

CITY OF SAYRE, OKLAHOMA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
JUNE 30, 2015

CITY OF SAYRE, OKLAHOMA

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Sayre, Oklahoma

Report on the Financial Statements

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, 2015, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2015, 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.

Other Matters

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

Other 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 supplementary information such as the Combining and Individual Nonmajor Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is 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 15, 2015, 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 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 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 15, 2015

**CITY OF SAYRE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015
(UNAUDITED)**

Our discussion and analysis of the City of Sayre's financial performance provides an overview of the City's financial activities for the year ended June 30, 2015.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our financial analysis of the City as a whole begins at Table 1. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position-the difference between assets and liabilities-as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including those of the police, fire, general administration, and parks. Sales and other taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer activities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

CITY OF SAYRE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015
(UNAUDITED)

THE CITY AS A WHOLE

For the year ended June 30, net assets changed as follows:

Table 1
Summary of Net Position

	Governmental Activities		Business-Type Activities		Totals		Amount Change
	2015	2014	2015	2014	2015	2014	
Current and Other Assets	\$ 1,035,359.28	\$ 955,817.48	\$ 4,697,895.38	\$ 4,809,187.53	\$ 5,730,254.66	\$ 5,765,005.01	\$ (34,750.35))
Capital Assets, Net	<u>3,403,564.23</u>	<u>3,106,913.57</u>	<u>11,562,780.33</u>	<u>11,495,180.53</u>	<u>14,966,344.56</u>	<u>14,602,094.40</u>	<u>364,250.16 4</u>
Total Assets	\$ <u>4,435,923.51</u>	\$ <u>4,062,731.05</u>	\$ <u>16,260,675.71</u>	\$ <u>16,304,368.06</u>	\$ <u>20,696,599.22</u>	\$ <u>20,367,099.41</u>	\$ <u>329,499.81 3</u>
Current Liabilities	\$ 42,176.81	\$ 36,770.26	\$ 211,324.23	\$ 199,656.29	\$ 253,501.04	\$ 274,729.37	\$ (21,228.33) 2
Long-Term Liabilities	<u>0.00</u>	<u>0.00</u>	<u>2,368,411.65</u>	<u>2,360,680.42</u>	<u>2,368,411.65</u>	<u>2,360,680.42</u>	<u>7,731.23)</u>
Total Liabilities	\$ <u>42,176.81</u>	\$ <u>36,770.26</u>	\$ <u>2,579,735.88</u>	\$ <u>2,559,639.53</u>	\$ <u>2,621,912.69</u>	\$ <u>2,635,409.79</u>	\$ <u>(13,497.10))</u>
Net Position:							
Invested in Capital Assets, Net of Related Debt	3,403,564.23	3,106,913.57	9,165,465.90	9,283,577.30	12,569,030.13	12,390,490.87	178,539.26 3
Restricted	209,680.65	162,643.47	16,858.73	16,607.62	226,539.38	179,251.09	47,288.29))
Unrestricted	<u>780,501.82</u>	<u>756,403.75</u>	<u>4,498,615.20</u>	<u>4,405,543.91</u>	<u>5,279,117.02</u>	<u>5,161,947.66</u>	<u>117,169.366</u>
Total Net Position	\$ <u>4,393,746.7</u>	\$ <u>4,025,960.79</u>	\$ <u>13,680,939.83</u>	\$ <u>13,705,728.83</u>	\$ <u>18,074,686.53</u>	\$ <u>17,731,689.62</u>	\$ <u>342,996.91 7</u>
Total Liabilities and Net Position	\$ <u>4,435,923.51</u>	\$ <u>4,062,731.05</u>	\$ <u>16,260,675.71</u>	\$ <u>16,304,368.36</u>	\$ <u>20,696,599.22</u>	\$ <u>20,367,099.41</u>	\$ <u>329,499.811</u>

Net Position

The City reported positive balances in the net position for both governmental and business-type activities. Net position increased \$367,785.91 for governmental activities and decreased \$24,789.00 for business-type activities. The City's overall financial position improved during fiscal year 2015.

Governmental Activities

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

CITY OF SAYRE, OKLAHOMA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2015
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General government - Permits, rebates, refunds and other miscellaneous charges. Grants for street projects are included in capital grants and contributions.

Public Safety - Police fines, fire runs and animal control fees are classified as charges for services.

Culture and Recreation - Park facilities usage fees and sale of cemetery lots are charges for services.

Sanitation and Utilities - Garbage disposal and cleanup fees are categorized as charges for services.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Business-type Activities

In reviewing the net expense/revenue, the Public Works Authority showed that it is performing efficiently. The operating income was \$506,328.83. Careful monitoring of the operating expenses and continued growth in water, sewer and garbage sales created this positive outcome last year.

THE CITY'S FUNDS

The following table presents a summary of the City's changes in net position for the fiscal year ended June 30, and the amount of increases and decreases in relation to the prior year. Comparative data is accumulated and presented to assist analysis.

Table 2
 Summary of Changes in Net Position

Revenues	Governmental Activities		Business-Type Activities		Totals		Amount Change
	2015	2014	2015	2014	2015	2014	
Program Revenues:							
Charges for Services	\$ 317,278.56	\$ 193,972.05	\$ 2,352,671.33	\$ 2,329,685.00	2,669,949.89	\$ 2,523,657.05	\$ 146,292.84)
Operating Grants & Contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00)
Capital Grants & Contributions	263,088.35	537,748.01	0.00	0.00	263,088.35	537,748.01	(274,659.66))
					0.00	0.00	0.00
General Revenues:							
Sales Tax	1,885,683.61	1,590,952.99	0.00	0.00	1,885,683.61	1,590,952.99	294,730.620
Use Tax	203,369.49	174,813.86	0.00	0.00	203,369.49	174,813.86	28,555.63)
Franchise Tax	127,407.79	123,087.58	0.00	0.00	127,407.79	123,087.58	4,320.21)
Other Taxes	190,086.63	172,797.75	0.00	0.00	190,086.63	172,797.75	17,288.88)
Interest Income	1,925.36	1,536.86	6,791.53	14,754.99	8,716.89	16,291.85	(7,574.96))
Donations	0.00	500.00	0.00	39,220.00	0.00	39,720.00	(39,720.00))
Oil & Gas Royalty Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00)
Impact Fee	0.00	0.00	816,000.00	752,000.00	816,000.00	752,000.00	64,000.00)
Gain on Sale of Assets	0.00	33,212.68	225,600.00	0.00	225,600.00	33,212.68	192,387.32,
Miscellaneous	0.00	0.00	3,492.00	16,454.37	3,492.00	16,454.37	(12,962.37)
Total Revenues	2,988,839.79	2,828,621.78	3,404,554.86	3,152,114.36	6,393,394.65	5,980,736.14	412,658.51)

CITY OF SAYRE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015
(UNAUDITED)

	Governmental Activities		Business-Type Activities		Totals		Amount Change
	2015	2014	2015	2014	2015	2014	
Expenses							
General Government	\$ 592,570.00	\$ 514,216.00	\$ 0.00	\$ 0.00	\$ 592,570.00	\$ 514,216.00	\$ 78,354.000
Public Safety	1,011,803.36	953,847.64	0.00	0.00	1,011,803.36	953,847.64	57,955.720
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Culture and Recreation	292,253.52	279,608.28	0.00	0.00	292,253.52	279,608.28	12,645.24)
Sanitation, Utilities and Other Services	342,822.12	286,362.45	0.00	0.00	342,822.12	286,362.45	56,459.67)
Industrial	0.00	0.00	454,187.48	333,764.39	454,187.48	333,764.39	120,423.092
Water Utilities	0.00	0.00	1,765,124.67	1,930,700.37	1,765,124.67	1,930,700.37	(165,575.70)
Airport	0.00	0.00	92,396.56	85,718.34	92,396.56	85,718.34	6,678.220
Total Expenses	2,239,449.00	2,034,034.37	2,311,708.71	2,350,183.40	4,551,157.71	4,384,217.77	166,940.24)
Excess of Revenues Over (Under) Expenses	749,390.79	794,587.41	1,092,846.15	801,930.96	1,842,236.94	1,596,518.37	522,527.80)
Other Financing Sources (Uses)							
Operating Transfers In (Out)	(381,604.88)	(637,277.32)	(1,117,635.15)	637,277.32	(1,499,240.03)	0.00	0.000
Net Other Financing Sources (Uses)	(381,604.88)	(590,213.00)	(1,117,635.15)	590,213.00	(1,499,240.03)	0.00	0.000
Change in Net Position	367,785.91	157,310.09	(24,789.00)	1,439,208.28	342,996.91	1,596,518.37	(1,253,521.46))
Net Position, Beginning of Year	4,025,960.79	3,868,650.70	13,705,728.83	12,266,520.55	17,731,689.62	16,135,171.25	1,596,518.370
Net Position, End of Year	\$ 4,393,746.70	\$ 4,025,960.79	\$ 13,680,939.83	\$ 13,705,728.83	\$ 18,074,686.53	\$ 17,731,689.62	\$ 342,996.910

Total revenues increased by \$412,658.51 compared to the prior year. This was due principally to an increase in tax activity and sales of assets. One major upside to note for revenues for the year was that the North Fork Correctional Facility impact fee revenue increased from \$752,000.00 to \$816,000.00.

