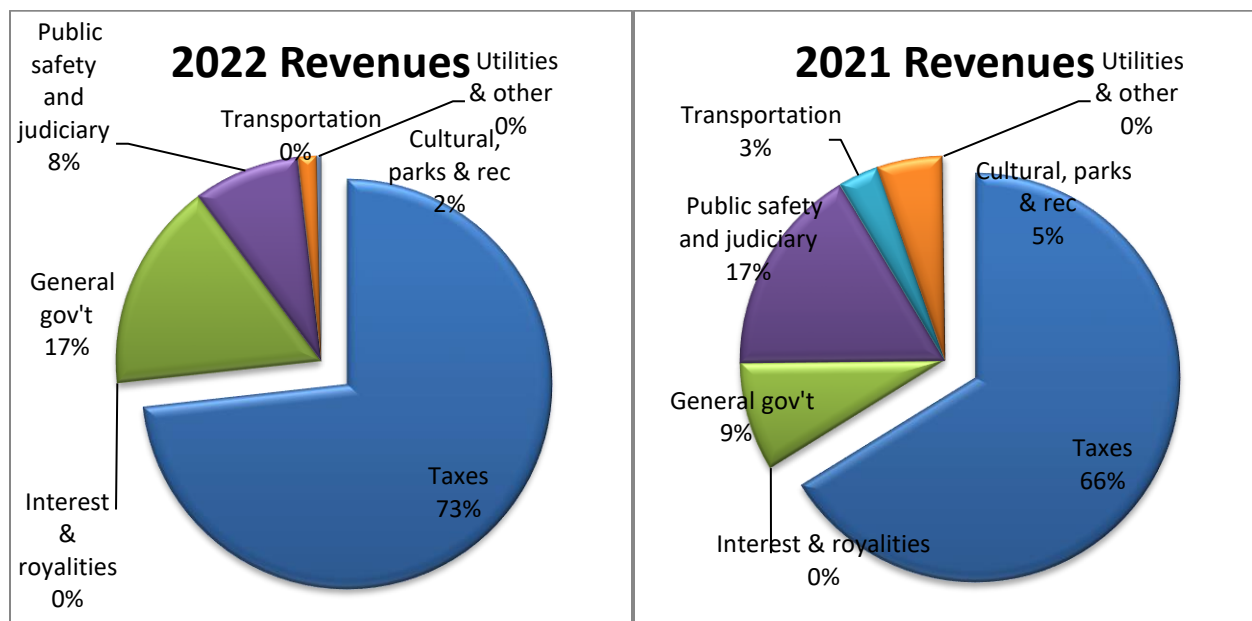


**Summary of Statement of Activities**

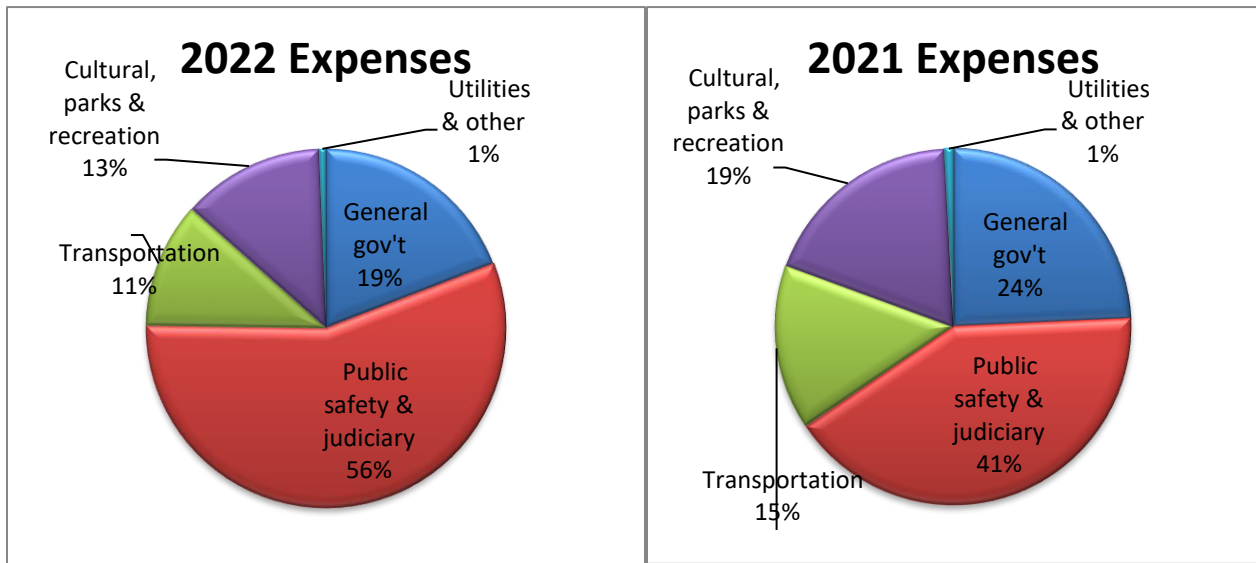
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues	\$ 696,819	\$ 857,939	\$ 1,942,105	\$ 2,678,036	\$ 2,638,924	\$ 3,535,975
Taxes and other general revenues	2,009,648	1,644,277	468,128	467,715	2,477,776	2,111,992
<b>Total revenues</b>	<b>2,706,467</b>	<b>2,502,216</b>	<b>2,410,233</b>	<b>3,145,751</b>	<b>5,116,700</b>	<b>5,647,967</b>
<b>Expenses</b>						
General government	447,333	564,883	-	-	447,333	564,883
Public safety and judiciary	1,311,367	960,088	-	-	1,311,367	960,088
Transportation	264,735	350,333	-	-	264,735	350,333
Cultural, parks, and recreation	299,261	433,185	-	-	299,261	433,185
Sanitation, utilities & other services	14,941	18,496	-	-	14,941	18,496
Industrial	-	-	380,698	456,721	380,698	456,721
Water utilities	-	-	1,913,482	1,790,171	1,913,482	1,790,171
Airport	-	-	145,967	114,632	145,967	114,632
<b>Total expenses</b>	<b>2,337,637</b>	<b>2,326,985</b>	<b>2,440,147</b>	<b>2,361,524</b>	<b>4,777,784</b>	<b>4,688,509</b>
Excess (deficiency) before transfers	\$ 368,830	\$ 175,231	\$ (29,914)	\$ 784,227	\$ 338,916	\$ 959,458
Transfers - internal	(391,752)	-	391,752	-	-	-
<b>Change in net position</b>	<b>(22,922)</b>	<b>175,231</b>	<b>361,838</b>	<b>784,227</b>	<b>338,916</b>	<b>959,458</b>
Beginning net position	4,319,609	4,144,378	14,324,319	13,571,098	18,643,928	17,715,476
Prior period adjustment			1,049,355	(31,006)	338,916	959,458
<b>Ending net position</b>	<b>\$ 4,296,687</b>	<b>\$ 4,319,609</b>	<b>\$ 15,735,512</b>	<b>\$ 14,324,319</b>	<b>\$ 19,321,760</b>	<b>\$ 19,634,392</b>

Revenues for the City decreased 9.41% from the prior year. This decrease in revenues is mainly attributable to a decrease in grant income. Operating expenses increased from prior fiscal year 2021 with a 1.90% change.

