

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

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORTS**

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

	<u>Page</u>
LIST OF PRINCIPAL OFFICIALS	i
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	11
Statement of Activities	12-13
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds and Component Units	17
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds and Component Units	18
Statement of Cash Flows – Proprietary Funds and Component Units	19
Statement of Net Position – Discretely Presented Component Units	20
Statement of Revenues, Expenses and Changes in Fund Net Position - Discretely Presented Component Units	21
Notes to Financial Statements	22-36
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	37
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) – Sales Tax 2012	38
Notes to the Budget Comparison Schedule	39
Schedule of the City's Proportionate Share of the Net Pension Liability - Oklahoma Fire Pension Retirement Plan	40
SUPPLEMENTARY INFORMATION:	
Combining Statement Balance Sheet – Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	42
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	43-44
SCHEDULE OF FINDINGS	45

CITY OF FAIRVIEW, OKLAHOMA
YEAR ENDED JUNE 30, 2023
LIST OF PRINCIPAL OFFICIALS

MAYOR
Stan Hargove

COUNCIL MEMBERS
Janice Edwards
Keeven Ewald
Chuck Lipps, Vice Mayor
Kelly Wahl

CITY MANAGER
Robert Lavery

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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2023. 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, 2023, 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, 2023.

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 and 37–40 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 nonmajor fund financial statements 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 February 21, 2025, 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.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
February 21, 2025

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, 2023. 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, 2023, the City's total net position, excluding discretely presented component units, was \$18,407,512, which was an increase of \$398,325 or 2% over prior year's balance of \$18,009,187, restated for the change in presentation of the Fairview Economic Development Authority.
- During the year, City's expenses for governmental activities amounted to \$2,916,458 and were funded by program revenues of \$701,827 and further funded programs with taxes and other general revenues and transfers that totaled \$2,042,225.
- At June 30, 2023, governmental funds reported an unassigned fund balance of \$551,889, which can be used to pay for the ongoing operations of the City.
- During the fiscal year, the City refunded the 2021 revenue bonds which had a balance of \$4,457,000.

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 \$18.4 million at June 30, 2023. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$6.2 million and \$12.3 million, respectively.

	Governmental Activities		Business-Type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Current assets	\$ 3,901,922	\$ 2,425,551	\$ 2,564,726	\$ 7,713,069	\$ 6,466,648	\$ 10,138,620	\$ (3,671,972)	-36%
Capital assets, net	2,709,740	2,423,481	10,981,566	12,108,086	13,691,306	14,531,567	(840,261)	-6%
Total assets	6,611,662	4,849,032	13,546,292	19,821,155	20,157,954	24,670,187	(4,512,233)	-18%
Deferred outflow of resources	169,014	60,021	-	-	169,014	60,021	108,993	182%
Current liabilities	226,519	38,501	430,407	919,887	656,926	958,388	(301,462)	-31%
Non-current liabilities	287,510	108,878	881,366	5,142,228	1,168,876	5,251,106	(4,082,230)	-78%
Total liabilities	514,029	147,379	1,311,773	6,062,115	1,825,802	6,209,494	(4,383,692)	-71%
Deferred inflow of resources	93,654	101,587	-	-	93,654	101,587	(7,933)	-8%
Net position								
Net inv't in capital assets	2,709,740	2,423,481	10,001,760	6,594,811	12,711,500	9,018,292	3,693,208	41%
Restricted	2,911,364	184,499	101,331	4,435,877	3,012,695	4,620,376	(1,607,681)	-35%
Unrestricted	551,889	2,052,107	2,131,428	2,728,352	2,683,317	4,780,459	(2,097,142)	-44%
Total net position	\$ 6,172,993	\$ 4,660,087	\$ 12,234,519	\$ 13,759,040	\$ 18,407,512	\$ 18,419,127	\$ (11,615)	0%

CITY OF FAIRVIEW, OKLAHOMA
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2023

Total assets decreased from prior year due to the use of restricted bond proceeds to refund the 2021 revenue bond debt. The original purpose of the bonds was to improve streets and infrastructure of the City.

Total liabilities decreased \$4.37 million or 70% due to the debt refunding.