The Correctional Facility has closed and therefore the city will no longer receive this fee and there will be a substantial decrease in water, sewer and garbage fees due to this closure. These decreases will call for major decreases in expenditures.

The City received several grants in 2014-2015 which included a Department of Agriculture forestry grant of \$4,473.98 for fire equipment, a REAP Grant of \$150,000.00 for asphalt street overlays.

Total expenditures increased by \$166,940.24. Governmental activities expenses increased by \$205,414.63. The decrease in overall business-type activities expenses was \$(38,474.69) and transfers to the Hospital Authority accounted for the operating transfers out.

CITY OF SAYRE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015
(UNAUDITED)

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were \$107,860.41 less than budgeted, and expenditures were \$808,376.77 less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities totaled \$3,403,564.23 and \$11,562,780.02, respectively. The City's investment in capital assets includes police and fire equipment, buildings, park facilities, roads, and water and sewer lines. The City purchased \$549,079.78 in capital assets for governmental activities and \$697,421.77 in capital assets for business-type activities during the year ended June 30, 2015. The following table shows an analysis of the capital assets at June 30, 2015:

Table 3
Capital Assets at Year-End

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Governmental Activities:					
Other Capital Assets	\$ 5,047,646.99	\$ 549,079.78	\$ 0.00)	\$ 0.00	\$ 5,596,726.77
Less: Accumulated Depreciation	2,312,384.42	252,429.12	0.00	0.00	2,564,813.54
Other Capital Assets, Net of	2,735,262.57	296,650.66	0.00	0.00	3,031,913.23
Land	371,651.00	0.00	0.00	0.00	371,651.00
Construction in Progress	0.00	0.00	0.00	0.00	0.00
Total Capital Assets at Net	<u>\$ 3,106,913.57</u>	<u>\$ 296,650.66</u>	<u>\$ 0.00)</u>	<u>\$ 0.00</u>	<u>\$ 3,403,564.23</u>
Business-Type Activities:					
Other Capital Assets	\$ 14,912,510.70	\$ 697,421.77	\$ 0.00	\$ 0.00	\$ 15,609,932.47
Less: Accumulated Depreciation	4,668,184.37	629,822.28	0.00	0.00	5,298,006.65
Other Capital Assets, Net of	10,244,326.33	67,599.49	0.00	0.00	10,311,925.82
Land	1,137,505.25	0.00	0.00	0.00	1,137,505.25

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 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2015
 (UNAUDITED)

Construction in Progress	<u>113,348.95</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>113,348.95</u>
Total Capital Assets at Net	\$ <u>11,495,180.53</u>	\$ <u>67,599.49</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>11,562,780.02</u>

This year's major capital asset additions for governmental activities included the following:

Street Paving	261,196.40
Roof	39,377.72
(2) John Deere Mowers	26,000

This year's major capital asset additions for business-type activities included the following:

50 - 3 Yard Sideload Trash Dumpsters	20,972.00
2015 Ford F250 4x4 Crew Cab	30,835.00

Debt

At June 30, 2015, the City had \$609,448.96 in outstanding notes payable compared to \$648,831.24 in the prior year.

City obligations at June 30, 2015 include notes payable to the Department of Commerce for \$140,193.27, obtained originally for landfill and water system improvements; and a note payable to the First National Bank for \$469,255.69 obtained to construct a new health department.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2015-2016 budget will present several challenges. The City departments must prepare a five year plan for improvement of equipment and infrastructure. Increased fuel and utility costs must be planned for in the 2015-2016 budget as costs continue to escalate. Due to the downsizing in the oil and gas industries and the closure of the correctional facility, the budget must prepare for decreases in tax collections, and utility revenues for 2015-2016.

A slight increase in water rates, tied to the Oklahoma Consumer Price Index, may be needed to keep revenue in line with the economic condition of the State.

A huge push has been made to provide affordable housing. Funds to ignite this area need to be provided for in the budget, as housing is the key to our growth. If companies providing hundreds of jobs are attracted, but there is no housing, workers will live in other towns and spend their paychecks in places other than Sayre.

Continued economic development efforts need to be made to bring retail businesses to Sayre and bolster our sales tax revenue. Funds and plans need to be provided to improve the recreation area of the Rotary Park and continue to improve Bonebrake Family Park.

The City through the Sayre Memorial Hospital Authority has agreed to provide assistance to the hospital to keep operations going and fund the construction of an operating room. The initial assistance in the amount of \$2,000,000.00, will be funded from 1% of excise tax collections.

With the support of the Mayor and City Council and the hard work of the City's employees, we can move the City of Sayre forward.

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 Office at 102 W. Main, Sayre, Oklahoma.

Guy Hylton, City Manager

City of Sayre, Oklahoma
Statement of Net Position
As of June 30, 2015

<u>ASSETS</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 924,077.11	\$ 2,629,602.24	\$ 3,553,679.35
Certificates of Deposit	6,300.00	660,675.87	666,975.87
Accounts Receivable, Net	47,089.68	215,384.68	262,474.36
Due from (to) Other Funds	(73,363.37)	65,187.78	(8,175.59)
Due from Other Governments	128,255.86	0.00	128,255.86
Prepaid Expenses	0.00	0.00	0.00
Restricted Cash and Cash Equivalents	0.00	16,858.73	16,858.73
Notes Receivable	0.00	24,477.84	24,477.84
Investments	0.00	887,263.00	887,263.00
Inventory	0.00	11,065.53	11,065.53
Investments in Real Estate	0.00	187,379.71	187,379.71
Capital Assets:			
Land	371,651.00	1,137,505.25	1,509,156.25
Construction in Progress	0.00	113,348.95	113,348.95
Other Capital Assets, Net of Depreciation	3,031,913.23	10,311,926.13	13,343,839.36
 Total Assets	 \$ 4,435,923.51	 \$ 16,260,675.71	 \$ 20,696,599.22
 <u>LIABILITIES</u>			
Accounts Payable and Accrued Expenses	\$ 42,176.81	\$ 171,355.92	\$ 213,532.73
Current Portion of Long-Term Debt	0.00	39,968.31	39,968.31
Long-Term Portion of Debt	0.00	2,368,411.65	2,368,411.65
 Total Liabilities	 42,176.81	 2,579,735.88	 2,621,912.69
 <u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	3,403,564.23	9,165,465.90	12,569,030.13
Restricted	209,680.65	16,858.73	226,539.38
Unrestricted	780,501.82	4,498,615.20	5,279,117.02
 Total Net Position	 4,393,746.70	 13,680,939.83	 18,074,686.53
 Total Liabilities and Net Position	 \$ 4,435,923.51	 \$ 16,260,675.71	 \$ 20,696,599.22