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

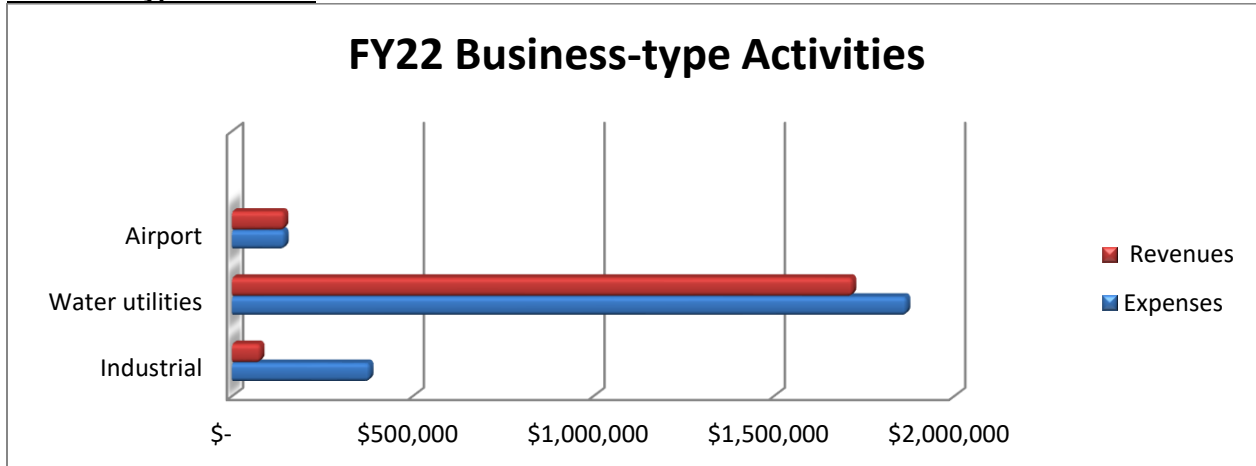


Taxes proved for 73% of the City's governmental revenues in fiscal year 2022. General government followed as the second major revenue source accounting for 17% of governmental revenues.



For the year ended June 30, 2022, total expenses for governmental activities were \$2,337,637. Of this amount, public safety & judiciary with \$1,311,367 was the largest operating service department at 56% 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 2022 was \$2,323,080. Actual expenses were \$147,509 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, 2022, the City had \$13,142,685 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>Primary Government</b>			
	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>
<i><u>Governmental Activities</u></i>				
Land	\$ 371,651	\$ -	\$ -	\$ 371,651
Construction in progress	-	-	-	-
Other capital assets	6,242,775	106,590	-	6,349,365
Total	6,614,426	106,590	-	6,721,016
Less accumulated depreciation	3,781,205	219,839	-	4,001,044
Governmental fixed assets, net	<u>\$ 2,833,221</u>	<u>\$ (113,249)</u>	<u>\$ -</u>	<u>\$ 2,719,972</u>
<i><u>Business-type Activities</u></i>				
Land	\$ 1,137,505	\$ -	\$ 50,000	\$ 1,087,505
Construction in progress	607,171	59,363	564,571	101,963
Other capital assets	19,060,968	725,503	-	19,786,471
Total	20,805,644	784,866	614,571	20,975,939
Less accumulated depreciation	8,853,512	589,607	-	9,443,119
Business-type fixed assets, net	<u>\$ 11,952,132</u>	<u>\$ 195,259</u>	<u>\$ (614,571)</u>	<u>\$ 11,532,820</u>
<b>Total primary government</b>	<u>\$ 14,785,353</u>	<u>\$ 82,010</u>	<u>\$ (614,571)</u>	<u>\$ 14,252,792</u>

- In Governmental Activities, the most significant additions included \$41,078 for a JD utility tractor, a Batwing Brush Hog and a Bad Boy Maverick HD 60" for the street department; and \$15,000 for 2013 Ford Explorer for the police department.
- In Business-type activities capital additions included \$30,600 for the roof at 1014 N 4<sup>th</sup> Street, \$39,782 for a basketball court, \$59,363 for sewerline replacement, \$12,296 for a PLC wireless water department controller, \$27,000 for water well field PLC radios and Programs, \$29,673 for 3yd side load dumpsters, and \$16,000 for a 2011 Dodge 1500 pickup for the water department.

**Long-Term Debt**

At year-end, the City had \$1,057,051 in long-term debt outstanding. The City's changes in long-term debt by type of debt are as follows:

	<b>Primary Government Long-Term Debt</b>	
	Business-type Activities	
	<u>2022</u>	<u>2021</u>
Notes payable	1,110,107	1,161,459
less current portion	(53,056)	(51,371)
Totals	<u>\$ 1,057,051</u>	<u>\$ 1,110,088</u>

City obligations at June 30, 2022 include notes payable to the Oklahoma Department of Commerce for \$17,719 obtained originally for landfill and water system improvements; a note payable to the First National Bank for \$310,189 obtained to construct a new health department, and a note payable to the Oklahoma Water Resources Board for \$782,199 obtained for drinking water treatment system improvements.

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

### **Economic Environment**

In many ways the state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by fiscal and monetary stimulus and state and national employment are just now returning to pre-pandemic levels. Even though the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form

Inflation has turned out to be far higher and longer-lasting than government officials had forecast. The Federal Reserve has embarked on a tightening of monetary policy, raising fears of a recession. Fueling Oklahoma's growth is a rebound in the energy sector. Oil and natural gas prices dramatically rebounded from their pandemic declines. The war in Ukraine and limited supply responses by the US and OPEC nations are anticipated to support the continued higher oil prices. This has increased energy sector employment. Following the nation, the Oklahoma economy will continue its recovery for the rest of 2021 and into 2022. Oklahoma's growth is forecast to be slower than growth nationwide, though unemployment will continue to be relatively lower in the state.

Budgeting for the 2022-2023 fiscal year continued with a conservative approach. Spending has been cut and there are continued economic development efforts being made to bring retail businesses to Sayre to bolster the sales tax revenue.

