

**CITY OF FAIRVIEW, OKLAHOMA  
FAIRVIEW, OKLAHOMA**

**FINANCIAL STATEMENTS AND  
AUDITOR'S REPORTS**

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

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**CITY OF FAIRVIEW, OKLAHOMA**  
**YEAR ENDED JUNE 30, 2022**  
**LIST OF PRINCIPAL OFFICIALS**

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MAYOR  
Dana Baldwin

COUNCIL MEMBERS  
Stan Hargrove  
Shane Bode  
Troy Hubbard, Vice Mayor

CITY MANAGER  
Chris Gdanski

CITY CLERK  
Melinda Gould

CITY TREASURER  
Melinda Gould

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Fairview, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fairview, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Fairview, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fairview, Oklahoma, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Fairview Municipal Hospital Authority, which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fairview Municipal Hospital Authority, is based solely on the report of the other auditors. We did not audit the financial statements of the Fairview Industrial Development Authority, which represent 0 percent, 0 percent, and 0 percent, respectively, of the assets, net position, and revenues of the component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were excluded due to inactivity for the year ended June 30, 2022.

#### ***Basis for Opinions***

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension schedules on pages 4–10, 34–35 and 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairview, Oklahoma's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023, on our consideration of the City of Fairview, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Fairview, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fairview, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Jana A. Walker, CPA, PLLC". The signature is stylized with a large, flowing 'J' and 'A'.

Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
March 21, 2023

Our discussion and analysis of the City of Fairview's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2022, the City's total net position, excluding discretely presented component units, was \$18,419,127, which was an increase of \$416,781 or 2% over prior year's balance of \$18,002,346.
- During the year, City's expenses for governmental activities amounted to \$2,683,306 and were funded by program revenues of \$672,772 and further funded programs with taxes and other general revenues and transfers that totaled \$1,415,720.
- At June 30, 2022, governmental funds reported an unassigned fund balance of \$368,753, which can be used to pay for the ongoing operations of the City.
- For budgetary reporting purposes, the General Fund reported actual revenues above final estimates of revenues by \$269,199 or 25%, while expenditures were under the final appropriations by \$309,561 or 14%.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Fairview (the "City") and its component unit using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are government-wide statements for each of two categories of activities- governmental and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

### **Reporting the City as a Whole**

#### The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" 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. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets and liabilities- as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady.

However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, 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 the police, fire, general administration, streets, and parks. Sales 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 cover all or most of the cost of certain services it provides. The City's electric, water, wastewater, and sanitation 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, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

*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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

*Proprietary funds*- When the City charges customers for the services it provides- whether to outside customers or to other units of the City- 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 Revenues, Expenses, and Changes in Fund Net Position. In fact, the City's enterprise funds are essentially 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. Discretely presented component units are reported as a proprietary fund.

## A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### Net Position

The City's combined net position, excluding component units, was \$18,419,127 at June 30, 2022. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$4.6 million and \$13.8 million, respectively.

	Governmental Activities		Business-Type Activities		Total		Change	
	2022	2021	2022	2021	2022	2021	\$	%
Current assets	\$ 2,425,551	\$ 1,085,999	\$ 7,713,069	\$ 9,028,750	\$ 10,138,620	\$ 10,114,749	\$ 23,871	0%
Capital assets, net	2,423,481	2,637,760	12,108,086	12,017,015	14,531,567	14,654,775	(123,208)	-1%
<b>Total assets</b>	<b>4,849,032</b>	<b>3,723,759</b>	<b>19,821,155</b>	<b>21,045,765</b>	<b>24,670,187</b>	<b>24,769,524</b>	<b>(99,337)</b>	<b>0%</b>
Deferred outflow of resources	60,021	47,938	-	-	60,021	47,938	12,083	25%
Current liabilities	38,501	53,239	919,887	1,044,515	958,388	1,097,754	(139,366)	-13%
Non-current liabilities	108,878	189,697	5,142,228	5,511,275	5,251,106	5,700,972	(449,866)	-8%
<b>Total liabilities</b>	<b>147,379</b>	<b>242,936</b>	<b>6,062,115</b>	<b>6,555,790</b>	<b>6,209,494</b>	<b>6,798,726</b>	<b>(589,232)</b>	<b>-9%</b>
Deferred inflow of resources	101,587	16,390	-	-	101,587	16,390	85,197	520%
Net position								
Net inv't in capital assets	2,423,481	2,637,760	6,594,811	6,141,672	9,018,292	8,779,432	238,860	3%
Restricted	184,499	106,827	4,435,877	4,795,006	4,620,376	4,901,833	(281,457)	-6%
Unrestricted	2,052,107	767,784	2,728,352	3,553,297	4,780,459	4,321,081	459,378	11%
<b>Total net position</b>	<b>\$ 4,660,087</b>	<b>\$ 3,512,371</b>	<b>\$ 13,759,040</b>	<b>\$ 14,489,975</b>	<b>\$ 18,419,127</b>	<b>\$ 18,002,346</b>	<b>\$ 416,781</b>	<b>2%</b>



CITY OF FAIRVIEW, OKLAHOMA  
MANAGEMENT DISCUSSION & ANALYSIS  
JUNE 30, 2022

Total assets remained consistent with prior year, noting a decrease of \$100 thousand or 0%. The decrease is attributable to depreciation of existing assets greater than additions of capital assets in the current year.

Total liabilities decreased \$589 thousand or 9%. The decrease in liabilities is due to scheduled payments on outstanding debt held by the City coupled with a decrease in the City's fire pension liability.

Changes in Net Position

For the year ended June 30, 2022, net position of the primary government changed as follows:

	Governmental Activities		Business-type Activities		Total		Change	
	2022	2021	2022	2021	2022	2021	\$	%
<b>Revenues</b>								
Program revenues	\$ 672,772	\$ 563,739	\$ 5,636,212	\$ 5,094,716	\$ 6,308,984	\$ 5,658,455	\$ 650,529	11%
Taxes and other general revenues	1,415,720	1,236,267	552,423	800,448	1,968,143	2,036,715	(68,572)	-3%
<b>Total revenues</b>	<b>2,088,492</b>	<b>1,800,006</b>	<b>6,188,635</b>	<b>5,895,164</b>	<b>8,277,127</b>	<b>7,695,170</b>	<b>581,957</b>	<b>8%</b>
<b>Expenses</b>								
General government	403,227	512,125	-	-	403,227	512,125	(108,898)	-21%
Public safety and judiciary	1,028,347	1,031,318	-	-	1,028,347	1,031,318	(2,971)	0%
Transportation	277,061	244,870	-	-	277,061	244,870	32,191	13%
Cultural, parks, and recreation	974,671	539,264	-	-	974,671	539,264	435,407	81%
Economic development	-	-	99,796	73,678	99,796	73,678	26,118	35%
Golf Course	-	-	-	350,783	0	350,783	(350,783)	-100%
Electric	-	-	3,093,389	2,935,258	3,093,389	2,935,258	158,131	5%
Water	-	-	332,088	313,761	332,088	313,761	18,327	6%
Sewer	-	-	232,394	266,595	232,394	266,595	(34,201)	-13%
Sanitation	-	-	426,763	499,680	426,763	499,680	(72,917)	-15%
Airport	-	-	226,772	212,780	226,772	212,780	13,992	7%
Customer service	-	-	765,838	1,004,223	765,838	1,004,223	(238,385)	-24%
<b>Total expenses</b>	<b>2,683,306</b>	<b>2,327,577</b>	<b>5,177,040</b>	<b>5,656,758</b>	<b>7,860,346</b>	<b>7,984,335</b>	<b>(123,989)</b>	<b>-2%</b>
Excess (deficiency) before transfers	\$ (594,814)	\$ (527,571)	\$ 1,011,595	\$ 238,406	\$ 416,781	\$ (289,165)	\$ 705,946	-244%
Transfers	1,742,530	634,228	(1,742,530)	(634,228)	-	-	-	0%
<b>Increase (decrease) in net position</b>	<b>\$ 1,147,716</b>	<b>\$ 106,657</b>	<b>\$ (730,935)</b>	<b>\$ (395,822)</b>	<b>\$ 416,781</b>	<b>\$ (289,165)</b>	<b>\$ 705,946</b>	<b>-244%</b>

Total revenues increased \$581 thousand dollars or 8% due to an increase in program revenues related to customer utilities. Due to demand, the City's utility revenues increased over 10% when compared to prior year.