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
 Statement of Activities and Changes in Net Position
 For the year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 592,570.00	\$ 102,395.63	\$ 0.00	\$ 0.00	\$ (490,174.37)	\$ 0.00	\$ (490,174.37)
Public Safety	1,011,803.36	155,258.78	0.00	113,088.35	(743,456.23)	0.00	(743,456.23)
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Culture and Recreation	292,253.52	26,791.17	0.00	0.00	(265,462.35)	0.00	(265,462.35)
Sanitation, Utilities and Other Services	342,822.12	32,832.98	0.00	150,000.00	(159,989.14)	0.00	(159,989.14)
Total Governmental Activities	2,239,449.00	317,278.56	0.00	263,088.35	(1,659,082.09)	0.00	(1,659,082.09)
Business-Type Activities:							
Industrial	454,187.48	65,315.08	0.00	0.00	0.00	(388,872.40)	(388,872.40)
Water Utilities	1,765,124.67	2,271,301.84	0.00	0.00	0.00	506,177.17	506,177.17
Airport	92,396.56	16,054.41	0.00	0.00	0.00	(76,342.15)	(76,342.15)
Total Business-Type Activities	2,311,708.71	2,352,671.33	0.00	0.00	0.00	40,962.62	40,962.62
Total Activities	4,551,157.71	2,669,949.89	0.00	263,088.35	(1,659,082.09)	40,962.62	(1,618,119.47)
General Revenues:							
Taxes:							
Sales Tax					1,885,683.61	0.00	1,885,683.61
Use Tax					203,369.49	0.00	203,369.49
Franchise Tax					127,407.79	0.00	127,407.79
Other Taxes					190,086.63	0.00	190,086.63
Interest Income					1,925.36	6,791.53	8,716.89
Donations					0.00	0.00	0.00
Oil & Gas Royalty Income					0.00	0.00	0.00
Impact Fee					0.00	816,000.00	816,000.00
Miscellaneous Income					0.00	3,492.00	3,492.00
Gain on Sale of Assets					0.00	225,600.00	225,600.00
Transfers In (Out)					(381,604.88)	(1,117,635.15)	(1,499,240.03)
Total General Revenues and Transfers					2,026,868.00	(65,751.62)	1,961,116.38
Change in Net Position					367,785.91	(24,789.00)	342,996.91
Net Position - Beginning of Year					4,025,960.79	13,705,728.83	17,731,689.62
Net Position - End of Year					\$ 4,393,746.70	\$ 13,680,939.83	\$ 18,074,686.53

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
 Combined Balance Sheet
 Governmental Funds
 June 30, 2015

<u>ASSETS</u>	<u>General Fund</u>	<u>CDBG Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 689,682.87	\$ 13,171.38	\$ 221,222.86	\$ 924,077.11
Certificates of Deposit	0.00	0.00	6,300.00	6,300.00
Accounts Receivable	47,089.68	0.00	0.00	47,089.68
Prepaid Expenses	0.00	0.00	0.00	0.00
Due from Other Funds	(75,902.85)	0.00	2,539.48	(73,363.37)
Due from Other Governments	128,255.86	0.00	0.00	128,255.86
Construction in Progress	0.00	0.00	0.00	0.00
 Total Assets	 <u>\$ 789,125.56</u>	 <u>\$ 13,171.38</u>	 <u>\$ 230,062.34</u>	 <u>\$ 1,032,359.28</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 40,017.46	\$ 0.00	\$ 2,159.35	\$ 42,176.81
 Total Liabilities	 <u>40,017.46</u>	 <u>0.00</u>	 <u>2,159.35</u>	 <u>42,176.81</u>
 <u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Expenses	0.00	0.00	0.00	0.00
Restricted for:				
Street and Alley	0.00	0.00	72,193.86	72,193.86
Debt Service	0.00	0.00	319.02	319.02
911 Program	0.00	0.00	100,575.65	100,575.65
Cemetery	0.00	0.00	23,420.74	23,420.74
Grants	0.00	13,171.38	0.00	13,171.38
Committed to:				
Debt Service	0.00	0.00	0.00	0.00
Assigned to:				
Payroll Costs	0.00	0.00	4,873.68	4,873.68
Employee Health Costs	0.00	0.00	26,520.04	26,520.04
Unassigned:	749,108.10	0.00	0.00	749,108.10
 Total Fund Balances	 <u>749,108.10</u>	 <u>13,171.38</u>	 <u>227,902.99</u>	 <u>990,182.47</u>
 Total Liabilities and Fund Balances	 <u>\$ 789,125.56</u>	 <u>\$ 13,171.38</u>	 <u>\$ 230,062.34</u>	 <u>\$ 1,032,359.28</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2015

Total fund balance - total governmental funds	\$ 990,182.47
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$5,968,377.77, net of accumulated depreciation of \$(2,564,813.54), are not financial resources and therefore are not reported in the funds.	3,403,564.23
	<hr/>
Net position of governmental activities	\$ <u>4,393,746.70</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2015

	General Fund	CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Sales Tax	\$ 1,885,683.61	\$ 0.00	\$ 0.00	\$ 1,885,683.61
Franchise Tax	127,407.79	0.00	0.00	127,407.79
Alcoholic Beverage Tax	30,253.75	0.00	0.00	30,253.75
Use Tax	203,369.49	0.00	0.00	203,369.49
Cigar Tax	29,597.45	0.00	0.00	29,597.45
Fuel Tax	0.00	0.00	43,478.45	43,478.45
Grant Revenue	113,088.35	150,000.00	0.00	263,088.35
Donations	0.00	0.00	0.00	0.00
License, Fees & Permits	70,464.47	0.00	0.00	70,464.47
Park Revenue	20,678.06	0.00	0.00	20,678.06
Cemetery Revenue	4,976.25	0.00	693.75	5,670.00
Fire Dept Revenue	3,319.00	0.00	0.00	3,319.00
Library Fees, Fines	3,713.11	0.00	0.00	3,713.11
Police Fines & Court Fees	79,476.81	0.00	0.00	79,476.81
Sales of Assets	0.00	0.00	0.00	0.00
Refunds and Reimbursements	217.63	0.00	93,828.00	94,045.63
Rentals	8,350.00	0.00	0.00	8,350.00
Interest Income	1,925.36	0.00	0.00	1,925.36
Hotel/Motel Tax	86,756.98	0.00	0.00	86,756.98
Animal Control Fees	1,998.50	0.00	0.00	1,998.50
Senior Citizens Center	2,400.00	0.00	0.00	2,400.00
Miscellaneous Sales and Service	27,162.98	0.00	0.00	27,162.98
Total Revenues	2,700,839.59	150,000.00	138,000.20	2,988,839.79
<u>Expenditures:</u>				
<u>Personal Service:</u>				
City Administration	234,526.53	0.00	0.00	234,526.53
Police	608,780.78	0.00	0.00	608,780.78
Fire	74,899.57	0.00	0.00	74,899.57
City Inspector	82,386.94	0.00	0.00	82,386.94
Animal Control	38,132.40	0.00	0.00	38,132.40
Development Coordinator	0.00	0.00	0.00	0.00
Street	128,199.92	0.00	0.00	128,199.92
Park	70,486.48	0.00	0.00	70,486.48
Library	43,577.02	0.00	0.00	43,577.02
General Government	54,240.82	0.00	0.00	54,240.82
Total Personal Service	1,335,230.46	0.00	0.00	1,335,230.46