## **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, 2022**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current Assets:			
Cash and cash equivalents	\$ 1,606,948	\$ 4,407,369	\$ 6,014,317
Certificates of deposit	6,300	145,080	151,380
Due from other governments	142,609	-	142,609
Accounts receivable (net)	121,361	170,282	291,643
Grants receivable	-	-	-
Internal balances	(382,883)	382,883	-
Restricted cash and cash equivalents	-	10,253	10,253
Inventory	-	13,242	13,242
Total current assets	<u>1,494,335</u>	<u>5,129,109</u>	<u>6,623,444</u>
Noncurrent Assets:			
Pension asset	293,549	-	293,549
Investment in joint venture (ALFA)	-	1,048,598	1,048,598
Investments in real estate	-	187,380	187,380
Land and construction in progress	371,651	1,189,468	1,561,119
Other capital assets (net of accumulated depreciation)	2,348,321	10,343,352	12,691,673
Total noncurrent assets	<u>3,013,521</u>	<u>12,768,798</u>	<u>15,782,319</u>
Total assets	<u>\$ 4,507,856</u>	<u>\$ 17,897,907</u>	<u>\$ 22,405,763</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on pension obligation	<u>\$ 121,899</u>	<u>\$ -</u>	<u>\$ 121,899</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 256	\$ 149,329	\$ 149,585
Current portion of long-term debt	-	53,056	53,056
Total current liabilities	<u>256</u>	<u>202,385</u>	<u>202,641</u>
Non-current liabilities:			
Long-term portion of debt	-	1,057,051	1,057,051
Pension liability	18,245	-	18,245
Landfill closure/post-closure liability	-	902,959	902,959
Total non-current liabilities	<u>18,245</u>	<u>1,960,010</u>	<u>1,978,255</u>
Total liabilities	<u>18,501</u>	<u>2,162,395</u>	<u>2,180,896</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charges on pension obligation	<u>314,567</u>	<u>-</u>	<u>314,567</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,719,972	10,422,713	13,142,685
Reserved for restricted purposes	120,824	155,892	276,716
Unrestricted	1,455,891	5,156,907	6,612,798
Total net position	<u>\$ 4,296,687</u>	<u>\$ 15,735,512</u>	<u>\$ 20,032,199</u>

**City of Sayre, Oklahoma**  
**Statement of Activities and Changes in Net Position**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants & Contributions
<b>Governmental activities:</b>					
General government	\$ 447,333	\$ 39,536	\$ -	\$ 391,752	\$ (16,045)
Public safety and judiciary	1,311,367	166,847	50,591	-	(1,093,929)
Transportation	264,735	2,000	-	-	(262,735)
Cultural, parks and recreation	299,261	37,415	-	-	(261,846)
Sanitation, utilities & other services	14,941	8,678	-	-	(6,263)
Total governmental activities	<u>2,337,637</u>	<u>254,476</u>	<u>50,591</u>	<u>391,752</u>	<u>(1,640,818)</u>
<b>Business-type activities:</b>					
Industrial	380,698	69,110	-	10,000	(301,588)
Water/sewer/garbage utilities	1,913,482	1,717,979	-	-	(195,503)
Airport	145,967	62,595	-	82,421	(951)
Total business-type activities	<u>2,440,147</u>	<u>1,849,684</u>	<u>-</u>	<u>92,421</u>	<u>(498,042)</u>
Total primary government	<u>\$ 4,777,784</u>	<u>\$ 2,104,160</u>	<u>\$ 50,591</u>	<u>\$ 484,173</u>	<u>\$ (2,138,860)</u>

**City of Sayre, Oklahoma**  
**Statement of Activities and Changes in Net Position (continued)**  
**Year Ended June 30, 2022**

**Changes in Net Position:**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (1,640,818)	\$ (498,042)	\$ (2,138,860)
General revenues:			
Taxes:			
Sales tax	1,393,941	-	1,393,941
Use tax	246,022	-	246,022
Franchise tax	108,435	-	108,435
Other taxes	161,470	-	161,470
Interest income	1,043	4,958	6,001
Gain on sale of assets	16,000	88,989	104,989
Impact fees	-	408,000	408,000
Pension change	82,737	-	82,737
Miscellaneous income	-	7,788	7,788
Income (loss) from joint venture (ALFA)	-	(41,607)	(41,607)
Transfers-Internal activity	(391,752)	391,752	-
Total general revenues and transfers	<u>1,617,896</u>	<u>859,880</u>	<u>2,477,776</u>
Change in net position	(22,922)	361,838	338,916
Net position-beginning	4,319,609	14,324,319	18,643,928
Prior period adjustment	-	1,049,355	1,049,355
Net position-ending	<u>\$ 4,296,687</u>	<u>\$ 15,735,512</u>	<u>\$ 20,032,199</u>



**City of Sayre, Oklahoma  
Combined Balance Sheet  
June 30, 2022**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,402,473	\$ 204,475	\$ 1,606,948
Certificates of deposit	-	6,300	6,300
Accounts receivable	121,361	-	121,361
Grants receivable	-	-	-
Due from other funds	102,246	8,539	110,785
Due from other governments	138,853	3,756	142,609
Total assets	<u>\$ 1,764,933</u>	<u>\$ 223,070</u>	<u>\$ 1,988,003</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 256	\$ -	\$ 256
Due to other funds	391,422	102,246	493,668
Total liabilities	<u>391,678</u>	<u>102,246</u>	<u>493,924</u>
<b>FUND BALANCES</b>			
Restricted for:	-	-	-
Street and alley	-	38,976	38,976
Debt service	-	319	319
911 program	-	52,886	52,886
Cemetery	-	28,643	28,643
Unassigned	1,373,255	-	1,373,255
Total fund balances	<u>1,373,255</u>	<u>120,824</u>	<u>1,494,079</u>
Total liabilities and fund balances	<u>\$ 1,764,933</u>	<u>\$ 223,070</u>	<u>\$ 1,988,003</u>
Total fund balance- total governmental funds			\$ 1,494,079
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		6,349,365	
Less: Accumulated depreciation		<u>(4,001,044)</u>	
			2,719,972
Net pension asset			293,549
Pension related deferred outflows			121,899
Net pension liability			(18,245)
Pension related deferred inflows			<u>(314,567)</u>
Net assets of governmental activities			<u>\$ 4,296,687</u>