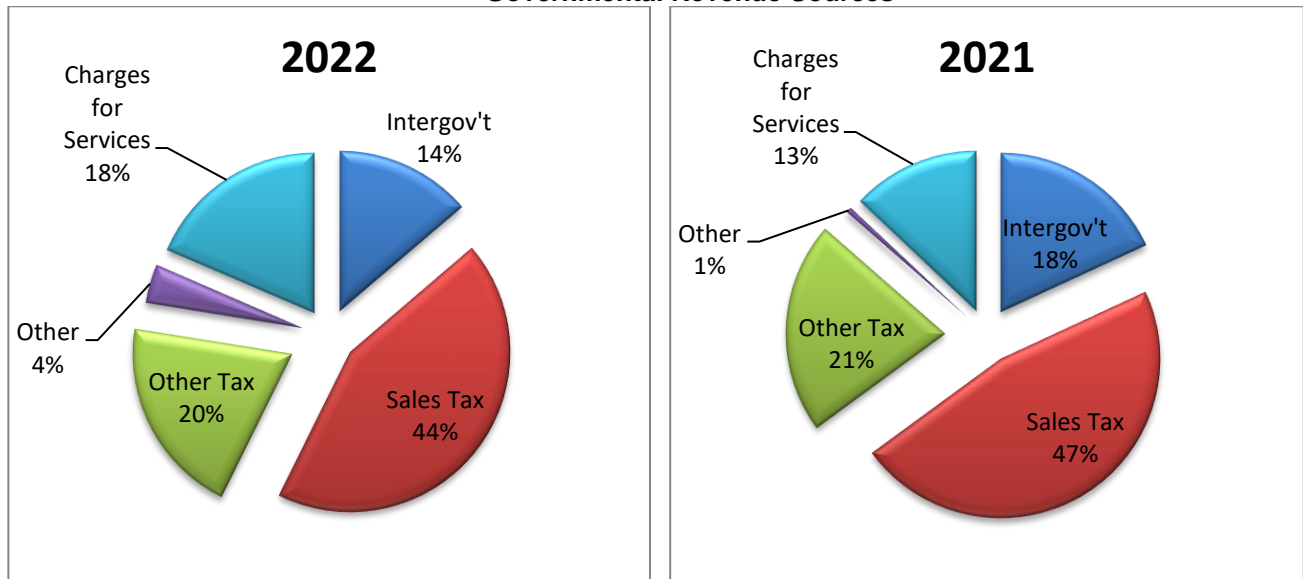
Operating expenses remained consistent between years, noting a decrease of 2%, or \$124 thousand. Golf course operations were moved from business-type activities to a governmental special revenue fund during the fiscal year. The prior year reported expenses of \$350,783 which are now included under Cultural, parks, and recreation in governmental activities.

## 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 or contributions. All other governmental revenues are reported as general.

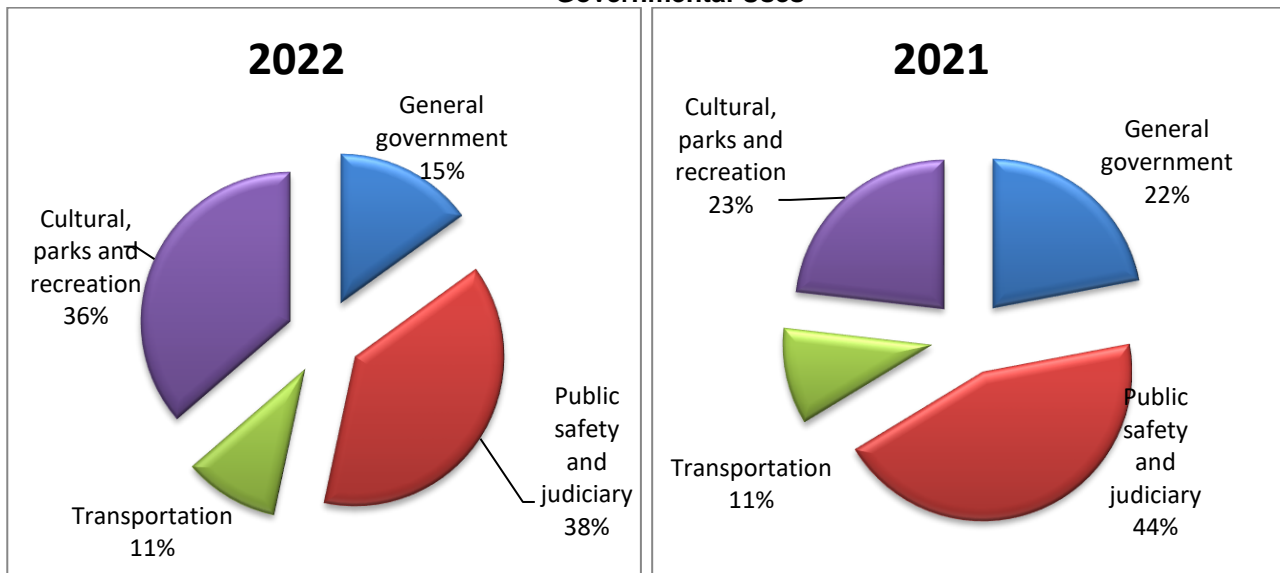
For the year ended June 30, 2022, the City's governmental activities were funded as follows:

### Governmental Revenue Sources



Sales tax provided the largest source of funding for governmental activities at 44% in the current year, compared to 47% in the prior year. Other taxes, including use tax, alcohol beverage tax, and franchise taxes contributed 20% of the funding for the fiscal year. Intergovernmental revenues include grants and contributions from external governmental agencies. The current fiscal year included \$286 thousand dollars in grant revenues including the CARES federal funding.

### Governmental Uses

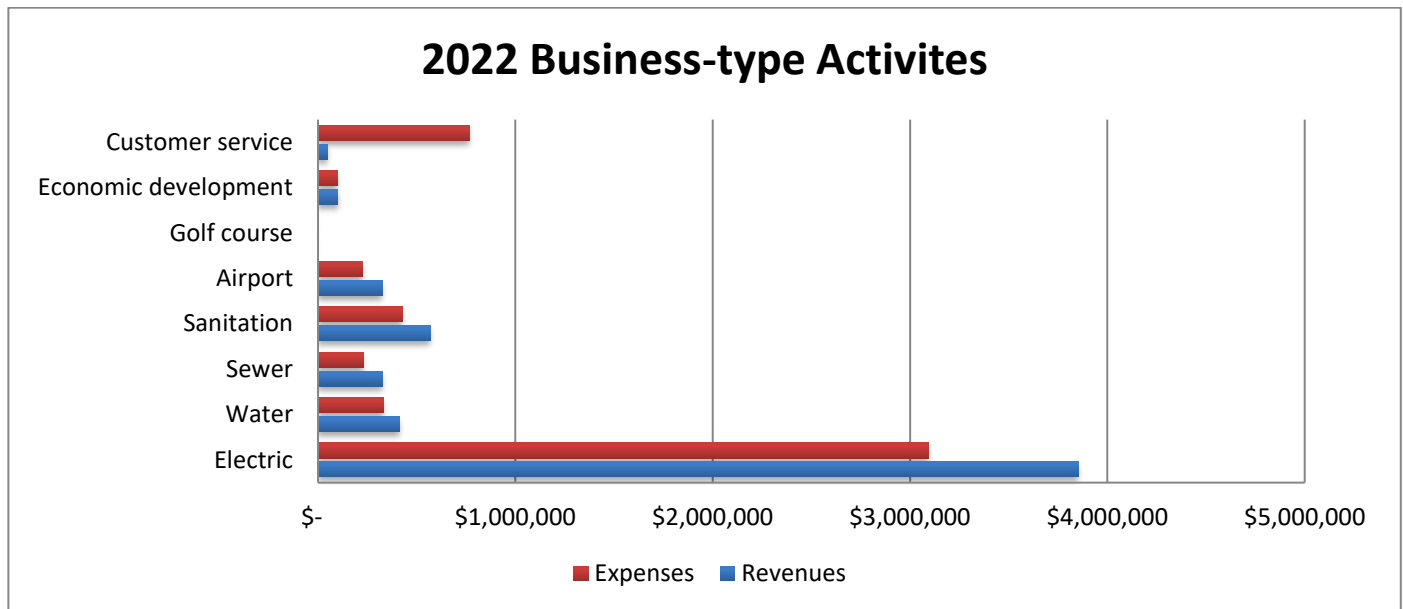


For the year ended June 30, 2022, total expenses for governmental activities were \$2,683,306, compared to \$2,327,577 in prior year. Public safety and judiciary was the largest expense at 38%, over \$1 million dollars, of governmental operating costs, which was consistent with prior year at 44%. Cultural, parks and recreation followed as the next largest expense at 36% or \$975 thousand. The increase in cultural, parks, and recreation is due to the reclassification of the golf course from business-type activities to governmental activities.