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2015

	General Fund	CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
<u>Expenditures:</u>				
<u>Maintenance and Operations:</u>				
City Administration	\$ 14,798.91	\$ 0.00	\$ 0.00	\$ 14,798.91
City Attorney	15,913.08	0.00	0.00	15,913.08
City Judge	6,000.00	0.00	0.00	6,000.00
Police	46,212.79	0.00	0.00	46,212.79
Fire	52,115.61	0.00	0.00	52,115.61
City Inspector	8,779.25	0.00	0.00	8,779.25
Animal Control	12,402.75	0.00	0.00	12,402.75
Development Coordinator	0.00	0.00	0.00	0.00
Street	162,882.77	0.00	42,963.02	205,845.79
Park	64,598.64	0.00	0.00	64,598.64
Golf Course	29,946.40	0.00	0.00	29,946.40
Library	19,843.76	0.00	0.00	19,843.76
Department of Corrections	6,110.76	0.00	0.00	6,110.76
Senior Citizens	22,027.95	0.00	0.00	22,027.95
Cemetery	1,608.95	0.00	0.00	1,608.95
Museum	0.00	0.00	0.00	0.00
General Government	102,771.37	0.00	42,813.41	145,584.78
	<u>566,012.99</u>	<u>0.00</u>	<u>85,776.43</u>	<u>651,789.42</u>
<u>Total Maintenance and Operations</u>				
<u>Capital Outlay:</u>				
City Administration	867.00	0.00	0.00	867.00
Police	2,281.04	0.00	0.00	2,281.04
Fire	15,077.63	0.00	0.00	15,077.63
City Inspector	1,279.00	0.00	0.00	1,279.00
Street	297,847.68	150,000.00	0.00	447,847.68
Park	21,367.85	0.00	0.00	21,367.85
Cemetery	20,981.86	0.00	0.00	20,981.86
Museum	39,377.72	0.00	0.00	39,377.72
	<u>399,079.78</u>	<u>150,000.00</u>	<u>0.00</u>	<u>549,079.78</u>
<u>Total Capital Outlay</u>				
<u>Total Expenditures</u>				
	<u>2,300,323.23</u>	<u>150,000.00</u>	<u>85,776.43</u>	<u>2,536,099.66</u>
<u>Excess of Revenues Over (Under) Expenditures</u>				
	<u>400,516.36</u>	<u>0.00</u>	<u>52,223.77</u>	<u>452,740.13</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	<u>(381,604.88)</u>	<u>0.00</u>	<u>0.00</u>	<u>(381,604.88)</u>
<u>Net Change in Fund Balances</u>				
	18,911.48	0.00	52,223.77	71,135.25
<u>Fund Balance, Beginning of Year</u>				
	<u>730,196.62</u>	<u>13,171.38</u>	<u>175,679.22</u>	<u>919,047.22</u>
<u>Fund Balance, End of Year</u>				
	<u>\$ 749,108.10</u>	<u>\$ 13,171.38</u>	<u>\$ 227,902.99</u>	<u>\$ 990,182.47</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities and Changes in Net Position
 For the year ended June 30, 2015

Net change in fund balances - total governmental funds	\$	71,135.25
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 as depreciation expense. This amount is the difference between capital outlays \$549,079.78, and depreciation (\$252,429.12) in the current period.</p>		
		<u>296,650.66</u>
Change in net position of governmental activities	\$	<u><u>367,785.91</u></u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2015

<u>ASSETS</u>	<u>Industrial Authority</u>	<u>Public Works Authority</u>	<u>Airport Authority</u>	<u>Total Enterprise Funds</u>
Current Assets:				
Cash and Cash Equivalents	\$ 1,172,825.39	\$ 1,379,476.72	\$ 77,300.13	\$ 2,629,602.24
Certificates of Deposit	30,808.93	629,866.94	0.00	660,675.87
Accounts Receivable, Net	0.00	215,144.68	240.00	215,384.68
Due from other Funds	365.76	64,828.10	(6.08)	65,187.78
Total Current Assets	1,204,000.08	2,289,316.44	77,534.05	3,570,850.57
Restricted Cash and Cash Equivalents	0.00	16,858.73	0.00	16,858.73
Notes Receivable	174,141.88	24,477.84	(174,141.88)	24,477.84
Investment in ALFA	0.00	887,263.00	0.00	887,263.00
Inventory	0.00	0.00	11,065.53	11,065.53
Investment in Real Estate	187,379.71	0.00	0.00	187,379.71
Capital Assets:				
Land	779,061.25	358,444.00	0.00	1,137,505.25
Construction in Progress	113,348.95	0.00	0.00	113,348.95
Other Capital Assets, Net of Depreciation	5,261,160.98	4,048,223.14	1,002,542.01	10,311,926.13
Total Non-Current Assets	6,515,092.77	5,335,266.71	839,465.66	12,689,825.14
Total Assets	\$ 7,719,092.85	\$ 7,624,583.15	\$ 916,999.71	\$ 16,260,675.71
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 28,859.77	\$ 25,813.58	\$ 6,618.03	\$ 61,291.38
Due to Other Funds	0.00	0.00	0.00	0.00
Deposits Payable	0.00	110,064.54	0.00	110,064.54
Current Portion of Long-Term Debt	19,593.27	20,375.04	0.00	39,968.31
Total Current Liabilities	48,453.04	156,253.16	6,618.03	211,324.23
Noncurrent Liabilities:				
Long-Term Debt (Net of Current Portion)	449,662.42	1,918,749.23	0.00	2,368,411.65
Total Noncurrent Liabilities	449,662.42	1,918,749.23	0.00	2,368,411.65
Total Liabilities	498,115.46	2,075,002.39	6,618.03	2,579,735.88
<u>NET POSITION</u>				
Invested in Capital Assets, Net of Related Debt	5,684,315.49	2,467,542.87	1,013,607.54	9,165,465.90
Restricted	0.00	16,858.73	0.00	16,858.73
Unrestricted	1,536,661.90	3,065,179.16	(103,225.86)	4,498,615.20
Total Net Position	7,220,977.39	5,549,580.76	910,381.68	13,680,939.83
Total Liabilities and Net Position	\$ 7,719,092.85	\$ 7,624,583.15	\$ 916,999.71	\$ 16,260,675.71

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2015

	Industrial Authority	Public Works Authority	Airport Authority	Total Enterprise Funds
Operating Revenues:				
Water Service	\$ 0.00	\$ 1,267,531.83	\$ 0.00	\$ 1,267,531.83
Sewer Service	0.00	334,822.40	0.00	334,822.40
Garbage Service	0.00	555,626.49	0.00	555,626.49
Rental Income	65,315.08	0.00	15,847.03	81,162.11
Ambulance Service	0.00	104,092.09	0.00	104,092.09
Other Income	0.00	9,229.03	207.38	9,436.41
Total Operating Revenues	65,315.08	2,271,301.84	16,054.41	2,352,671.33
Operating Expenses:				
Personal Services	62,572.72	708,068.55	0.00	770,641.27
Supplies and Repairs	170,167.23	668,378.04	15,342.87	853,888.14
Insurance Expense	14,506.50	0.00	0.00	14,506.50
Depreciation	195,555.18	357,213.41	77,053.69	629,822.28
Total Operating Expenses	442,801.63	1,733,660.00	92,396.56	2,268,858.19
Operating Income (Loss)	(377,486.55)	537,641.84	(76,342.15)	83,813.14
Non-Operating Revenues (Expenses):				
Interest Income	6,535.02	151.66	104.85	6,791.53
Impact Fee	816,000.00	0.00	0.00	816,000.00
Donations	0.00	0.00	0.00	0.00
Oil and Gas Revenue	0.00	0.00	0.00	0.00
Miscellaneous Income	3,492.00	0.00	0.00	3,492.00
Gain or (Loss) on Sale of Assets	225,600.00	0.00	0.00	225,600.00
Grant Revenue	0.00	0.00	0.00	0.00
Local Grant/Donations	9,606.99	0.00	0.00	9,606.99
Economic Development Incentive	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	(19,427.67)	0.00	(19,427.67)
Interest Expense	(20,992.84)	0.00	0.00	(20,992.84)
Landfill Closure/Postclosure	0.00	(12,037.00)	0.00	(12,037.00)
Total Non-Operating Revenues (Expenses)	1,040,241.17	(31,313.01)	104.85	1,009,033.01
Income (Loss) before Operating Transfers	662,754.62	506,328.83	(76,237.30)	1,092,846.15
Operating Transfers In (Out)	(1,117,635.15)	0.00	0.00	(1,117,635.15)
Change in Net Position	(454,880.53)	506,328.83	(76,237.30)	(24,789.00)
Net Position - Beginning of Year	7,675,857.92	5,043,251.93	986,618.98	13,705,728.83
Net Position - End of Year	\$ 7,220,977.39	\$ 5,549,580.76	\$ 910,381.68	\$ 13,680,939.83