**City of Sayre, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Sales tax	\$ 1,393,941	\$ -	\$ 1,393,941
Use tax	246,022	-	246,022
Franchise tax	108,435	-	108,435
Alcoholic beverage tax	55,470	-	55,470
Cigarette tax	14,675	-	14,675
Fuel tax	-	44,450	44,450
Other taxes	46,875	-	46,875
Licenses, fees & permits	145,282	-	145,282
Park revenue	8,981	-	8,981
Cemetery revenue	7,611	1,067	8,678
Fire department revenue	5,225	-	5,225
Library fees & fines	1,839	-	1,839
Police fines & court fees	16,431	-	16,431
Refunds & reimbursements	19,516	45,828	65,344
Rentals	22,692	-	22,692
Senior citizens center	600	-	600
Miscellaneous sales & service	25,232	-	25,232
Grants	396,515	-	396,515
Interest	828	215	1,043
Total revenues	<u>2,516,170</u>	<u>91,560</u>	<u>2,607,730</u>
<b><u>EXPENDITURES</u></b>			
<b><u>Current</u></b>			
General government:			
General government	131,981	-	131,981
City management	125,805	-	125,805
City administration	84,284	-	84,284
Total general government	<u>342,070</u>	<u>-</u>	<u>342,070</u>
Public safety and judiciary:			
Police	783,568	-	783,568
Fire	75,233	-	75,233
City inspector	308,371	-	308,371
Animal control	63,732	-	63,732
City attorney	20,020	-	20,020
City judge	6,000	-	6,000
Total public safety and judiciary	<u>1,256,924</u>	<u>-</u>	<u>1,256,924</u>
Transportation:			
Street	215,919	48,816	264,735
Total transportation	<u>215,919</u>	<u>48,816</u>	<u>264,735</u>
Cultural, parks and recreation:			
Library	53,575	-	53,575
Park	153,245	-	153,245
Golf Course	30,000	-	30,000
Museum	3,756	-	3,756
Senior Citizens Center	7,328	-	7,328
Total cultural, parks and recreation	<u>247,904</u>	<u>-</u>	<u>247,904</u>
Public service:			
Cemetery	6,164	-	6,164
Department of Corrections	-	-	-
Total public service	<u>6,164</u>	<u>-</u>	<u>6,164</u>
Capital outlay	106,590	-	106,590
Total expenditures	<u>2,175,571</u>	<u>48,816</u>	<u>2,224,387</u>
Excess (deficiency) of revenues over expenditures	<u>340,599</u>	<u>42,744</u>	<u>383,343</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	45,000	-	45,000
Transfers out	(391,752)	(45,000)	(436,752)
Sale of assets	16,000	-	16,000
Total other financing sources and uses	<u>(330,752)</u>	<u>(45,000)</u>	<u>(375,752)</u>
Net change in fund balances	9,847	(2,256)	7,591
Fund balances - beginning	1,363,408	123,080	1,486,488
Fund balances - ending	<u>\$ 1,373,255</u>	<u>\$ 120,824</u>	<u>\$ 1,494,079</u>

**City of Sayre, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2022**

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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 \$ 7,591  
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	106,590	
Depreciation expense	<u>(219,840)</u>	(113,250)

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.

82,737

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		<u><u>\$ (22,922)</u></u>
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**City of Sayre, Oklahoma**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2022**

	<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	\$ 2,172,070	\$ 2,128,956	\$ 106,343	\$ 4,407,369
Certificates of deposit	31,859	113,221	-	145,080
Accounts receivable, net	34,000	135,082	1,200	170,282
Grants receivable	-	-	-	-
Due from other funds	123,766	287,240	-	411,006
<b>Total current assets</b>	<b>2,361,695</b>	<b>2,664,499</b>	<b>107,543</b>	<b>5,133,737</b>
Noncurrent assets:				
Restricted cash and cash equivalents	-	10,253	-	10,253
Restricted investment in joint venture (ALFA)	-	1,048,598	-	1,048,598
Inventory	-	-	13,242	13,242
Investment in real estate	187,380	-	-	187,380
Capital assets (net)				
Land	729,061	358,444	-	1,087,505
Construction in Progress	-	101,963	-	101,963
Other Capital Assets, Net of Depreciation	4,352,310	4,539,049	1,451,993	10,343,352
<b>Total noncurrent assets</b>	<b>5,268,751</b>	<b>6,058,307</b>	<b>1,465,235</b>	<b>12,792,293</b>
<b>Total assets</b>	<b>\$ 7,630,446</b>	<b>\$ 8,722,806</b>	<b>\$ 1,572,778</b>	<b>\$ 17,926,030</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	28,123	28,123
Deposits payable	-	149,329	-	149,329
Current portion of long-term debt	26,734	26,322	-	53,056
<b>Total current liabilities</b>	<b>26,734</b>	<b>175,651</b>	<b>28,123</b>	<b>230,508</b>
Noncurrent liabilities:				
Notes payable, non-current	283,455	773,596	-	1,057,051
Landfill closure/post-closure liability	-	902,959	-	902,959
<b>Total noncurrent liabilities</b>	<b>283,455</b>	<b>1,676,555</b>	<b>-</b>	<b>1,960,010</b>
<b>Total liabilities</b>	<b>310,189</b>	<b>1,852,206</b>	<b>28,123</b>	<b>2,190,518</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	4,771,182	4,199,538	1,451,993	10,422,713
Restricted	-	155,892	-	155,892
Unrestricted	2,549,075	2,515,170	92,662	5,156,907
<b>Total net position</b>	<b>\$ 7,320,257</b>	<b>\$ 6,870,600</b>	<b>\$ 1,544,655</b>	<b>\$ 15,735,512</b>

**City of Sayre, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

	<b>Industrial Authority</b>	<b>Public Works Authority</b>	<b>Airport Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Operating revenues:</u></b>				
Charges for services:				
Water charges	\$ -	\$ 1,067,102	\$ -	\$ 1,067,102
Sewer charges	-	298,742	-	298,742
Garbage Service	-	303,169	-	303,169
Rental income	69,110	-	23,770	92,880
Other income	-	48,966	38,825	87,791
Total operating revenues	<u>69,110</u>	<u>1,717,979</u>	<u>62,595</u>	<u>1,849,684</u>
<b><u>Operating expenses:</u></b>				
Personal services	-	881,088	-	881,088
Supplies & repairs	129,495	628,317	38,438	796,250
Insurance expense	17,048	30,290	-	47,338
Depreciation and amortization	220,793	261,285	107,529	589,607
Total operating expenses	<u>367,336</u>	<u>1,800,980</u>	<u>145,967</u>	<u>2,314,283</u>
Net operating income	(298,226)	(83,001)	(83,372)	(464,599)
<b><u>Nonoperating revenue (expense):</u></b>				
Interest income	1,906	2,958	94	4,958
Impact fee	408,000	-	-	408,000
Miscellaneous income	7,788	-	-	7,788
Grant income	10,000	-	82,421	92,421
Gain (loss) on sale of assets	80,989	8,000	-	88,989
Interest expense	(13,362)	(19,041)	-	(32,403)
Landfill Closure/Post-closure	-	(93,461)	-	(93,461)
Income (loss) from joint venture (ALFA)	-	(41,607)	-	(41,607)
Total nonoperating revenue/(expense)	<u>495,321</u>	<u>(143,151)</u>	<u>82,515</u>	<u>434,685</u>
<b>Net Income before contributions and transfers</b>	197,095	(226,152)	(857)	(29,914)
<b><u>Contributions and transfers:</u></b>				
Transfers from other funds	82,420	391,752	174,142	648,314
Transfers to other funds	(174,142)	-	(82,420)	(256,562)
<b>Change in net position</b>	105,373	165,600	90,865	361,838
Net position-beginning of year	7,214,884	5,655,645	1,453,790	14,324,319
Prior period adjustment	-	1,049,355	-	1,049,355
Net position-end of year	<u>\$ 7,320,257</u>	<u>\$ 6,870,600</u>	<u>\$ 1,544,655</u>	<u>\$ 15,735,512</u>