#### Business-type Activities

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported net operating income of \$459 thousand, before transfers and miscellaneous income, for the year ended June 30, 2022.
- Electric, water, sewer, sanitation, airport, and economic development reported net revenue for the year ended June 30, 2022, as detailed below. Customer service is not expected to cover the cost operations for that department.



#### **A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$2.4 million or 131% increase from the prior year at \$1 million dollars. The City funded capital assets from the Sales Tax 2012 fund during the fiscal year totaling over \$194 thousand. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues. It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated, and capital assets are reported.

#### General Fund Budgetary Highlights

The General Fund budget for the fiscal year 2022 was \$2.05 million dollars compared to \$1.917 million dollars in prior year. Total expenditures for the City were \$1.932 million, which is \$310 thousand less than the amended budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2022, the City had \$2,908,158 net investment in capital assets, including vehicles and equipment for police and fire operations, park facilities, and street activities in governmental activities and electric lines, water lines and sewer lines in business-type activities.

Note the City's discretely presented component unit is excluded from the table below.

#### Primary Government Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land and construction in process	125,500	275,805	812,238	826,914	937,738	1,102,719
Buildings	497,510	583,293	2,016,626	2,117,052	2,514,136	2,700,345
Other improvements	1,357,912	1,307,872	-	-	1,357,912	1,307,872
Machinery & equipment	442,559	451,117	974,140	561,128	1,416,699	1,012,245
Utility property & improvements	-	-	4,018,238	4,289,198	4,018,238	4,289,198
Airport infrastructure	-	-	4,286,844	4,222,721	4,286,844	4,222,721
<b>Totals</b>	<b>\$ 2,423,481</b>	<b>\$ 2,618,087</b>	<b>\$ 12,108,086</b>	<b>\$ 12,017,013</b>	<b>\$ 14,531,567</b>	<b>\$ 14,635,100</b>

This year's more significant capital asset additions included:

- Airport runway rehab
- Kenworth 370 rear loader trash truck
- Clubhouse equipment and improvements
- City-wide camera system

### Long-Term Debt

Changes in long-term debt by type of debt are as follows: Note the City's discretely presented component unit is excluded from the table below.

#### Primary Government Long-Term Debt

	Governmental Activities		Business-type Activities	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue bonds	\$ -	\$ -	\$ 4,457,000	\$ 4,725,000
Notes payable	-	-	1,056,275	1,150,343
Pension liability	108,878	189,697	-	-
subtotal	108,878	189,697	5,513,275	5,875,343
less current portion	-	-	371,047	(364,068)
<b>Total long term debt</b>	<b>\$ 108,878</b>	<b>\$ 189,697</b>	<b>\$ 5,884,322</b>	<b>\$ 5,511,275</b>

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

According to the Oklahoma State University, Spears School of Business, Economic Outlook 2022 Summer Update "The state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by massive fiscal and monetary stimulus, state and national employment are just now returning to pre-pandemic levels. Yet, although the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year as well as providing a strong foot forward in the future of this community.

### Next Year Budget

Management is committed to provide a consistent level of service to citizens while improving the infrastructure and recreation opportunities of the community within the current constraints.

## **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 City Hall at 123 South Sixth Avenue, Fairview, OK 73737 or 580-227-4416.

**City of Fairview, Oklahoma**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities	Business-type Activities	Total	Discrete Component Unit Fairview Municipal Hospital Authority
<b>ASSETS</b>				
Current Assets:				
Cash, including time deposits	\$ 1,569,848	\$ 2,031,960	\$ 3,601,808	\$ 157,276
Investments	-	216,712	216,712	740,823
Receivable from other governments	140,934	-	140,934	69,583
Accounts receivable (net)	48,650	510,297	558,947	688,295
Prepaid assets	30,708	30,708	61,416	28,902
Supplies	-	-	-	170,716
Total current assets	1,790,140	2,789,677	4,579,817	1,855,595
Restricted assets:				
Cash	635,411	4,748,392	5,383,803	79,436
Investments	-	175,000	175,000	770,717
Total restricted assets	635,411	4,923,392	5,558,803	850,153
Noncurrent Assets:				
Other assets	-	-	-	240,926
Land and construction in progress	275,805	949,231	1,225,036	330,266
Other capital assets (net of accumulated depreciation)	2,147,676	11,158,855	13,306,531	3,168,543
Total noncurrent assets	2,423,481	12,108,086	14,531,567	3,739,735
Total assets	\$ 4,849,032	\$ 19,821,155	\$ 24,670,187	\$ 6,445,483
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred charges on pension obligations	60,021	-	60,021	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 116,776	\$ 76,517	\$ 193,293	\$ 399,400
Payroll liabilities	41,428	45,189	86,617	196,574
Compensated absences, current	14,775	22,445	37,220	321,556
Due to other funds	(134,478)	134,478	-	-
Other accrued liabilities	-	56,696	56,696	770,717
Notes payable, current	-	97,047	97,047	699,676
Total current liabilities	38,501	432,372	470,873	2,387,923
Liabilities payable from restricted assets:				
Customer deposits payable	-	213,515	213,515	-
Bonds payable, current	-	274,000	274,000	-
Total liabilities payable from restricted assets	-	487,515	487,515	-
Noncurrent liabilities:				
Pension liability	108,878	-	108,878	-
Notes payable, non-current	-	959,228	959,228	429,005
Bonds payable, non-current	-	4,183,000	4,183,000	-
Total noncurrent liabilities	108,878	5,142,228	5,251,106	429,005
Total liabilities	147,379	6,062,115	6,209,494	2,816,928
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred charges on pension obligations	101,587	-	101,587	-
<b>NET POSITION</b>				
Net investment in capital assets	2,423,481	6,594,811	9,018,292	2,908,158
Restricted	184,499	4,435,877	4,620,376	316,170
Unrestricted	2,052,107	2,728,352	4,780,459	404,227
Total net position	\$ 4,660,087	\$ 13,759,040	\$ 18,419,127	\$ 3,628,555

**City of Fairview, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 403,227	\$ 22,582	\$ 235,781	\$ -	\$ (144,864)
Total general government	403,227	22,582	235,781	-	(144,864)
Public safety and judiciary:					
Legal & courts	64,967	-	-	-	(64,967)
Police	636,555	62,884	4,087	-	(569,584)
Animal control	16,515	-	-	-	(16,515)
Fire	280,904	57,226	-	-	(223,678)
Code enforcement	29,406	-	-	-	(29,406)
Total public safety and judiciary	1,028,347	120,110	4,087	-	(904,150)
Transportation:					
Streets	277,061	-	26,197	-	(250,864)
Total transportation	277,061	-	26,197	-	(250,864)
Cultural, parks and recreation:					
Parks	331,622	19,926	-	-	(311,696)
Library	179,022	2,106	20,086	-	(156,830)
Cemetery	10,810	6,660	-	-	(4,150)
Event center	35,629	17,403	-	-	(18,226)
Golf course	417,588	197,834	-	-	(219,754)
Total cultural, parks and recreation	974,671	243,929	20,086	-	(710,656)
Total governmental activities	2,683,306	386,621	286,151	-	(2,010,534)
Business-type activities:					
Electric	3,093,389	3,855,187	-	-	761,798
Water	332,088	414,927	-	-	82,839
Sewer	232,394	327,606	-	-	95,212
Sanitation	426,763	567,539	-	-	140,776
Airport	226,772	20,379	-	304,158	97,765
Economic development	99,796	100,836	-	-	1,040
Customer service	765,838	45,580	-	-	(720,258)
Total business-type activities	5,177,040	5,332,054	-	304,158	459,172
Total primary government	\$ 7,860,346	\$ 5,718,675	\$ 286,151	\$ 304,158	\$ (1,551,362)
Component unit:					
Fairview Municipal Hospital	8,384,852	7,399,153	38,596	177,251	(769,852)
Total component unit	\$ 8,384,852	\$ 7,399,153	\$ 38,596	\$ 177,251	\$ (769,852)