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2015

	Industrial Authority	Public Works Authority	Airport Authority	Total Enterprise Funds
<u>Cash Flows From Operating Activities:</u>				
Cash Received From Customers	\$ 65,315.08	\$ 2,262,268.91	\$ 15,894.41	\$ 2,343,478.40
Cash Paid For Operations	(184,673.73)	(699,995.41)	(20,402.24)	(905,071.38)
Cash Paid to Employees	(62,572.72)	(708,068.55)	0.00	(770,641.27)
Net Cash Provided From Operations	<u>(181,931.37)</u>	<u>854,204.95</u>	<u>(4,507.83)</u>	<u>667,765.75</u>
<u>Cash Flows From Non-Capital Investing Activities:</u>				
Oil and Gas Revenues	0.00	0.00	0.00	0.00
Miscellaneous Income	3,492.00	0.00	0.00	3,492.00
Local Grant Allocations	9,606.99	0.00	0.00	9,606.99
Economic Development Incentives	0.00	0.00	0.00	0.00
Grant Revenue	0.00	0.00	0.00	0.00
Impact Fee	816,000.00	0.00	0.00	816,000.00
Donations	0.00	0.00	0.00	0.00
Operating Transfer In (Out)	<u>(1,117,635.15)</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,117,635.15)</u>
Net Cash Flows-Investing Activities	<u>(288,536.16)</u>	<u>0.00</u>	<u>0.00</u>	<u>(288,536.16)</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Principal paid on long-term debt	(20,672.73)	(20,375.04)	0.00	(41,047.77)
Payments of interest on long-term debt	(20,992.84)	0.00	0.00	(20,992.84)
Proceeds from Utility Deposits	0.00	10,135.00	0.00	10,135.00
Proceeds from Loans from other funds	0.00	(84,290.54)	6.07	(84,284.47)
Proceeds from sale of assets	225,600.00	0.00	0.00	225,600.00
Proceeds from Notes Receivable	0.00	6,250.08	0.00	6,250.08
Payments for Loans to other funds	0.00	(64,828.10)	(11,065.53)	(75,893.63)
Payments for Notes Receivable/landfill costs	0.00	(12,037.00)	0.00	(12,037.00)
Payments for capital assets	<u>(474,634.83)</u>	<u>(222,792.44)</u>	<u>0.00</u>	<u>(697,427.27)</u>
Net Cash Flows-Financing Activities	<u>(290,700.40)</u>	<u>(387,938.04)</u>	<u>(11,059.46)</u>	<u>(689,697.90)</u>
<u>Cash Flows from Investing Activities</u>				
Purchase of Certificates of Deposit	(38.71)	(66,169.05)	0.00	(66,207.76)
Purchase of Investment in ALFA	0.00	0.00	0.00	0.00
Interest Income	<u>6,535.02</u>	<u>151.66</u>	<u>104.85</u>	<u>6,791.53</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>6,496.31</u>	<u>(66,017.39)</u>	<u>104.85</u>	<u>(59,416.23)</u>
Net Increase (Decrease) in Cash	(754,671.62)	400,249.52	(15,462.44)	(369,884.54)
Cash at Beginning of Year	<u>1,927,497.01</u>	<u>996,085.93</u>	<u>92,762.57</u>	<u>3,016,345.51</u>
Cash at End of Year	<u>\$ 1,172,825.39</u>	<u>\$ 1,396,335.45</u>	<u>\$ 77,300.13</u>	<u>\$ 2,646,460.97</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2015

	<u>Industrial Authority</u>	<u>Public Works Authority</u>	<u>Airport Authority</u>	<u>Enterprise Fund</u>
Reconciliation of Net Income to Net Cash Provided from Operations:				
Operating Income	\$ (377,486.55)	\$ 537,641.84	\$ (76,342.15)	\$ 83,813.14
Adjustments:				
Depreciation	195,555.18	357,213.41	77,053.69	629,822.28
(Increase) Decrease in:				
Accounts Receivable	0.00	(9,032.93)	(160.00)	(9,192.93)
Increase (Decrease) in:				
Accounts Payable	<u>0.00</u>	<u>(31,617.37)</u>	<u>(5,059.37)</u>	<u>(36,676.74)</u>
Net Cash Provided From Operations	<u>\$ (181,931.37)</u>	<u>\$ 854,204.95</u>	<u>\$ (4,507.83)</u>	<u>\$ 667,765.75</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
Statement of Fiduciary Net Assets
Sayre Memorial Hospital Authority
June 30, 2015

ASSETS

Cash and Investments	\$ 1,193,472.14
Due from Other Governments	(8,913.16)
Property, Plant and Equipment, Net	<u>11,355,651.89</u>
Total Assets	<u>12,540,210.87</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:

Accrued Payables	569,247.15
Bond Premium	262,768.64
Note Payable	1,891,395.05
Bonds Payable	<u>12,890,000.00</u>
Total Liabilities	<u>15,613,410.84</u>

NET ASSETS (DEFICIT) \$ (3,073,199.97)

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
Statement of Revenues, Expenses, and
Changes in Fiduciary Net Assets
Sayre Memorial Hospital Authority
For the year ended June 30, 2015

<u>Revenues:</u>	
Sales Tax	\$ 535,491.88
Use Tax	51,571.16
Sales & Use Tax - 2nd cent	501,466.14
Hospital Payments	164,158.04
Interest	<u>1,746.58</u>
 Total Revenues	 <u>1,254,433.80</u>
 <u>Expenses:</u>	
Depreciation Expense	432,883.10
Bank administration, legal and other fees	153,372.53
Interest and Bank Fees	<u>844,417.23</u>
 Total Expenses	 <u>1,430,672.86</u>
 Excess of Revenue and Other Sources Under Expenses and Other Uses	 (176,239.06)
 Transfer to Sayre Memorial Hospital, Inc.	 (1,044,050.57)
 Net Assets-Beginning	 <u>(1,852,910.34)</u>
 Net Assets-Ending	 <u>\$ (3,073,199.97)</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. Organization and Summary of Significant Accounting Policies

Introduction

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 City of Sayre (City) complies with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Numbers 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 20, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. Financial Reporting Entity

Component Units

The City's general-purpose financial statements include the accounts of all city operations. The criteria for including organizations within the City's reporting entity, as set forth in GASB 14: "The Financial Reporting Entity" is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

Public Works Authority (PWA) - 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.

**CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Organization and Summary of Significant Accounting Policies, (Continued)

Blended Component Units, (Continued)

Airport Trust Authority - The Airport Trust Authority operates the Sayre Municipal Airport.

Industrial Trust 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.

Airport Authority - The Airport Authority operates the local airport including hangar rentals. The Airport Authority previously had its own board and had been reported as a discretely presented component unit. The City Council now serves as the governing board.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Organization and Summary of Significant Accounting Policies, (Continued)

Fund Financial Statements, (Continued)

- c) Other funds that management considers important to readers of the financial statements.

The funds of the financial reporting entity are described below:

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.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects), that are legally restricted to expenditures for special purposes.

Debt Service Fund - The Debt Service 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.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Industrial Trust Authority, Public Works Authority and Airport Authority/Trust.

Fiduciary Funds (Not included in government-wide statements)

Trust Funds - Trust funds report fiduciary resources held in trust and the receipt and disbursements of related monies. The reporting entity includes one trust fund, the Sayre Memorial Hospital Authority Fund.

Major Funds

Governmental Funds - The governmental fund types of the City that are classified as major funds in the current year financial statements are the General Fund and CDBG Grant Fund.

Proprietary Funds - The business-type funds of the City that are classified as major funds in the current year financial statements are the Industrial Authority, Public Works Authority, and Airport Authority.

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Organization and Summary of Significant Accounting Policies, (Continued)

C. Fund Balance

Beginning with fiscal year 2012, the City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are not in spendable form such as inventory and prepaid expenses, or amounts that are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for a specific purpose.

General Fund

The General Fund has an unassigned fund balance of \$749,108.10, at June 30, 2015.

D. Measurement Focus and Basis of Accounting

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

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Organization and Summary of Significant Accounting Policies, (Continued)

Measurement Focus

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

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

- a) All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b) The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

**CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Organization and Summary of Significant Accounting Policies, (Continued)

Basis of Accounting, (Continued)

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

E. Assets, Liabilities and Equity

Cash and Investments

For the purposes of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits of the City with an original maturity of three months or less. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Business-type activities report utilities as their major receivable.