**City of Sayre, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

	<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	\$ 69,110	\$ 1,730,630	\$ 61,395	\$ 1,861,135
Payments to suppliers	(146,543)	(658,607)	(31,618)	(836,768)
Payments to employees	-	(881,088)	-	(881,088)
Cost reimbursements from (to) other funds	174,142	1,256	(174,148)	1,250
<b>Net cash provided (used) by operating activities</b>	<b>96,709</b>	<b>192,191</b>	<b>(144,371)</b>	<b>144,529</b>
<b><u>Cash flows from non-capital financing activities:</u></b>				
Receipts from miscellaneous income	7,788	-	-	7,788
Receipts from Impact fees	408,000	-	-	408,000
Receipts from other funds	82,420	391,752	174,142	648,314
Transfers to other funds	(174,142)	-	(82,420)	(256,562)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>324,066</b>	<b>391,752</b>	<b>91,722</b>	<b>807,540</b>
<b><u>Cash flows from capital and related financing activities:</u></b>				
Purchases of capital assets	(74,957)	(145,338)	-	(220,295)
Proceeds from capital debt	-	-	-	-
Principal paid on capital debt	(25,553)	(25,798)	-	(51,351)
Interest paid on capital debt	(13,362)	(19,041)	-	(32,403)
Proceeds from sale of assets	130,989	8,000	-	138,989
Proceeds from grant revenue	10,000	-	82,421	92,421
Cash received from notes receivable	-	-	-	-
Receipts of utility deposits	-	4,589	-	4,589
Payments for landfill costs	-	(47,705)	-	(47,705)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>27,117</b>	<b>(225,293)</b>	<b>82,421</b>	<b>(115,755)</b>
<b><u>Cash flows from investing activities:</u></b>				
(Sale) purchase of investments	(47)	(227)	-	(274)
Investment income	1,906	2,958	94	4,958
<b>Net cash provided (used) by investing activities</b>	<b>1,859</b>	<b>2,731</b>	<b>94</b>	<b>4,684</b>
Net increase (decrease) in cash and cash equivalents	449,751	361,381	29,866	840,998
Cash & cash equivalents, June 30, 2021	1,722,319	1,777,828	76,477	3,576,624
Cash & cash equivalents, June 30, 2022	<b>\$ 2,172,070</b>	<b>\$ 2,139,209</b>	<b>\$ 106,343</b>	<b>\$ 4,417,622</b>
Cash, including time deposits	\$ 2,172,070	\$ 2,128,956	\$ 106,343	\$ 4,407,369
Restricted cash	-	10,253	-	10,253
Total cash and cash equivalents, end of year	<b>\$ 2,172,070</b>	<b>\$ 2,139,209</b>	<b>\$ 106,343</b>	<b>\$ 4,417,622</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>				
Operating income (loss)	\$ (298,226)	\$ (83,001)	\$ (83,372)	\$ (464,599)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	220,793	261,285	107,529	589,607
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	12,651	(1,200)	11,451
(Increase) decrease in inventory	-	-	6,820	6,820
(Increase) decrease in due to/from other funds	174,142	1,256	(174,148)	1,250
Increase (decrease) in accounts payable	-	-	-	-
Total adjustments	394,935	275,192	(60,999)	609,128
<b>Net cash provided (used) by operating activities</b>	<b>\$ 96,709</b>	<b>\$ 192,191</b>	<b>\$ (144,371)</b>	<b>\$ 144,529</b>

**City of Sayre, Oklahoma**  
**Statement of Fiduciary Net Position**  
**Sayre Memorial Hospital Authority**  
**June 30, 2022**

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 526,032
Due from other governments	44,226
Property, plant & equipment, net	-
 Total assets	 <u>\$ 570,258</u>
 <b>LIABILITIES AND NET POSITION</b>	
Accrued interest payable	\$ -
Note payable	-
Bonds payable	-
 Total liabilities	 -
 Net position (deficit)	 <u>\$ 570,258</u>



**City of Sayre, Oklahoma**  
**Statement of Changes in Fiduciary Net Position**  
**Sayre Memorial Hospital Authority**  
**Year Ended June 30, 2022**

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**Revenues:**

Sales tax	\$	464,637
Use tax		82,007
Miscellaneous income		252
Interest		4
Total revenues		546,900

**Operating expenses:**

Bank administration, legal and other fees		-
Hospital expenses		-
Interest and bank fees		703
Depreciation and amortization		-
Total operating expenses		703

Excess of revenue & other sources under expenses & other uses 546,197

**Non-operating revenues (expenses):**

Gain on disposition of hospital		-
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Income (loss) before contributions and transfers 546,197

**Contributions and transfers:**

Transfers from City		-
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Net position- beginning 24,061

Net position- ending \$ 570,258

**(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, 2022.

**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, 2022, 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, 2022, the City has estimated an allowance of \$89,670.

***Restricted Assets***

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

***Interfund Balances***

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

***Capital Assets, Depreciation, and Amortization***

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

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

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

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

***Deferred Outflows/Inflows of Resources***

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

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

***Long-Term Debt***

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

***Fund Equity***

**Fund Balance**

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

**Net Position**

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

**Invested in capital assets, net of related debt**

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

**Restricted net position**

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Governmental Fund Balances**

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

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

**Nonspendable**

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

**Restricted**

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

**Committed**

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

**Assigned**

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

**Unassigned**

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

***Use of Estimates***

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

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

**E. Policies Related to Revenues and Expenses**

***Program Revenues***

**Charges for Services**

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

**Grants and Contributions**

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

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

**General Revenues**

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

**Sales Tax**

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

**(2) ASSETS AND LIABILITIES**

**A. Assets**

***Deposits and Investments***

**Deposits**

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

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

**Investments**

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

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

**RECONCILIATION TO STATEMENT OF NET ASSETS**

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Investments, unrestricted	\$ 6,300	\$ 145,080	\$ 151,380
Total investments	\$ 6,300	\$ 145,080	\$ 151,380