(Continued)

**City of Fairview, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2022**

**Changes in Net Assets:**

(Continued)

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Fairview Municipal Hospital Authority</b>
Net (expense)/revenue	\$ (2,010,534)	\$ 459,172	\$ (1,551,362)	\$ (769,852)
General revenues:				
Taxes:				
Sales tax	908,190	352,599	1,260,789	416,257
Use tax	261,713	-	261,713	-
Franchise taxes	26,768	-	26,768	-
Alcoholic beverage tax	132,017	-	132,017	-
Investment income	2,458	15,589	18,047	8,211
Oil and gas royalties	10,794	-	10,794	-
Penalties	-	57,295	57,295	-
Miscellaneous	68,475	126,940	195,415	-
Change in pension obligation	5,305	-	5,305	-
Transfers-Internal activity	1,742,530	(1,742,530)	-	-
Total general revenues and transfers	3,158,250	(1,190,107)	1,968,143	424,468
Change in net position	1,147,716	(730,935)	416,781	(345,384)
Net position-beginning	3,512,371	14,489,975	18,002,346	3,973,939
Net position-ending	<u>\$ 4,660,087</u>	<u>\$ 13,759,040</u>	<u>\$ 18,419,127</u>	<u>\$ 3,628,555</u>



**City of Fairview, Oklahoma**  
**Balance Sheet**  
**June 30, 2022**

	<u>General Fund</u>	<u>Sales Tax 2012 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash, including time deposits	\$ 537,131	\$ 1,032,717	\$ 635,411	\$ 2,205,259
Taxes receivable	49,257	36,671	55,006	140,934
Other accounts receivable	48,650	-	-	48,650
Due to other funds	4,329	-	132,071	136,400
Prepaid deposits	30,708	-	-	30,708
Total assets	<u>\$ 670,075</u>	<u>\$ 1,069,388</u>	<u>\$ 822,488</u>	<u>\$ 2,561,951</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 116,776	\$ -	\$ -	\$ 116,776
Payroll liabilities	41,428	-	-	41,428
Compensated absences, current	14,775	-	-	14,775
Due to other funds	760	-	1,162	1,922
Total liabilities	<u>173,739</u>	<u>-</u>	<u>1,162</u>	<u>174,901</u>
<b>FUND BALANCES</b>				
Nonspendable	30,708	-	-	30,708
Reserved	-	-	153,791	153,791
Committed	24,365	1,069,388	667,535	1,761,288
Assigned	72,510	-	-	72,510
Unassigned	368,753	-	-	368,753
Total fund balances	<u>496,336</u>	<u>1,069,388</u>	<u>821,326</u>	<u>2,387,050</u>
Total liabilities and fund balances	<u>\$ 670,075</u>	<u>\$ 1,069,388</u>	<u>\$ 822,488</u>	<u>\$ 2,561,951</u>

Total fund balance - total governmental funds 2,387,050

Amounts reported for *governmental activities* in the statement of net position are different because:

Land and capital assets, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds.

Land and construction in process	\$ 275,805	
Capital assets	7,919,045	
Less: Accumulated depreciation	<u>(5,771,369)</u>	2,423,481

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Pension deferred outflows/(inflows)	(41,566)	
Net pension obligation	<u>(108,878)</u>	(150,444)

**Net position of governmental activities \$ 4,660,087**

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

	General Fund	Sales Tax 2012 Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>REVENUES</u></b>				
Sales tax	\$ 384,821	\$ 419,847	\$ 103,522	\$ 908,190
Use taxes	261,713	-	-	261,713
Franchise taxes	26,768	-	-	26,768
Alcoholic beverage tax	132,017	-	-	132,017
Licenses and permits	22,412	-	-	22,412
Fines and forfeitures	62,884	-	-	62,884
Investment income	423	842	1,193	2,458
Charges for services	85,502	-	198,250	283,752
Rents and royalties	28,366	-	-	28,366
Intergovernmental	275,500	2,801	1,554	279,855
Donations	6,297	-	-	6,297
Miscellaneous	67,225	-	1,250	68,475
Total revenues	1,353,928	423,490	305,769	2,083,187
<b><u>EXPENDITURES</u></b>				
Current:				
General government:				
General government	258,856	11,148	-	270,004
Total general government	258,856	11,148	-	270,004
Public safety and judiciary:				
Legal and courts	64,967	-	-	64,967
Police	605,920	-	-	605,920
Animal control	16,515	-	-	16,515
Fire	229,471	-	-	229,471
Code Enforcement	29,406	-	-	29,406
Total public safety and judiciary	946,279	-	-	946,279
Transportation:				
Street	187,843	-	85,718	273,561
Total transportation	187,843	-	85,718	273,561
Cultural, parks and recreation:				
Parks	157,601	-	-	157,601
Library	166,080	-	-	166,080
Cemetery	10,810	-	-	10,810
Event Center	35,629	-	-	35,629
Golf course	-	-	373,030	373,030
Total cultural, parks and recreation	370,120	-	373,030	743,150
Capital outlay	169,080	24,795	-	193,875
Total expenditures	1,932,178	35,943	458,748	2,426,869
Excess (deficiency) of revenues over expenditures	(578,250)	387,547	(152,979)	(343,682)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	1,042,172	-	849,063	1,891,235
Transfers out	(190,460)	(2,803)	-	(193,263)
Total other financing sources and uses	851,712	(2,803)	849,063	1,697,972
Net change in fund balances	273,462	384,744	696,084	1,354,290
Fund balances - beginning	222,874	684,644	125,242	1,032,760
Fund balances - ending	\$ 496,336	\$ 1,069,388	\$ 821,326	\$ 2,387,050

(Continued)

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

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

Net change in fund balances - total governmental funds	\$	1,354,290
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Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	193,875		
Depreciation expense	<u>(405,754)</u>		(211,879)

In the statement of activities, the cost of pension benefits earned net of employee  
contributions are reported as a component of pension expense. The fund financial  
statements report pension contributions as expenditures.

		<u>5,305</u>
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Change in Net Position of Governmental Activities	\$	<u><u>1,147,716</u></u>
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**City of Fairview, Oklahoma**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Fairview Utility Authority</b>	<b>Fairview Airport Authority</b>	<b>Fairview Economic Development Authority</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash, including time deposits	\$ 1,673,623	\$ 38,211	\$ 320,126	\$ 2,031,960
Investments	216,712	-	-	216,712
Prepaid deposits	30,708	-	-	30,708
Accounts receivable (net)	510,297	-	-	510,297
Due from other funds	420	340	-	760
Total current assets	<u>2,431,760</u>	<u>38,551</u>	<u>320,126</u>	<u>2,790,437</u>
Restricted assets:				
Cash, including time deposits	4,748,392	-	-	4,748,392
Investments	175,000	-	-	175,000
Total restricted assets	<u>4,923,392</u>	<u>-</u>	<u>-</u>	<u>4,923,392</u>
Noncurrent assets:				
Capital assets (net)	7,721,778	4,286,844	99,464	12,108,086
Total noncurrent assets	<u>7,721,778</u>	<u>4,286,844</u>	<u>99,464</u>	<u>12,108,086</u>
<b>Total assets</b>	<u>\$ 15,076,930</u>	<u>\$ 4,325,395</u>	<u>\$ 419,590</u>	<u>\$ 19,821,915</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 65,648	\$ 1,219	\$ 9,650	\$ 76,517
Wages and benefits payable	45,189	-	-	45,189
Other accrued liabilities	14,572	-	-	14,572
Compensated absences, current	22,445	-	-	22,445
Due to other funds	135,238	-	-	135,238
Notes payable, current	97,047	-	-	97,047
Total current liabilities	<u>380,139</u>	<u>1,219</u>	<u>9,650</u>	<u>391,008</u>
Liabilities payable from restricted assets:				
Accrued interest payable	42,124	-	-	42,124
Customer deposits payable	213,515	-	-	213,515
Bonds payable, current	274,000	-	-	274,000
Total liabilities payable from restricted assets	<u>529,639</u>	<u>-</u>	<u>-</u>	<u>529,639</u>
Noncurrent liabilities:				
Notes payable, non-current	959,228	-	-	959,228
Bonds payable, noncurrent	4,183,000	-	-	4,183,000
Total noncurrent liabilities	<u>5,142,228</u>	<u>-</u>	<u>-</u>	<u>5,142,228</u>
<b>Total liabilities</b>	<u>6,052,006</u>	<u>1,219</u>	<u>9,650</u>	<u>6,062,875</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,208,503	4,286,844	99,464	6,594,811
Restricted	4,435,877	-	-	4,435,877
Unrestricted	2,380,544	37,332	310,476	2,728,352
<b>Total net position</b>	<u>\$ 9,024,924</u>	<u>\$ 4,324,176</u>	<u>\$ 409,940</u>	<u>\$ 13,759,040</u>