Fixed Assets

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

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Prior to July 1, 2004, governmental funds infrastructure assets were not capitalized. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable.

**CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Organization and Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Equity, (Continued)

Fixed Assets, (Continued)

Government-wide Statements, (Continued)

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Infrastructure	20-50
Utility System	5-50
Furniture, Fixtures, and Equipment	5-35

Fund Financial Statements

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

Long-term Debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, capital leases obligations, and landfill closure and post-closure obligations.

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

**CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Organization and Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Equity, (Continued)

Equity Classifications

Government-wide Statements - Equity is classified as net position and displayed in three components:

- a) "Invested in capital assets, net of related debt" 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.
- b) "Restricted net assets" consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) "Unrestricted net assets" all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements - Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

2. Stewardship, Compliance and Accountability

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations.

A. Budgetary Information

The city prepares its annual operating budget under the provisions of the Municipal Budget Act. In accordance with those provisions, the following process is used to adopt the annual budget:

- a) Prior to June 1, the Mayor submits to the city council a proposed operating budget for the fiscal year commencing the following July 1.
- b) Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c) Subsequent to the public hearings, but no later than seven days prior to July 1, the budget is adopted by resolution of the city council.

**CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Stewardship, Compliance and Accountability, (Continued)

Budgetary Information, (Continued)

- d) The adopted budget is filed with the Office of Oklahoma State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is the object level by department within a fund. The Municipal Budget Act recognizes the following object categories as the minimum legal level of control department within a fund: personal services, materials and supplies, other services and charges, capital outlay, debt service and interfund transfers. All transfers of appropriations between departments and supplemental appropriations require city council approval. The Mayor may transfer appropriations between object categories within a department without city council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

3. Detail Notes on Transaction Classes and Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

A. Deposit and Investments

The City reporting entity considers all cash in bank checking accounts and certificates of deposit with an original maturity date of three months or less (including restricted assets) to be cash equivalents.

Investments of the City (excluding Public Trusts) are limited by Oklahoma Statute, Title 62, and Section 348.1 to the following:

- a) Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b) Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c) Negotiable certificates of deposits, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations. Any investments in these instruments mentioned in the previous paragraphs a. and b., where the collateral has been deposited with a trustee in an irrevocable trust or escrow account.

**CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Detail Notes on Transaction Classes and Accounts, (Continued)

Deposit and Investments, (Continued)

- d) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county municipality or school district.

Public trusts created under O.S. Title 60, are not subject to the above the noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures.

In accordance with Oklahoma Statute, title 62, Section 516.3, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at no more than market value. Acceptable collateral includes certain U.S. Government Agency Securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. The following is a summary of the City's credit risk on deposits:

Deposit Categories of Credit Risk

- (A) Insured or collateralized with securities held by the City or by its agent in the City's name.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- (C) Uncollateralized.

	<u>Category</u>			<u>Bank Balance</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	
Cash	\$ 1,057,366.76	\$ 2,496,312.59	\$ 0.00	\$ 3,553,679.35
Investments	0.00	666,975.87	0.00	666,975.87
Totals	<u>\$ 1,057,366.76</u>	<u>\$ 3,163,288.46</u>	<u>\$ 0.00</u>	<u>\$ 4,220,655.22</u>

B. Restricted Cash and Investments

Restricted Cash and Cash Equivalents include accounts that are restricted for payment of associated debt, loan covenants, and capital projects. The amounts in the restricted accounts as of June 30, 2015, totaled \$16,858.73.

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Detail Notes on Transaction Classes and Accounts, (Continued)

C. Notes Receivable

The Sayre Public Works entered into a note receivable with the Elk City Public Works Authority for a percentage of Oklahoma Department of Commerce loan funds. The funds were obtained for landfill improvements. The note is non-interest bearing and has a final maturity date of June 28, 2019. The monthly payments on this note are \$520.84

\$ 24,477.84

Total Notes Receivable

\$ 24,477.84

Interfund notes receivable and notes payables

Sayre Industrial Authority loaned \$175,000 to Sayre Airport Authority Trust at an interest rate of 3.25% payable in monthly installments of \$760.

\$ 174,141.88

D. Property and Equipment

Capital asset activity for the year ended June 30, 2015, was as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Other Capital Assets	\$ 5,047,646.99	\$ 549,079.78	\$ 0.00	\$ 0.00	\$ 5,596,726.77
Less: Accumulated Depreciation	<u>2,312,384.42</u>	<u>252,429.12</u>	<u>0.00</u>	<u>0.00</u>	<u>2,564,813.54</u>
Other Capital Assets, Net of Depreciation	2,735,262.57	296,650.66	0.00	0.00	3,031,913.23
Land	371,651.00	0.00	0.00	0.00	371,651.00
Construction in Progress	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Capital Assets at Net	\$ <u>3,106,913.57</u>	\$ <u>296,650.66</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>3,403,564.23</u>
Business-Type Activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Other Capital Assets	\$ 14,912,510.70	\$ 697,421.77	\$ 0.00	\$ 0.00	\$ 15,609,932.47
Less: Accumulated Depreciation	<u>4,668,184.37</u>	<u>629,822.28</u>	<u>0.00</u>	<u>0.00</u>	<u>5,298,006.65</u>
Other Capital Assets, Net of Depreciation	10,244,326.33	67,599.49	0.00	0.00	10,311,925.82
Land	1,137,505.25	0.00	0.00	0.00	1,137,505.25
Construction in Progress	<u>113,348.95</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>113,348.95</u>
Total Capital Assets at Net	\$ <u>11,495,180.53</u>	\$ <u>67,599.49</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>11,562,780.02</u>

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Detail Notes on Transaction Classes and Accounts, (Continued)

Depreciation Expense - Depreciation Expense was charged to the functions of the primary government as follows:

Governmental Activities:		<i>Business-Type Activities:</i>	
General Government	\$ 121,505.88	Industrial	\$ 195,555.18
Public Safety	81,982.51	Water Utilities	357,213.41
Culture and Recreation	40,164.32	Airport	77,053.69
Sanitation, Utilities & Other Services	<u>8,776.41</u>		<u>-</u>
Total	<u>\$ 252,429.12</u>	Total	<u>\$ 629,822.28</u>

E. Accounts Payable

Accounts payable are composed of payables to vendors and accrued salaries and benefits.

F. Long-Term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Business-Type Activities

As of June 30, 2015, the long-term debt payable from proprietary fund resources consisted of the following:

Notes Payable

Public Works Authority

Department of Commerce

The Sayre Public Works Authority entered into a loan with the Oklahoma Department of Commerce. The funds were obtained for landfill improvements. The loan is non-interest bearing and has a final maturity date of November 1, 2020. Principal payments of \$1,041.67 are due each month. \$ 66,693.27

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. 73,500.00

**CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Detail Notes on Transaction Classes and Accounts, (Continued)

Long-Term Debt, (Continued)

Business-Type Activities, (Continued)

Notes Payable, (Continued)

Public Works Authority, (Continued)

Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations require the City of Sayre to place a final cover on landfill sites when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure on the current landfill. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City is required to accrue a liability based on landfill capacity used as of June 30, 2015. The landfill, which is currently in use, was estimated to have used 10.0% of its capacity as of June 30, 2015. Engineering reports estimate the life of the landfill, and the total closure and post-closure costs of the cell currently being used to be \$7,324,703. 10.0% of that amount, or \$732,470 should be recorded as a liability in long-term debt. These amounts are only estimates based on current circumstances and may change due to inflation, changes in technology, or changes in regulations. Since, the City already has \$1,798,931 for this liability recorded in long-term debt, and the amount is only an estimate, the City did not adjust this account balance down to the engineer's estimate of \$732,470. The city is a member of the Association for Landfill Assurance (AFLA) that complies with financial assurance requirements.

\$1,798,931.00

Sayre Industrial Authority

First National Bank & Trust, Elk City

The Sayre Industrial Authority entered into a loan agreement with the First National Bank & Trust of Elk City for 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 payments 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.