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

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

**Investment in Joint Venture**

As discussed in Note 1, in accordance with the terms of the joint venture agreement with ALFA, SPWA is obligated to pay a share of ALFA's operating budget each year in the form of participation fees. Through June 30, 2022 SPWA paid \$16,200 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 2021-2022 was \$13,000. In that regard, SPWA's proportionate share of the net investment earnings in the escrow account, which includes unrealized gains and losses on investments, amounts to (\$54,607) 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, 2022, SPWA's equity interest totaled \$1,048,598 which is reported as "Investment in joint venture (ALFA) on the statement of net position. For the year ended June 30, 2022, the investment in joint venture balance changed as follows:

Beginning investment in joint venture	\$ 1,090,205
Contribution	13,000
Net income in joint venture	(54,607)
Ending investment in joint venture	\$ 1,048,598

**CITY OF SAYRE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Capital Assets**

**Changes in Capital Assets**

	<b>Primary Government</b>			
	<b>Balance at June 30, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2022</b>
<i><u>Governmental Activities</u></i>				
Land	\$ 371,651	\$ -	\$ -	\$ 371,651
Construction in progress	-	-	-	-
Other capital assets	6,242,775	106,590	-	6,349,365
<b>Total</b>	<b>6,614,426</b>	<b>106,590</b>	<b>-</b>	<b>6,721,016</b>
Less accumulated depreciation	3,781,205	219,839	-	4,001,044
<b>Governmental fixed assets, net</b>	<b>\$ 2,833,221</b>	<b>\$ (113,249)</b>	<b>\$ -</b>	<b>\$ 2,719,972</b>
<i><u>Business-type Activities</u></i>				
Land	\$ 1,137,505	\$ -	\$ 50,000	\$ 1,087,505
Construction in progress	607,171	59,363	564,571	101,963
Other capital assets	19,060,968	725,503	-	19,786,471
<b>Total</b>	<b>20,805,644</b>	<b>784,866</b>	<b>614,571</b>	<b>20,975,939</b>
Less accumulated depreciation	8,853,512	589,607	-	9,443,119
<b>Business-type fixed assets, net</b>	<b>\$ 11,952,132</b>	<b>\$ 195,259</b>	<b>\$ (614,571)</b>	<b>\$ 11,532,820</b>
<b>Total primary government</b>	<b>\$ 14,785,353</b>	<b>\$ 82,010</b>	<b>\$ (614,571)</b>	<b>\$ 14,252,792</b>

**Depreciation Expense**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>
General government	\$ 105,262	Industrial \$ 220,793
Public safety & judiciary	54,443	Water utilities 261,285
Cultural, parks & recreation	51,357	Airport 107,529
Sanitation, utilities & other services	8,777	
<b>Total depreciation expense</b>	<b>\$ 219,839</b>	<b>Total depreciation expense \$ 589,607</b>

**B. Liabilities**

**Notes Payable**

**Public Works Authority**

The Sayre Public Works Authority entered into another loan with the Oklahoma Department of Commerce. The funds were obtained for water system improvements. The loan is non-interest bearing and has a final maturity date of November 1, 2024. Principal payments of \$656.25 are due each month. The Authority's water and sewer revenue serve as collateral on this loan. 17,719

The Sayre Public Works Authority entered into an agreement with the Oklahoma Water Resources Board. The funds were obtained for drinking water treatment system improvements. The loan carries an interest rate of 2.86% and has a final maturity date of September 15, 2050. Semi annual payments of \$20,499 are due beginning March 15, 2021. 782,199



**CITY OF SAYRE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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.

	310,189
<b>Total Notes Payable</b>	<b>\$ 1,110,107</b>

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

Current portion of long-term debt	\$ 53,056
Long-term portion of debt	1,057,051
Total notes payable	\$ 1,110,107

**Changes in Long-Term Debt**

Type of Debt	Balance at July 1, 2021	Amount Issued	Amount Retired	Balance at June 30, 2022	Due Within One Year
Department of Commerce	\$ 25,594	\$ -	\$ 7,875	\$ 17,719	\$ 7,875
Oklahoma Water Resources Board	800,123	-	17,924	782,199	18,447
First National Bank & Trust	335,742	-	25,553	310,189	26,734
<b>Total</b>	<b>\$ 1,161,459</b>	<b>\$ -</b>	<b>\$ 51,352</b>	<b>\$ 1,110,107</b>	<b>\$ 53,056</b>

**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, 2021, is as follows:

**Business-Type Activities Notes Payable**

	Principal	Interest
2023	\$ 53,056	\$ 35,818
2024	54,715	34,158
2025	50,723	32,244
2026	50,652	30,347
2027	52,626	28,672
2028-2032	276,241	109,607
2033-2037	130,757	74,655
2038-2042	150,525	54,467
2043-2047	173,840	31,153
2048-2050	116,972	6,022
Totals	\$ 1,110,107	\$ 437,143

**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 \$902,959 reported as "Landfill Closures/Post-Closure Cost" at June 30, 2022, represents the cumulative amount to date based on 15.82% of the estimated capacity of the landfill. SPWA will recognize the remaining estimated cost of closure and post-closure care of \$4,804,747 as the remaining capacity if filled. These amounts are based on what it would cost to perform all closure and post-closure care at the site in 2022.

902,959

However SPWA expects its landfill to remain in operation for another 54.5 years with closure scheduled for the year 2077. 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>
<b>GENERAL FUND</b>		
911 Fund	\$ 45,000	\$ -
Sayre Public Works Authority	-	391,752
Total General Fund	45,000	391,752
<b>911 FUND</b>		
General Fund	-	45,000
Total 911 Fund	-	45,000
<b>PUBLIC WORKS AUTHORITY</b>		
General Fund	391,752	-
Total Public Works Authority	391,752	-
<b>AIRPORT AUTHORITY</b>		
Sayre Industrial Authority	174,142	82,420
Total Airport Authority	174,142	82,420
<b>SAYRE INDUSTRIAL AUTHORITY</b>		
Airport Authority	82,420	174,142
Total Sayre Industrial Authority	82,420	174,142
<b>GRAND TOTAL</b>	<b>\$ 693,314</b>	<b>\$ 693,314</b>

**(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, 2021, 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, 2021, 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, 2021. The City's portion for 2021 was 0.0612% compared to 0.0692% for 2020. At June 30, 2022, the City recorded a Police Pension Plan asset of \$293,545 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of July 1, 2021. This is reported in governmental activities.

**CITY OF SAYRE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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, 2021. The City's portion for 2021 was 0.002770% compared to 0.002670% for 2020. At June 30, 2022, the City recorded a Firefighters Pension Plan liability of \$18,245 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of July 1, 2021. This is reported in governmental activities.