**City of Fairview, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Year Ended June 30, 2022**

	<b>Fairview Utility Authority</b>	<b>Fairview Airport Authority</b>	<b>Fairview Economic Development Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Operating revenues:</u></b>				
Charges for services:				
Electric charges	\$ 3,855,187	\$ -	\$ -	\$ 3,855,187
Water charges	414,927	-	-	414,927
Sewer charges	327,606	-	-	327,606
Sanitation charges	567,539	-	-	567,539
Penalties	57,295	-	-	57,295
Total charges for services	5,222,554	-	-	5,222,554
Lease and rental income	-	20,379	91,836	112,215
Customer fees	45,580	-	-	45,580
Miscellaneous	126,940	-	9,000	135,940
Total operating revenues	5,395,074	20,379	100,836	5,516,289
<b><u>Operating expenses:</u></b>				
Cost of goods sold	2,362,016	-	-	2,362,016
Personal services	887,566	-	-	887,566
Materials and supplies	433,386	1,158	5,539	440,083
Other services and charges	685,290	15,578	90,279	791,147
Depreciation and amortization	533,197	210,036	3,381	746,614
Total operating expenses	4,901,455	226,772	99,199	5,227,426
Net operating income	493,619	(206,393)	1,637	288,863
<b><u>Nonoperating revenue (expense):</u></b>				
Grants and contributions	-	304,158	-	304,158
Intergovernmental	352,599	-	-	352,599
Investment income	14,873	48	668	15,589
Bad debt	36,770	-	-	36,770
Interest expense	(30,942)	-	-	(30,942)
Total nonoperating revenue (expense)	373,300	304,206	668	678,174
<b>Net Income before contributions and transfers</b>	866,919	97,813	2,305	967,037
Transfers from other funds	208,584	2,040	-	210,624
Transfers to other funds	(1,908,596)	-	-	(1,908,596)
<b>Change in net position</b>	(833,093)	99,853	2,305	(730,935)
Net position-beginning of year	9,858,017	4,224,323	407,635	14,489,975
Net position-end of year	<u>\$ 9,024,924</u>	<u>\$ 4,324,176</u>	<u>\$ 409,940</u>	<u>\$ 13,759,040</u>

**City of Fairview, Oklahoma**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**

	<b>Fairview Utility Authority</b>	<b>Fairview Airport Authority</b>	<b>Fairview Economic Development Authority</b>
<b><u>Cash flows from operating activities:</u></b>			
Receipts from customers	\$ 5,089,149	\$ 20,804	\$ 91,836
Payments to suppliers	(3,690,586)	(15,578)	(88,165)
Payments to employees	(872,809)	-	-
Other operating revenues	126,940	-	9,000
<b>Net cash provided (used) by operating activities</b>	<b>652,694</b>	<b>5,226</b>	<b>12,671</b>
<b><u>Cash flows from non-capital financing activities:</u></b>			
Receipts under interfund agreements	352,599	-	-
Transfers from other funds	208,584	2,040	-
Transfers to other funds	(1,908,596)	-	-
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(1,347,413)</b>	<b>2,040</b>	<b>-</b>
<b><u>Cash flows from capital and related financing activities:</u></b>			
Purchases of capital assets	(563,527)	(274,159)	-
Principal paid on bonds and notes	(362,068)	-	-
Proceeds from issuance of debt	-	-	-
Interest and fiscal charges paid on bonds and notes	(35,680)	-	-
Capital grants and contributions	165,607	303,818	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(795,668)</b>	<b>29,659</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>			
Investment income	14,873	48	668
<b>Net cash provided (used) by investing activities</b>	<b>14,873</b>	<b>48</b>	<b>668</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,475,514)</b>	<b>36,973</b>	<b>13,339</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>7,897,529</b>	<b>1,238</b>	<b>306,787</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 6,422,015</b>	<b>\$ 38,211</b>	<b>\$ 320,126</b>
<b>Cash, including time deposits</b>	<b>\$ 1,673,623</b>	<b>\$ 38,211</b>	<b>\$ 320,126</b>
<b>Restricted cash, including time deposits</b>	<b>4,748,392</b>	<b>-</b>	<b>-</b>
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 6,422,015</b>	<b>\$ 38,211</b>	<b>\$ 320,126</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>			
Operating income (loss)	\$ 493,619	\$ (206,393)	\$ 1,637
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	533,197	210,036	3,381
Provision for bad debts	(36,770)	-	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(142,215)	425	-
(Increase) decrease in prepaids	33,243	-	-
Increase (decrease) in accounts payable	(243,137)	1,158	7,653
Increase (decrease) in payroll liabilities	14,957	-	-
Increase (decrease) in compensated absences	(200)	-	-
Total adjustments	159,075	211,619	11,034
<b>Net cash provided (used) by operating activities</b>	<b>\$ 652,694</b>	<b>\$ 5,226</b>	<b>\$ 12,671</b>

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**(A) Introduction:**

The accounting and reporting framework and the more significant accounting principles and practices of the City of Fairview (City) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2022.

**(B) Financial Reporting Entity:**

The City of Fairview is a Council-Manager form of government in which citizens elect a five-member City Council. The Council, vested with the legislative powers, appoints the City Manager who is the executive and administrative head of the City government. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City created public trusts pursuant to Title 60 of Oklahoma State Law to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely.

***Blended Component Units Reported with Primary Government***

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting Fund Type</u>
Fairview Utility Authority (FUA)	Created February 2, 1982 to develop and operate all public utilities of whatever nature, including water, sewer, electric, garbage, cable TV, airport, and streets	Enterprise Fund
Fairview Airport Authority	Created April 20, 1976 to plan, establish, develop, operate, and regulate airports and air navigation facilities within or without the territorial boundaries of the City	Enterprise Fund
Fairview Economic Development Authority	Created August 1, 1993 to stimulate economic growth and development of the City through financing and development of commercial and industrial projects, agriculture business, health care facilities, energy development, transportation, and recreation	Enterprise Fund

***Discretely Presented Component Unit***

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting Fund Type</u>
Fairview Municipal Hospital Authority	Created September 2, 1980, The City of Fairview is the beneficiary. The operation of the hospital is governed by a Hospital Operating Agreement dated December 1, 1989. The hospital is located in Fairview, Oklahoma and is a critical access facility with 25 beds that also provide rural health clinic services.	Enterprise Fund

Management has elected to exclude the Fairview Industrial Development Authority as a component unit of the City. The Authority was created August 5, 1975 to secure, develop, and maintain industrial and manufacturing activities. For the year ended June 30, 2022, the Fairview Industrial Authority was inactive.

**(C) Government-wide and Fund Financial Statements:**

***Government-wide Financial Statements***

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

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

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

***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 which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

***Measurement Focus and Basis of Accounting***

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility and repair services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

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

***Restricted Assets***

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

***Use of Estimates***

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

***Interfund Balances***

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

All activity between governmental and blended business-type activities are eliminated and any residual balances outstanding between the activities are reported in the government-wide financial statements as internal balances.