\$ 469,255.69

Total Notes Payable

\$ 2,408,379.96

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Long-Term Debt, (Continued)

Business-Type Activities, (Continued)

Notes Payable, (Continued)

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

Current Portion of Long-Term Debt	\$ 39,968.31
Long-Term Portion of Debt	<u>2,368,411.65</u>
Total Notes Payable	<u>\$ 2,408,379.96</u>

Noncommitment Debt

Sayre Memorial Hospital Authority

First National Bank & Trust, Elk City

The City of Sayre, and the Sayre Memorial Hospital Authority entered into an agreement with First National Bank & Trust, Elk City, for a \$2,000,000.00 loan for operating capital and funding of the construction of a surgical center at the hospital. The loan payments will be funded by 1% of the city's excise tax and secondarily by the impact fees collected by the City. The term of the loan is 15 years at an interest rate of 5% with payments beginning on June 1, 2015 at \$15,819.25 per month. \$ 1,891,395.05

UMB

The Sayre Memorial Hospital Authority entered into a bond agreement with UMB in the amount of \$14,000,000 to finance the construction of a hospital. This loan is secured with a 1% sales tax on the gross receipts derived from all sales within the City approved by the citizens of Sayre during the year ended June 30, 2008. The bond bears interest at 5.35% on the first \$2,240,000 and 6.00% on the remaining \$11,760,000 and is payable in annual installments ranging from \$200,000-\$965,000 plus accrued interest each year until the bond matures during 2037. \$12,890,000.00

**CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Detail Notes on Transaction Classes and Accounts, (Continued)

Long-Term Debt, (Continued)

Changes in Long-Term Debt

Below is a summary of the changes in long-term debt for the year ended June 30, 2015:

<u>Business-Type Activities:</u>	<u>Balance 6-30-14</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance 6-30-15</u>	<u>Balance Due Within One Year</u>
Department of Commerce	\$ 79,193.31	\$ 0.00	\$ 12,500.04	\$ 66,693.27	\$ 12,500.04
Department of Commerce	81,375.00	0.00	7,875.00	73,500.00	7,875.00
Landfill Obligation	1,750,152.00	48,779.00	0.00	1,798,931.00	0.00
First National Bank & Trust	488,262.93	0.00	19,007.24	469,255.69	19,593.27
	<u>\$ 2,398,983.24</u>	<u>\$ 48,779.00</u>	<u>\$ 39,382.28</u>	<u>\$ 2,408,379.96</u>	<u>\$ 39,968.31</u>

Annual Debt Service

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding non-commitment debt, as of June 30, 2015, is as follows:

Business-Type Activities Notes Payable

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 39,968.31	\$ 20,406.81	\$ 60,375.12
2017	40,858.21	19,516.91	60,375.12
2018	41,788.53	18,586.59	60,375.12
2019	42,650.83	17,724.29	60,375.12
2020	42,650.83	17,724.29	60,375.12
Thereafter	<u>2,200,463.25</u>	<u>101,988.77</u>	<u>2,302,452.02</u>
Totals	<u>\$ 2,408,379.96</u>	<u>\$ 195,947.66</u>	<u>\$ 2,604,327.62</u>

Interest expense charged as a direct program expense in the statement of changes in net position was as follows:

Sayre Industrial Authority \$ 20,992.84

CITY OF SAYRE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Detail Notes on Transaction Classes and Accounts, (Continued)

G. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, employees' health and life, and natural disasters. The City manages these various risks of loss through the purchase of commercial insurance. The City purchases commercial insurance to satisfy liabilities under Worker's Compensation claims, property damage, and liability claims up to the limits set by the Oklahoma Governmental Tort Claim Act. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4. Other Notes

Contingencies

Federal Grants - In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Landfill Closure and Post Closure Care Cost - See note 3(F).

Retirement Plans

The City's police officers and firefighters participate in the Oklahoma State Police Pension and Retirement System and the Fireman's Pension and Retirement System respectively. The systems are funded by contributions from employers, employees, and the state.

The City sponsors a deferred compensation plan for eligible employees. Employees may designate a certain portion of their salary to be deferred under Internal Revenue Code Section 457. The City also contributes amounts to this plan for each eligible employee.

Subsequent Events

Management has evaluated subsequent events through December 15, 2015, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

City of Sayre, Oklahoma
 General Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Budgetary Basis)
 For the Year Ended June 30, 2015

<u>Revenues</u>	Budget	Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
Sales Tax	\$ 1,980,000.00	\$ 1,885,683.61	\$ (94,316.39)
Franchise Tax	125,000.00	127,407.79	2,407.79
Alcoholic Beverage Tax	25,000.00	30,253.75	5,253.75
Use Tax	170,000.00	203,369.49	33,369.49
Cigar Tax	25,000.00	29,597.45	4,597.45
Fuel Tax	0.00	0.00	0.00
Grant Revenue	50,000.00	113,088.35	63,088.35
Donations	0.00	0.00	0.00
Licenses, Fees & Permits	13,000.00	70,464.47	57,464.47
Park Revenue	18,000.00	20,678.06	2,678.06
Cemetery Revenues	2,800.00	4,976.25	2,176.25
Fire Dept Revenues	5,000.00	3,319.00	(1,681.00)
Library Fines	4,000.00	3,713.11	(286.89)
Police Fines & Court Fees	40,000.00	79,476.81	39,476.81
Sales of Assets	0.00	0.00	0.00
Refunds and Reimbursements	0.00	217.63	217.63
Rentals	6,500.00	8,350.00	1,850.00
Interest Income	0.00	1,925.36	1,925.36
Hotel/Motel Tax	0.00	86,756.98	86,756.98
Animal Control Fees	500.00	1,998.50	1,498.50
Community Center Fees	2,400.00	2,400.00	0.00
Miscellaneous Sales and Service	341,500.00	27,162.98	(314,337.02)
Total Revenues	<u>2,808,700.00</u>	<u>2,700,839.59</u>	<u>(107,860.41)</u>
 <u>Expenditures</u>			
City Administration:			
Personal Services	0.00	234,526.53	0.00
Maintenance & Operations	0.00	14,798.91	0.00
Capital Outlay	0.00	867.00	0.00
	<u>264,500.00</u>	<u>250,192.44</u>	<u>14,307.56</u>
City Attorney			
Personal Services	0.00	0.00	0.00
Maintenance & Operations	0.00	15,913.08	0.00
Capital Outlay	0.00	0.00	0.00
	<u>40,000.00</u>	<u>15,913.08</u>	<u>24,086.92</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
 Budgetary Comparison Schedule - Cash Basis
 General Fund, (Continued)
 For the Year Ended June 30, 2015

<u>Expenditures, (Continued)</u>	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
City Judge		6,000.00	
Maintenance & Operations	6,500.00	6,000.00	500.00
Police Department			
Personal Services	\$ 0.00	\$ 608,780.78	\$ 0.00
Maintenance & Operations	0.00	46,212.79	0.00
Capital Outlay	0.00	2,281.04	0.00
	<u>735,000.00</u>	<u>657,274.61</u>	<u>77,725.39</u>
Fire Department			
Personal Services	0.00	74,899.57	0.00
Maintenance & Operations	0.00	52,115.61	0.00
Capital Outlay	0.00	15,077.63	0.00
	<u>142,000.00</u>	<u>142,092.81</u>	<u>(92.81)</u>
City Inspector			
Personal Services	0.00	82,386.94	0.00
Maintenance & Operations	0.00	8,779.25	0.00
Capital Outlay	0.00	1,279.00	1,279.00
	<u>72,500.00</u>	<u>92,445.19</u>	<u>(19,945.19)</u>
Animal Control Officer			
Personal Services	0.00	38,132.40	0.00
Maintenance & Operations	0.00	12,402.75	0.00
Capital Outlay	0.00	0.00	0.00
	<u>74,000.00</u>	<u>50,535.15</u>	<u>23,464.85</u>
Street			
Personal Services	0.00	128,199.92	0.00
Maintenance & Operations	0.00	162,882.77	0.00
Capital Outlay	0.00	297,847.68	0.00
	<u>586,000.00</u>	<u>588,930.37</u>	<u>(2,930.37)</u>
Park			
Personal Services	0.00	70,486.48	0.00
Maintenance & Operations	0.00	64,598.64	0.00
Capital Outlay	0.00	21,367.85	0.00
	<u>252,000.00</u>	<u>156,452.97</u>	<u>95,547.03</u>
Golf Course			
Maintenance & Operations	0.00	29,946.40	0.00
	<u>30,000.00</u>	<u>29,946.40</u>	<u>(53.60)</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
 Budgetary Comparison Schedule - Cash Basis
 General Fund, (Continued)
 For the Year Ended June 30, 2015