**Pension Expense**

	<b>Primary Government Governmental Activities</b>	
Police Pension	Fire Pension	Total
\$29,385	\$1,582	\$30,967

**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 Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Current year contributions- Employer	\$ 31,968	\$ -	\$ 1,020	\$ -	\$ 32,988	\$ -
Difference between expected and actual pension plan experience	4,214	11,587	6,617	320	10,831	11,907
Investment projected vs actual	71,822	285,956	1,794	16,299	73,616	302,255
Changes in assumptions	4,464	-	-	405	4,464	405
Changes in proportion and differences between employer contributions and proportion share of contributions	-	-	-	-	-	-
<b>Total</b>	<b>\$ 112,468</b>	<b>\$ 297,543</b>	<b>\$ 9,431</b>	<b>\$ 17,024</b>	<b>\$ 121,899</b>	<b>\$ 314,567</b>

**Actuarial Assumptions**

	<b>Police Pension</b>	<b>Firefighters Pension</b>
Valuation date	7/1/21	7/1/21
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 and 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, 2020 valuation were based on the results of an actuarial experience study for July 1, 2012 through June 30, 2017.

**Fire Pension**

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an experience study for the period July 1, 2013 through June 30, 2018.

***Discount Rate***

**Police Pension**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. There were no changes in the discount rate during the year.

**Firefighters Pension**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the Firefighters Pension contributions will continue to follow the current funding policy. Total covered employee payroll is assumed to grow at 3.5% per year. The total statewide insurance premium tax is assumed to grow at 2.75% per year. In addition, the allocation of the tax to the System is assumed to be 36% for the entire projection period. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.5% was applied to all periods of projected benefit payments to determine the total pension liability. There were no changes in the discount rate during the year.

***Long-term Expected Rate of Return and Target Allocations***

**Police Pension**

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

**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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation.

	<u>Police Pension</u>		<u>Firefighters Pension</u>
	<u>Long-term Expected</u>		<u>Long-term Expected</u>
	<u>Rate of Return</u>		<u>Rate of Return</u>
Fixed income	3.22%	Fixed income	3.53%
Domestic equity	4.55%	Domestic equity	5.73%
International equity	8.50%	International equity	8.50%
Real estate	7.97%	Real estate	7.97%
Private equity	9.36%	Other assets	4.73%
	 <u>Target Allocation</u>		 <u>Target Allocation</u>
US Large Cap Equity	15.00%	Equity	62.00%
Long/Short Equity	15.00%	Fixed Income	20.00%
Private Equity	10.00%	Real Estate	18.00%
US Small/Mid Cap Equity	5.00%		
Emerging Markets Equity	5.00%		
International Dev Mkts Equity	10.00%		
Commodities	5.00%		
Opportunistic real estate	5.00%		
Core real estate	5.00%		
Absolute return	7.50%		
Multi-sector fixed income	7.50%		
Core bonds	10.00%		

***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):

**CITY OF SAYRE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

	<u>Rate</u>	Police Pension Net Pension <u>Asset(Liability)</u>	<u>Rate</u>	Firefighters Pension Net Pension <u>Asset(Liability)</u>
1% decrease	6.5%	110,090	6.5%	(28,507)
Current single discount rate	7.5%	293,549	7.5%	(18,245)
1% increase	8.5%	448,677	8.5%	(9,648)

**Other Post-Employment Benefits**

For the year ended June 30, 2022, the City provided no post-employment benefits (other than pension) to terminated employees.

**(5) COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

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

**B. Grant Program Involvement**

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

**City of Sayre, Oklahoma**  
**General Fund**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2022**

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales tax	\$ 1,136,000	\$ 150,000	\$ 1,286,000	\$ 1,375,842	\$ 89,842
Use tax	148,000	100,000	248,000	244,302	(3,698)
Franchise tax	98,500	5,000	103,500	108,435	4,935
Alcoholic beverage tax	51,000	(7,500)	43,500	45,469	1,969
Cigarette tax	14,000	-	14,000	14,596	596
Other taxes	42,000	-	42,000	56,618	14,618
Licenses and permits	300	-	300	145,282	144,982
Park revenue	30,000	-	30,000	8,981	(21,019)
Cemetery revenue	4,500	3,000	7,500	7,611	111
Fire department revenue	8,100	-	8,100	5,225	(2,875)
Library fees & fines	5,190	3,500	8,690	1,839	(6,851)
Police fines & court fees	52,500	(40,000)	12,500	16,431	3,931
Refunds & reimbursements	12,550	29,200	41,750	19,516	(22,234)
Street Department	-	-	-	-	-
Rentals	-	-	-	22,692	22,692
Senior citizens center	500	-	500	600	100
Miscellaneous sales & service	11,400	125,000	136,400	25,232	(111,168)
Grants	-	300,000	300,000	396,515	96,515
Interest	1,000	-	1,000	828	(172)
Total revenues	<u>1,615,540</u>	<u>668,200</u>	<u>2,283,740</u>	<u>2,496,014</u>	<u>212,274</u>
<b>EXPENDITURES</b>					
<b>General government:</b>					
General government	152,680	(12,000)	140,680	131,981	8,699
City management	145,500	-	145,500	125,805	19,695
City administration	54,400	30,000	84,400	84,284	116
Total general government	<u>352,580</u>	<u>18,000</u>	<u>370,580</u>	<u>342,070</u>	<u>28,510</u>
<b>Public safety and judiciary:</b>					
Police	757,000	45,000	802,000	799,718	2,282
Fire	120,500	(30,000)	90,500	75,233	15,267
City inspector	88,200	225,000	313,200	308,371	4,829
Animal control	96,900	(25,000)	71,900	63,732	8,168
City attorney	10,000	10,500	20,500	20,020	480
City judge	6,000	-	6,000	6,000	-
Total public safety and judiciary	<u>1,078,600</u>	<u>225,500</u>	<u>1,304,100</u>	<u>1,273,074</u>	<u>31,026</u>
<b>Transportation:</b>					
Street:	352,500	-	352,500	296,534	55,966
Total street	<u>352,500</u>	<u>-</u>	<u>352,500</u>	<u>296,534</u>	<u>55,966</u>
<b>Cultural, parks and recreation:</b>					
Library	69,600	-	69,600	53,575	16,025
Park	167,000	-	167,000	163,070	3,930
Golf course	30,000	5,000	35,000	30,000	5,000
Museum	6,000	-	6,000	3,756	2,244
Senior citizens center	8,300	-	8,300	7,328	972
Total cultural parks & recreation	<u>280,900</u>	<u>5,000</u>	<u>285,900</u>	<u>257,729</u>	<u>28,171</u>
<b>Public services</b>					
Department of Corrections	-	-	-	-	-
Cemetery	10,000	-	10,000	6,164	3,836
Total public services	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>6,164</u>	<u>3,836</u>
Total expenditures	<u>2,074,580</u>	<u>248,500</u>	<u>2,323,080</u>	<u>2,175,571</u>	<u>147,509</u>
Revenue over (under) expenditures	(459,040)	419,700	(39,340)	320,443	359,783
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	-	45,000	45,000	(346,752)	(391,752)
Sale of assets	-	-	-	16,000	16,000
Net other financing sources (uses)	<u>-</u>	<u>45,000</u>	<u>45,000</u>	<u>(330,752)</u>	<u>(375,752)</u>
Revenues and other financing sources over (under) expenditures and other uses	(459,040)	464,700	5,660	(10,309)	(15,969)
Fund balance at beginning of year (Non-GAAP budgetary basis)	1,050,000	-	1,050,000	1,369,469	319,469
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 590,960</u>	<u>\$ 464,700</u>	<u>\$ 1,055,660</u>	<u>\$ 1,359,160</u>	<u>\$ 303,500</u>
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				14,095	
Fund balance at end of year (GAAP basis)				<u>\$ 1,373,255</u>	