**(D) Fund Types and Major Funds:**

***Major and Non-Major Governmental Funds***

*General Fund*

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes. The reporting entity includes the following special revenue funds:

<u>Fund</u>	<u>Brief Description</u>	<u>Major vs. Non-Major</u>
Sales Tax 2012	Accounts for 1 cent sales tax restricted for general capital improvements, approved November 2012, expiring September 2027	Major
Street Sales Tax	Accounts for 1 cent sales tax restricted for debt service on the Series 2021 bonds.	Non-Major
Cemetery Care	Accounts for 50 percent of cemetery revenue. Of the 50 percent 12.5 percent is restricted by State law for cemetery capital improvements.	Non-Major
Golf and Clubhouse	Accounts for activity at the municipal golf course and clubhouse	Non-Major

***Major Proprietary Funds***

<u>Fund</u>	<u>Brief Description</u>
Fairview Utility Authority	Accounts for the activities of the public trust in providing all public utilities
Fairview Airport Authority	Accounts for the activities of the public trust in providing airport operations
Fairview Economic Development Authority	Accounts for the activities of the public trust in providing economic development

**(E) Assets, Liabilities and Equity:**

Cash and Investments

For the purposes of the Statement of Net Position and Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts, and certificate of deposit or short-term investment with an original maturity of three months or less. In addition, revenue bond trust account investments in open-ended mutual funds are considered "cash and cash equivalents". Cash deposits are reported at carrying amount which reasonably estimates fair value. At June 30, 2022, the City secured collateral to cover liquid assets.

Investments are reported at costs which approximated fair value, unless otherwise indicated. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Receivables and Uncollectible Accounts

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days, depending on the fund.

#### Prepaid deposits

Prepaid deposits represent cash hold in escrow with the Oklahoma Municipal Assurance Group related to the City's worker's compensation insurance.

#### Capital Assets, Depreciation, and Amortization

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. Fixed assets are identified by the City as assets with an initial, individual cost of greater than \$1,500 and an estimated useful life in excess of two years.

#### *Government-Wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets, dated back to July 1, 1980, have been valued at estimated historical cost.

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. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

- Buildings	20-50 years
- Other Improvements	10-50 years
- Machinery, Furniture and Equipment	3-20 years
- Infrastructure	30-50 years

#### *Fund Financial Statement*

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.

#### Restricted Assets

Restricted assets include trustee accounts held for debt service on outstanding obligations and other current assets of proprietary fund types that are legally restricted as to their use.

#### Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

#### Equity Classifications

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net position net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

**Restricted** fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

**Committed** fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The City Ordinance is the highest level of decision-making authority of the City.

**Assigned** fund balance represents amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

**Unassigned** fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

#### *Net position*

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

#### **Net investment in capital assets**

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

#### **Restricted net position**

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

#### **Unrestricted net position**

This consists of net position that does not meeting the criteria of "restricted" or "net investment in capital assets".

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets and liabilities, the statement of financial position and the governmental fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

### **(F) Revenues, Expenditures and Expenses:**

#### Sales Tax

The City presently levies a four-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Sales tax collected by the State in June (which represent sales for May) and received by the City in July have been accrued and are included under the caption "Receivable from other governments". The sales tax received is recorded as sales tax revenue as follows:

- 1%: Restricted for general capital improvements accounted for in the Sales Tax 2012 Fund
- 1%: Restricted for renovating, expanding, and equipping and debt obligations of the Fairview Municipal Hospital Authority facilities. Sales tax is recorded in the Fairview Municipal Hospital Authority, a discretely presented component unit
- 1.5%: Pledged to secure payment on the Series 2021 Street bonds accounted for in the Street Sales Tax Fund
- 1%: Unrestricted and available for general City use

Charges for Services

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

Grants and Contributions

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

Business-type activities grants and contributions include restricted investment income, donations from others, as well as grants from Federal and state agencies.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to all accrued vacation leave and comp time upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide and proprietary financial statements.

**NOTE 2:        STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**(A) Deficit Fund Net Position/Fund Balance:**

Deficits resulting from accrual reporting do not constitute violations of the Oklahoma State Statutes. For the year ended June 30, 2022, the City reported no individual fund deficits.

**(B) Budget Requirements:**

Budget Policy and Practice

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

Budget Basis of Accounting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: Personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are subject to final review by the City Council. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval.

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

For the year ended June 30, 2022, the City complied with budget requirements.

**(C) Revenue Restrictions:**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 1(F)
Gasoline Excise and Commercial Vehicle Tax	Street and Alley Purposes
Cemetery Revenue (12.5%)	Cemetery Capital Improvements
Lodging Tax	Tourism

For the year ended June 30, 2022, the City complied, in all material respects, with these revenue restrictions.

**(D) Debt Restrictions and Covenants:**

The debt issued by the Fairview Utility Authority contains a number of covenants that are financial in nature. The most significant requirement is the debt service coverage ratio. Debt service coverage ratio calculates the charges for the operation of sewer and garbage services (the "system") along with the other revenues pledged shall provide Net Revenues Available for Debt Service which must equal 1.25 times average annual debt service on the note for the Authority. For the year ended June 30, 2022, the City was in compliance with this requirement.

**NOTE 3: DETAIL NOTES ON FUNDS AND ACCOUNT GROUPS**

The following notes present detail information to support the amounts reported in the combined financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses. Detail notes for the transactions of the Fairview Hospital Authority and the Fairview Industrial Authority are included in their respective audits, as those audits were performed by another auditor.

**(A) Cash and Investments:**

Deposits

Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust.

Investments

As of June 30, 2022, the City's invested in certificates of deposit. The City's investing activities are managed under the custody of the City Manager and City Council. Investing is performed in accordance with State Statutes and the City Charter.

**(B) Accounts Receivable and allowance:**

Governmental activities report sales and use taxes receivable and county tax receivable. The City has not recorded an allowance on the taxes receivable from the state and county government.

Accounts receivable of the business-type activities consists of utilities receivable for water, sewer, and solid waste hauling fees. Based upon historical knowledge and collection experience, the City has recorded an allowance of \$65,242 on accounts receivable in business-type activities.

**(C) Capital Assets:**

Governmental Activities

A summary of the changes in the governmental activities fixed assets is as follows:

	Balance at July 1, 2021	Additions	Disposals	Balance at June 30, 2022
Land and construction in process	\$ 275,805	\$ -	\$ -	\$ 275,805
Buildings	2,850,170	-	-	2,850,170
Other improvements	2,125,863	67,682	-	2,193,545
Machinery, furniture & equip.	2,781,137	126,193	32,000	2,875,330
	8,032,975	193,875	32,000	8,194,850
Less accumulated depreciation	5,395,215	405,754	29,600	5,771,369
Net property, plant, & equipment	<u>\$ 2,637,760</u>			<u>\$ 2,423,481</u>

Business-Type Activities

A summary of the changes in the business-type activities fixed assets is as follows:

	Balance at July 1, 2021	Additions	Disposals	Balance at June 30, 2022
Land	\$ 826,914	\$ -	\$ -	\$ 826,914
Buildings	3,862,139	-	-	3,862,139
Machinery, furniture, & equip	2,310,871	557,827	-	2,868,698
Infrastructure/utility system	14,013,926	279,859	-	14,293,785
Construction in progress	122,317	-	-	122,317
	21,136,167	837,686	-	21,973,853
Less accumulated depreciation	9,119,154	746,613	-	9,865,767
Net property, plant, & equipment	<u>\$ 12,017,013</u>			<u>\$ 12,108,086</u>

Business-type activities capital assets are reported by fund as follows:

	Fairview Utility Authority	Fairview Airport Authority	Economic Development Authority	Total
Land	\$ 710,511	\$ 11,728	\$ 82,560	\$ 804,799
Buildings	3,856,340	-	-	3,856,340
Machinery, furniture, & equip.	2,989,479	-	33,807	3,023,286
Infrastructure	7,361,148	6,268,713	-	13,629,861
Construction in progress	122,317	-	-	122,317
	15,039,795	6,280,441	116,367	21,436,603
Less accumulated depreciation	7,318,017	1,993,597	16,903	9,328,517
Net property, plant, & equipment	<u>\$ 7,721,778</u>	<u>\$ 4,286,844</u>	<u>\$ 99,464</u>	<u>\$ 12,108,086</u>

Depreciation

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

Governmental Activities		Business-type Activities	
General Government:	\$ 130,808	Electric	\$ 84,696
Public safety and judiciary:	82,067	Water	115,305
Transportation:	3,500	Sewer	144,594
Cultural, parks and recreation:	189,379	Sanitation	15,590
	<u>\$ 405,754</u>	General government	138,522
		Golf course	37,871
		Airport	210,035
			<u>\$ 746,613</u>

**(D) Long-Term Debt:**

Business-Type Activities

As of June 30, 2022, the long-term debt payable from enterprise fund resources consisted of the following:

**NOTE PAYABLE:**

Oklahoma Water Resources Board issued a construction line of credit to extend financing to the Fairview Utility Authority for improvements on the Authority's lagoon system, including rebuilding dikes and replacing pumps. The line was established not to exceed \$1,980,000, dated December 2010. During construction, the Authority made semi-annual interest payments on the balance drawn. In July 2014, the Authority was notified the certification of project completed was received, which initiated principle and interest payments to begin effective September 15, 2014. The note is secured by the Authority's sewer and sanitation system revenues and 0.5% pledged sales tax, carrying an interest rate of 3.1% which includes an administrative fee of 0.5%, final maturity on September 15, 2031.