<u>Expenditures, (Continued)</u>	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Library:			
Personal Services	\$ 0.00	\$ 43,577.02	\$ 0.00
Maintenance & Operations	0.00	19,843.76	0.00
Capital Outlay	0.00	20,981.86	0.00
	<u>81,500.00</u>	<u>84,402.64</u>	<u>(2,902.64)</u>
Department of Corrections			
Maintenance & Operations	0.00	6,110.76	0.00
	<u>6,500.00</u>	<u>6,110.76</u>	<u>389.24</u>
Senior Citizens			
Maintenance & Operations	0.00	22,027.95	0.00
	<u>7,200.00</u>	<u>22,027.95</u>	<u>(14,827.95)</u>
Cemetery			
Maintenance & Operations	0.00	1,608.95	0.00
	<u>22,000.00</u>	<u>1,608.95</u>	<u>20,391.05</u>
Museum			
Maintenance & Operations	0.00	0.00	0.00
	<u>26,000.00</u>	<u>0.00</u>	<u>26,000.00</u>
General Government			
Personal Services	0.00	54,240.82	0.00
Maintenance & Operations	0.00	102,771.37	0.00
Capital Outlay	0.00	39,377.72	0.00
	<u>763,000.00</u>	<u>196,389.91</u>	<u>566,610.09</u>
Total Expenditures	<u>3,108,700.00</u>	<u>2,300,323.23</u>	<u>808,376.77</u>
Excess Revenues Over (Under) Expenditures	<u>(300,000.00)</u>	<u>400,516.36</u>	<u>700,516.36</u>
<u>Other Financing Sources (Uses)</u>			
Net Transfers In (Out)	<u>300,000.00</u>	<u>(381,604.88)</u>	<u>681,604.88</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	0.00	18,911.48	18,911.48
Fund Balance, Beginning	<u>730,196.62</u>	<u>730,196.62</u>	<u>0.00</u>
Fund Balance, Ending	<u>\$ 730,196.62</u>	<u>\$ 749,108.10</u>	<u>\$ 18,911.48</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue					Total Nonmajor Governmental Funds
	Street and Alley	Sinking Fund	911 Fund	Cemetery Fund	Payroll Fund	
ASSETS						
Cash and Cash Equivalents	\$ 69,654.38	\$ 319.02	\$ 100,575.65	\$ 17,120.74	\$ 4,873.68	\$ 221,222.86
Certificates of Deposit	0.00	0.00	0.00	6,300.00	0.00	6,300.00
Accounts Receivable, Net	0.00	0.00	0.00	0.00	0.00	0.00
Due from Other Funds	2,539.48	0.00	0.00	0.00	0.00	2,539.48
Due from Other Governments	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Capital Assets:	0.00	0.00	0.00	0.00	0.00	0.00
Land and Construction in Progress	0.00	0.00	0.00	0.00	0.00	0.00
Other Capital Assets, Net of Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets	\$ 72,193.86	\$ 319.02	\$ 100,575.65	\$ 23,420.74	\$ 4,873.68	\$ 230,062.34
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,159.35
	0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00	0.00	0.00	2,159.35
FUND BALANCES:						
Nonspendable:						
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for:						
Street and Alley	72,193.86	0.00	0.00	0.00	0.00	72,193.86
Debt Service	0.00	319.02	0.00	0.00	0.00	319.02
911 Program	0.00	0.00	100,575.65	0.00	0.00	100,575.65
Cemetery	0.00	0.00	0.00	23,420.74	0.00	23,420.74
Grants	0.00	0.00	0.00	0.00	0.00	0.00
Assigned to:						
Payroll Costs	0.00	0.00	0.00	0.00	4,873.68	4,873.68
Employee Health Costs	0.00	0.00	0.00	0.00	0.00	26,520.04
Total Fund Balances	72,193.86	319.02	100,575.65	23,420.74	4,873.68	227,902.99
Total Liabilities and Fund Balances	\$ 72,193.86	\$ 319.02	\$ 100,575.65	\$ 23,420.74	\$ 4,873.68	\$ 230,062.34

City of Sayre, Oklahoma
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the year ended June 30, 2015

	Special Revenue					Total Nonmajor Governmental Funds
	Street and Alley	Sinking Fund	911 Fund	Cemetery Fund	Payroll Fund	
REVENUES:						
Sales Tax	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Use Tax	0.00	0.00	0.00	0.00	0.00	0.00
Fuel Tax	43,478.45	0.00	0.00	0.00	0.00	43,478.45
Grant Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Donations	0.00	0.00	0.00	0.00	0.00	0.00
License, Fees & Permits	0.00	0.00	0.00	0.00	0.00	0.00
Cemetery Revenue	0.00	0.00	0.00	693.75	0.00	693.75
Sales of Assets	0.00	0.00	45,828.00	0.00	0.00	0.00
Refunds and Reimbursements	0.00	0.00	0.00	0.00	0.00	48,000.00
Interest Income	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Sales and Service	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Revenues	43,478.45	0.00	45,828.00	693.75	0.00	138,000.20
EXPENDITURES:						
Personal Service:						
City Administration	0.00	0.00	0.00	0.00	0.00	0.00
Police	0.00	0.00	0.00	0.00	0.00	0.00
Fire	0.00	0.00	0.00	0.00	0.00	0.00
City Inspector	0.00	0.00	0.00	0.00	0.00	0.00
Animal Control	0.00	0.00	0.00	0.00	0.00	0.00
Street	0.00	0.00	0.00	0.00	0.00	0.00
Park	0.00	0.00	0.00	0.00	0.00	0.00
Library	0.00	0.00	0.00	0.00	0.00	0.00
General Government	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance and Operations:						
City Administration	0.00	0.00	0.00	0.00	0.00	0.00
Police	0.00	0.00	0.00	0.00	0.00	0.00
Fire	0.00	0.00	0.00	0.00	0.00	0.00
City Inspector	0.00	0.00	0.00	0.00	0.00	0.00
Animal Control	0.00	0.00	0.00	0.00	0.00	0.00
Street	42,963.02	0.00	0.00	0.00	0.00	42,963.02
Park	0.00	0.00	0.00	0.00	0.00	0.00
Library	0.00	0.00	0.00	0.00	0.00	0.00
Senior Citizens	0.00	0.00	0.00	0.00	0.00	0.00
Cemetery	0.00	0.00	0.00	0.00	0.00	0.00
General Government	0.00	0.00	0.00	0.00	0.00	0.00
Capital Outlay	0.00	0.00	0.00	0.00	0.00	42,813.41
General Government	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditures	42,963.02	0.00	0.00	0.00	0.00	85,776.43
Excess Revenue Over (Under) Expenditures	515.43	0.00	45,828.00	693.75	0.00	52,223.77
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	0.00	0.00	0.00	0.00	0.00	0.00
Operating Transfers Out	0.00	0.00	0.00	0.00	0.00	0.00
Reduction of Long-Term Debt	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Financing Sources (Uses)	0.00	0.00	0.00	0.00	0.00	0.00
Excess of Revenues and Other Sources over Expenditures and Other Uses	515.43	0.00	45,828.00	693.75	0.00	52,223.77
Fund Balance, Beginning of Year	71,678.43	319.02	54,747.65	22,726.99	4,873.68	175,679.22
Fund Balance, End of Year	\$ 72,193.86	\$ 319.02	\$ 100,575.65	\$ 23,420.74	\$ 4,873.68	\$ 227,902.99



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and City Council
City of Sayre, Oklahoma

We have audited, in accordance with 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, 2015, 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 15, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 15, 2015