**City of Sayre, Oklahoma  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022**

	<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	\$ 129,969	\$ 319	\$ 52,886	\$ 21,301	\$ 204,475
Certificates of deposit	-	-	-	6,300	6,300
Due from other governments	3,756	-	-	-	3,756
Due from other funds	7,497	-	-	1,042	8,539
Total assets	<u>\$ 141,222</u>	<u>\$ 319</u>	<u>\$ 52,886</u>	<u>\$ 28,643</u>	<u>\$ 223,070</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	102,246	-	-	-	102,246
Total liabilities	<u>102,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,246</u>
<b>FUND BALANCES</b>					
Restricted for:			-		
Street and alley	38,976	-	-	-	38,976
Debt service	-	319	-	-	319
911 program	-	-	52,886	-	52,886
Cemetery	-	-	-	28,643	28,643
Total fund balances	<u>38,976</u>	<u>319</u>	<u>52,886</u>	<u>28,643</u>	<u>120,824</u>
Total liabilities and fund balances	<u>\$ 141,222</u>	<u>\$ 319</u>	<u>\$ 52,886</u>	<u>\$ 28,643</u>	<u>\$ 223,070</u>



**City of Sayre, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2022**

	<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	\$ 44,450	\$ -	\$ -	\$ -	\$ 44,450
Cemetery revenue	-	-	-	1,067	1,067
Refunds and reimbursements	-	-	45,828	-	45,828
Interest income	176	-	-	39	215
Total revenues	<u>44,626</u>	<u>-</u>	<u>45,828</u>	<u>1,106</u>	<u>91,560</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	48,816	-	-	-	48,816
Total transportation	<u>48,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,816</u>
Capital outlay					
Total expenditures	<u>48,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,816</u>
Excess (deficiency) of revenues over expenditures	<u>(4,190)</u>	<u>-</u>	<u>45,828</u>	<u>1,106</u>	<u>42,744</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(45,000)	-	(45,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
Net change in fund balances	(4,190)	-	828	1,106	(2,256)
Fund balances - beginning	43,166	319	52,058	27,537	123,080
Fund balances - ending	<u>\$ 38,976</u>	<u>\$ 319</u>	<u>\$ 52,886</u>	<u>\$ 28,643</u>	<u>\$ 120,824</u>

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

**Oklahoma Police Pension Retirement Plan**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Valuation date	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	0.0612%	0.0692%	0.0680%	0.0809%	0.0943%	0.0915%	0.0801%	0.0796%
Proportionate share of the net pension liability (asset)	(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	(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)	<u>(479,716,000)</u>	<u>114,845,000</u>	<u>(6,384,000)</u>	<u>(47,635,000)</u>	<u>7,692,000</u>	<u>153,144,000</u>	<u>4,077,000</u>	<u>(33,669,000)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>117.07%</u>	<u>95.80%</u>	<u>100.24%</u>	<u>101.89%</u>	<u>99.68%</u>	<u>93.50%</u>	<u>99.82%</u>	<u>101.53%</u>
Covered payroll	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	<u>-140.44%</u>	<u>33.76%</u>	<u>-1.97%</u>	<u>-15.43%</u>	<u>2.57%</u>	<u>51.67%</u>	<u>1.38%</u>	<u>-11.63%</u>
<b>Schedule of Employer Contributions for Cost Sharing Plans (4):</b>								
Contractually Required Contribution (CRC) (5)	27,528	30,142	28,665	32,469	36,671	35,258	30,750	29,958
Contributions in Relation to CRC (6)	27,528	30,142	28,665	32,469	36,671	35,258	30,750	29,958
Contribution deficiency	-	-	-	-	-	-	-	-
Covered payroll	<u>211,754</u>	<u>231,862</u>	<u>220,500</u>	<u>249,762</u>	<u>282,085</u>	<u>271,215</u>	<u>236,538</u>	<u>230,446</u>
Contributions as a percentage of covered payroll	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>

(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**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Valuation date	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	0.002770%	0.002670%	0.002772%	0.002882%	0.003166%	0.003371%	0.002823%	0.003371%
Proportionate share of the net pension liability (asset)	18,242	32,892	29,291	32,441	39,820	41,184	29,964	34,666
Proportionate share of the net pension liability (asset) of the State and other municipalities	<u>658,548,245</u>	<u>1,231,880,403</u>	<u>1,056,636,712</u>	<u>1,125,613,990</u>	<u>1,257,683,831</u>	<u>1,221,673,323</u>	<u>1,061,378,285</u>	<u>1,028,313,177</u>
<b>Total plan net pension liability (asset)</b>	<b><u>658,566,487</u></b>	<b><u>1,231,913,295</u></b>	<b><u>1,056,666,003</u></b>	<b><u>1,125,646,431</u></b>	<b><u>1,257,723,651</u></b>	<b><u>1,221,714,507</u></b>	<b><u>1,061,408,249</u></b>	<b><u>1,028,347,843</u></b>
Plan fiduciary net position as a percentage of the total pension liability	84.24%	69.97%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%
Covered payroll	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	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)	1,200	1,190	1,194	1,223	1,264	1,291	1,069	1,282
Contributions in Relation to CRC (6)	<u>1,200</u>	<u>1,190</u>	<u>1,194</u>	<u>1,223</u>	<u>1,264</u>	<u>1,291</u>	<u>1,069</u>	<u>1,282</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	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%

(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



**BRITTON, KUYKENDALL, & 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, 2022, and the related notes to the financial statements, which collectively comprise City of Sayre, Oklahoma's basic financial statements, and have issued our report thereon dated December 29, 2022.

***Report on Internal Control over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether City of Sayre, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Britton, Kuykendall & Miller*

BRITTON, KUYKENDALL AND MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
December 29, 2022