Total notes payable \$ 1,056,275

**BONDS PAYABLE:**

Fairview Utilities Authority, Sales Tax Revenue Note, Series 2021 was issued in May 2021 in the principle amount of \$4,725,000 maturing May 2036 with an interest rate of 2.02%. Principle payments are made semiannually. Proceeds will be used to finance streets, sidewalks, and trails within the City. The bonds are secured with 1.5% sales tax.

\$ 4,457,000

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	<u>Balance at July 1, 2021</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
Business-type activities					
<i>Notes payable</i>					
OWRB 2010	\$ 1,150,343	\$ -	\$ 94,068	\$ 1,056,275	\$ 97,047
<i>Total notes payable</i>	1,150,343	-	94,068	1,056,275	97,047
Revenue bonds payable, 2021	4,725,000	-	268,000	4,457,000	274,000
<b>Total business-type activities</b>	<b>\$ 5,875,343</b>	<b>\$ -</b>	<b>\$ 362,068</b>	<b>\$ 5,513,275</b>	<b>\$ 371,047</b>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2022 are as follows:

<u>Year Ending June 30</u>	<u>Notes Payable</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	97,047	27,217	274,000	98,708
2024	100,043	24,704	280,000	92,509
2025	103,291	21,981	287,000	86,164
2026	106,523	19,236	293,000	79,673
2027	109,938	16,405	300,000	73,046
2028-2032	539,433	36,358	1,604,000	260,381
2033-2037	-	-	1,419,000	72,641
<b>Totals</b>	<b>\$ 1,056,275</b>	<b>\$ 145,901</b>	<b>\$ 4,457,000</b>	<b>\$ 763,122</b>



**(E) Interfund Transactions and Balances:**

Operating transfers for the year ended June 30, 2022 were as follows:

<u>OPERATING TRANSFERS:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>GENERAL FUND:</b>		
Utility Authority (an enterprise fund)	\$ 1,000,000	\$ 187,658
Capital Improvement ( a special revenue fund)	2,802	-
Street Sales Tax ( a special revenue fund)	4,437	-
Cemetery Care ( a special revenue fund)	-	-
Total General Fund	<u>1,007,239</u>	<u>187,658</u>
<b>SPECIAL REVENUE FUNDS:</b>		
<i>Capital Improvement Fund :</i>		
General Fund	-	2,802
<i>Street Sales Tax Fund :</i>		
General Fund	255,304	4,437
Utility Authority (an enterprise fund)	292,595	-
<i>Cemetery Care Fund :</i>		
General Fund	-	416
<i>Golf and Club House Fund :</i>		
Utility Authority (an enterprise fund)	514,775	199,084
Total Special Revenue Fund	<u>1,062,674</u>	<u>206,739</u>
<b>ENTERPRISE FUNDS:</b>		
<i>Fairview Utility Authority:</i>		
General Fund	9,500	1,000,000
Street Sales Tax ( a special revenue fund)	-	292,595
Golf and Club House	199,084	593,545
<i>Fairview Airport Authority:</i>		
General Fund	2,040	-
Total Enterprise Funds	<u>210,624</u>	<u>1,886,140</u>
<b>GRAND TOTAL</b>	<u><u>\$ 2,280,537</u></u>	<u><u>\$ 2,280,537</u></u>

**NOTE 4: OTHER NOTES**

**(A) Employee Pension and Other Benefit Plans:**

*Oklahoma Municipal Retirement Fund Defined Contribution Plan*

Substantially all of the City's full time employees, with the exception of firefighters, participate in a defined contribution plan, the "Plan", administered by the Oklahoma Municipal Retirement System (OMRF), a statewide fund established to administer pension plans for municipal employees. As of June 30, 2022, covered payroll for the Plan was \$1,102,326.

Employees are required to contribute a minimum of 3% to the Plan but can contribute additional funds. The City contributes 4% of the covered employee's payroll. The funds are credited to individual participant accounts and pooled for investment purposes through OMRF. All gains and/or losses are credited directly to each participant. Upon retirement, termination of employment, disability, or death, the vest portion of a participant's account is paid to the participant or beneficiary. This amount is based on an accumulation of employee and employer contributions, forfeitures, if applicable, and earnings or losses. Employees are 50% vested in employer contributions after 5 years of service with increasing vesting percentages until they are fully vested after 10 years of service.

Total employer contribution expense was \$88,186 for fiscal year 2022, while the employees contributed \$44,093. The Plan is administered by the Oklahoma Municipal Retirement Fund. The Plan has been established and can be amended by City Council's approval of an ordinance and Joinder agreement.

The City Manager participates in the City Manager Only (CMO) Plan administered by OMRF. A copy of the stand-alone plan financial report can be obtained from Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, OK 73105.

Firefighters participate in the Oklahoma Firefighters Pension Plan.

*Firefighters Pension & Retirement Plan (FPRS)*

Plan Description – The City of Fairview, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs).

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$9,826 (fiscal year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a liability of \$108,878 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information the City's proportionate share was 0.00016533%.

For the year ended June 30, 2022, the City recognized pension expense of \$9,439. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 39,488	\$ 1,912
Changes of assumptions	-	2,415
Net difference between projected and actual earnings on pension plan investments	10,707	97,260
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	9,826	-
<b>Total</b>	<u><u>\$ 60,021</u></u>	<u><u>\$ 101,587</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2002	\$ (8,038)
2003	(10,195)
2004	(12,655)
2005	(20,504)
2006	-

**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

<u>Target Asset Class</u>	<u>Long-Term Expected Allocation</u>	<u>Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

**Discount Rate** – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability/(asset)	\$ 170,149	\$ 108,878	\$ 57,587

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**(B) Commitments and Contingencies:**

*Grant Program Involvement*

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

*Litigation*

The City is a party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

*Component Unit Line of Credit*

The City of Fairview has extended a \$75,000 line of credit to the Fairview Regional Medical Center at the request of the Fairview Municipal Hospital Authority. At June 30, 2022, the Fairview Regional Medical Center had \$4 outstanding on the line. The line of credit carries a 6.5% interest rate with a six month maturity.

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

	<b>Approved Budget</b>	<b>Revisions</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
<b>REVENUES</b>					
Sales taxes	\$ 172,503	\$ 25,000	\$ 197,503	\$ 384,821	\$ 187,318
Use taxes	220,774	30,000	250,774	261,713	10,939
Franchise taxes	19,581	5,818	25,399	26,768	1,369
Beverage taxes	112,882	4,500	117,382	132,017	14,635
Other taxes	6,317	16,500	22,817	-	(22,817)
Licenses and permits	10,950	8,000	18,950	22,412	3,462
Fines and forfeitures	49,250	7,750	57,000	62,884	5,884
Charges for services	61,750	10,100	71,850	85,502	13,652
Rent and royalties	13,500	4,000	17,500	28,366	10,866
Interest income	200	-	200	423	223
Intergovernmental	8,600	235,804	244,404	275,500	31,096
Miscellaneous	30,000	30,950	60,950	73,522	12,572
Total revenues before carryover	706,307	378,422	1,084,729	1,353,928	269,199
<b>EXPENDITURES</b>					
General government:					
General government	375,534	(22,000)	353,534	267,100	86,434
Total general government	375,534	(22,000)	353,534	267,100	86,434
Public safety and judiciary:					
Legal and courts	49,541	17,000	66,541	64,967	1,574
Police	723,000	(42,038)	680,962	676,740	4,222
Animal control	77,075	-	77,075	16,515	60,560
Fire	208,725	110,000	318,725	241,766	76,959
Emergency management	2,200	600	2,800	2,705	95
Code enforcement	-	30,000	30,000	29,406	594
Total public safety and judiciary	1,060,541	115,562	1,176,103	1,032,099	144,004
Transportation:					
Streets	240,020	-	240,020	187,843	52,177
Total transportation	240,020	-	240,020	187,843	52,177
Cultural, parks and recreation:					
Parks	151,103	10,500	161,603	161,471	132
Swimming pool	41,157	(10,500)	30,657	24,964	5,693
Library	160,445	29,210	189,655	171,600	18,055
Cemetery	1,000	9,950	10,950	10,810	140
Sr. Citizens	2,750	1,000	3,750	3,295	455
Event center	18,100	57,367	75,467	72,996	2,471
Total cultural, parks and recreation	374,555	97,527	472,082	445,136	26,946
Total expenditures	2,050,650	191,089	2,241,739	1,932,178	309,561
Revenue over (under) expenditures	(1,344,343)	187,333	(1,157,010)	(578,250)	(40,362)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers, net	1,347,735	(172,340)	1,175,395	661,252	(514,143)
Net other financing sources (uses)	1,347,735	(172,340)	1,175,395	661,252	(514,143)
Revenues and other financing sources over (under) expenditures and other uses	3,392	14,993	18,385	83,002	(554,505)
Fund balance at beginning of year (Non-GAAP budgetary basis)	1,147,406			199,567	199,567
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 1,150,798</u>			\$ 282,569	<u>\$ (354,938)</u>
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and expenditure accruals				213,767	
Fund balance at end of year (GAAP basis)				<u>\$ 496,336</u>	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.

**City of Fairview, Oklahoma**  
**Sales Tax 2012 Fund**  
**Year Ended June 30, 2022**  
**Budget and Actual (Non-GAAP Budgetary Basis)**

	<u>Approved Budget</u>	<u>Revisions</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>REVENUES</b>					
Sales taxes	\$ 348,178	\$ -	\$ 348,178	\$ 419,847	\$ 71,669
Interest income	450	-	450	842	392
Other income	-	-	-	2,801	2,801
Total revenues before carryover	348,628	-	348,628	423,490	74,862
<b>EXPENDITURES</b>					
General government:					
Capital projects	605,000	-	605,000	35,943	569,057
Total general government	605,000	-	605,000	35,943	569,057
Revenue over (under) expenditures	(256,372)	-	(256,372)	387,547	(494,195)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers, net	-	-	-	(2,803)	(2,803)
Net other financing sources (uses)	-	-	-	(2,803)	(2,803)
Revenues and other financing sources over (under) expenditures and other uses	(256,372)	-	(256,372)	384,744	(496,998)
Fund balance at beginning of year (Non-GAAP budgetary basis)				649,078	649,078
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 1,033,822	\$ 152,080
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and expenditure accruals				35,566	
Fund balance at end of year (GAAP basis)				<u>\$ 1,069,388</u>	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.

Schedules of Required Supplementary Information  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Fire Pension Retirement Plan**  
Year Ended June 30, 2022

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*
City's portion of the net pension liability (asset)	0.0126%	0.0031%	0.0012%	0.0155%	0.8864%	0.0153%	0.0154%	0.0165%
City's proportionate share of the net pension liability (asset)	\$ 129,593	\$ 33,298	\$ 151,810	\$ 194,343	\$ 99,772	\$ 161,424	\$ 189,697	\$ 108,878
City's covered-employee payroll	\$ 28,057	\$ 64,480	\$ 66,937	\$ 19,478	\$ 112,581	\$ 116,729	\$ 116,729	\$ 70,187
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	462%	52%	227%	998%	89%	138%	163%	155%
Plan fiduciary net position as a percentage of the total pension liability	-0.44%	0.003%	0.014%	0.018%	0.003%	0.004%	0.005%	0.003%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF CITY CONTRIBUTIONS**  
**Oklahoma Fire Pension Retirement Plan**

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*
Contractually required contribution	\$ 4,710	\$ 1,200	\$ 1,200	\$ 1,260	\$ 1,638	\$ 9,200	\$ 10,343	\$ 9,826
Contributions in relation to the contractually required contribution	(4,710)	(1,200)	(1,200)	(1,260)	(1,638)	(9,200)	(10,343)	(9,826)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 28,057	\$ 64,480	\$ 66,937	\$ 19,478	\$ 112,581	\$ 116,729	\$ 116,729	\$ 70,187
Contributions as a percentage of covered-employee payroll	16.79%	1.86%	1.79%	6.47%	1.45%	7.88%	8.86%	14.00%

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

	<b>Street Sales Tax</b>	<b>Cemetery Care Fund</b>	<b>Golf and Clubhouse Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>				
Cash, including time deposits	\$ 613,691	\$ 21,720	\$ -	\$ 635,411
Due from other funds	-	-	132,071	132,071
Taxes receivable	55,006	-	-	55,006
Total assets	<u>\$ 668,697</u>	<u>\$ 21,720</u>	<u>\$ 132,071</u>	<u>\$ 822,488</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,162	-	-	1,162
Total liabilities	<u>1,162</u>	<u>-</u>	<u>-</u>	<u>1,162</u>
<b>FUND BALANCES</b>				
Reserved	-	21,720	132,071	153,791
Committed	667,535	-	-	667,535
Total fund balances	<u>667,535</u>	<u>21,720</u>	<u>132,071</u>	<u>821,326</u>
Total liabilities and fund balances	<u>\$ 668,697</u>	<u>\$ 21,720</u>	<u>\$ 132,071</u>	<u>\$ 822,488</u>



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

	Street Sales Tax Fund	Cemetery Care Fund	Golf and Clubhouse Fund	Total Non-Major Governmental Funds
<b><u>REVENUES</u></b>				
Investment income	\$ 1,193	\$ -	\$ -	\$ 1,193
Charges for services	-	416	197,834	198,250
Intergovernmental programs	105,076	-	-	105,076
Miscellaneous	-	-	1,250	1,250
Total revenues	<u>106,269</u>	<u>416</u>	<u>199,084</u>	<u>305,769</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Transportation:				
Street	85,718	-	-	85,718
Total cultural, parks and recreation	85,718	-	-	85,718
Cultural, parks and recreation:				
Golf course	-	-	373,030	373,030
Total cultural, parks and recreation	-	-	373,030	373,030
Total expenditures	<u>85,718</u>	<u>-</u>	<u>373,030</u>	<u>458,748</u>
Excess (deficiency) of revenues over expenditures	20,551	416	(173,946)	(152,979)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in/(out)	543,462	(416)	306,017	849,063
Total other financing sources and uses	<u>543,462</u>	<u>(416)</u>	<u>306,017</u>	<u>849,063</u>
Net change in fund balances	564,013	-	132,071	696,084
Fund balances - beginning	103,522	21,720	-	125,242
Fund balances - ending	<u>\$ 667,535</u>	<u>\$ 21,720</u>	<u>\$ 132,071</u>	<u>\$ 821,326</u>

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

To the City Council  
City of Fairview, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Fairview, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Fairview, Oklahoma's basic financial statements, and have issued our report thereon dated March 21, 2023. Our report includes a reference to other auditors who audited the financial statements of Fairview Municipal Hospital Authority as described in our report on the City of Fairview, Oklahoma's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**

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

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

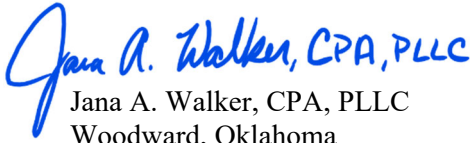
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

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

### **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.

A handwritten signature in blue ink that reads "Jana A. Walker, CPA, PLLC". The signature is written in a cursive, flowing style.

Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
March 21, 2023