Changes in Net Position

For the year ended June 30, 2023, net position of the primary government changed as follows:

	Governmental Activities		Business-type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Revenues								
Program revenues	\$ 701,827	\$ 672,772	\$ 5,360,162	\$ 5,636,212	\$ 6,061,989	\$ 6,308,984	\$ (246,995)	-4%
Taxes and other general revenues	2,042,225	1,415,720	295,787	552,423	2,338,012	1,968,143	369,869	19%
Total revenues	<u>2,744,052</u>	<u>2,088,492</u>	<u>5,655,949</u>	<u>6,188,635</u>	<u>8,400,001</u>	<u>8,277,127</u>	<u>122,874</u>	<u>1%</u>
Expenses								
General government	517,059	403,227	-	-	517,059	403,227	113,832	28%
Public safety and judiciary	1,087,548	1,028,347	-	-	1,087,548	1,028,347	59,201	6%
Transportation	394,710	277,061	-	-	394,710	277,061	117,649	42%
Cultural, parks, and recreation	917,141	974,671	-	-	917,141	974,671	(57,530)	-6%
Electric	-	-	2,907,403	3,093,389	2,907,403	3,093,389	(185,986)	-6%
Water	-	-	461,514	332,088	461,514	332,088	129,426	39%
Sewer	-	-	231,489	232,394	231,489	232,394	(905)	0%
Sanitation	-	-	484,198	426,763	484,198	426,763	57,435	13%
Airport	-	-	244,697	226,772	244,697	226,772	17,925	8%
Customer service	-	-	746,094	865,634	746,094	865,634	(119,540)	-14%
Total expenses	<u>2,916,458</u>	<u>2,683,306</u>	<u>5,075,395</u>	<u>5,177,040</u>	<u>7,991,853</u>	<u>7,860,346</u>	<u>131,507</u>	<u>2%</u>
Excess (deficiency) before transfers	\$ (172,406)	\$ (594,814)	\$ 580,554	\$ 1,011,595	\$ 408,148	\$ 416,781	\$ (8,633)	-2%
Transfers	<u>1,685,312</u>	<u>1,742,530</u>	<u>(1,695,135)</u>	<u>(1,742,530)</u>	<u>(9,823)</u>	<u>-</u>	<u>(9,823)</u>	<u>0%</u>
Increase (decrease) in net position	<u>\$ 1,512,906</u>	<u>\$ 1,147,716</u>	<u>\$ (1,114,581)</u>	<u>\$ (730,935)</u>	<u>\$ 398,325</u>	<u>\$ 416,781</u>	<u>\$ (18,456)</u>	<u>-4%</u>

Total revenues remained consistent with a 1% or \$123 thousand-dollar increase.

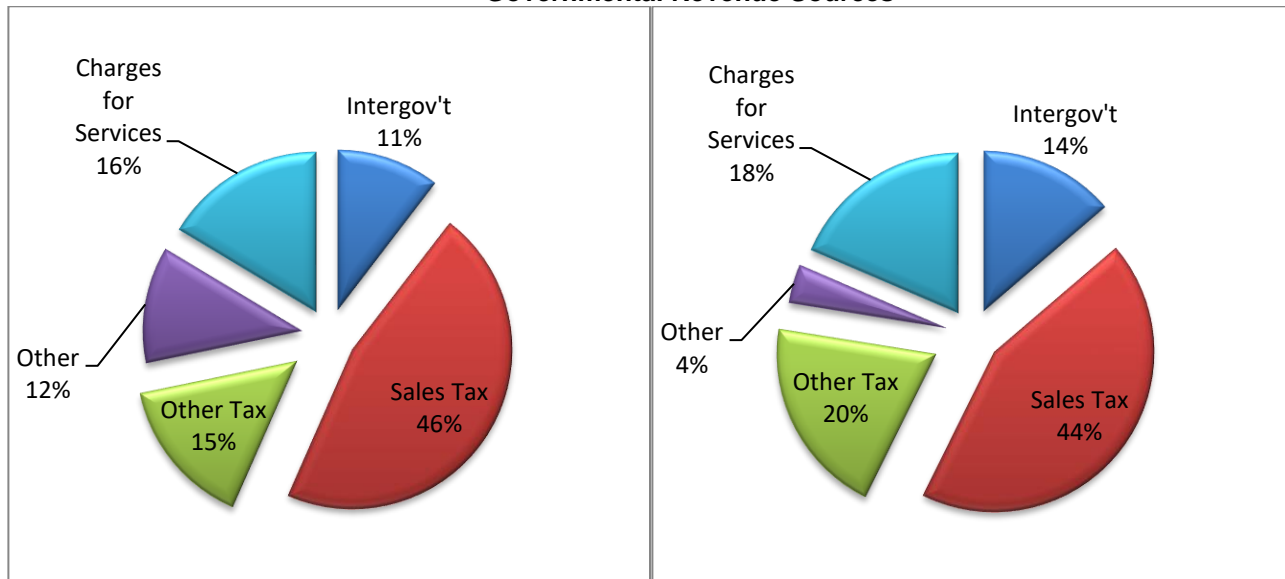
Total expenses also remained consistent between years, noting an increase of 2%, or \$132 thousand dollars.

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.

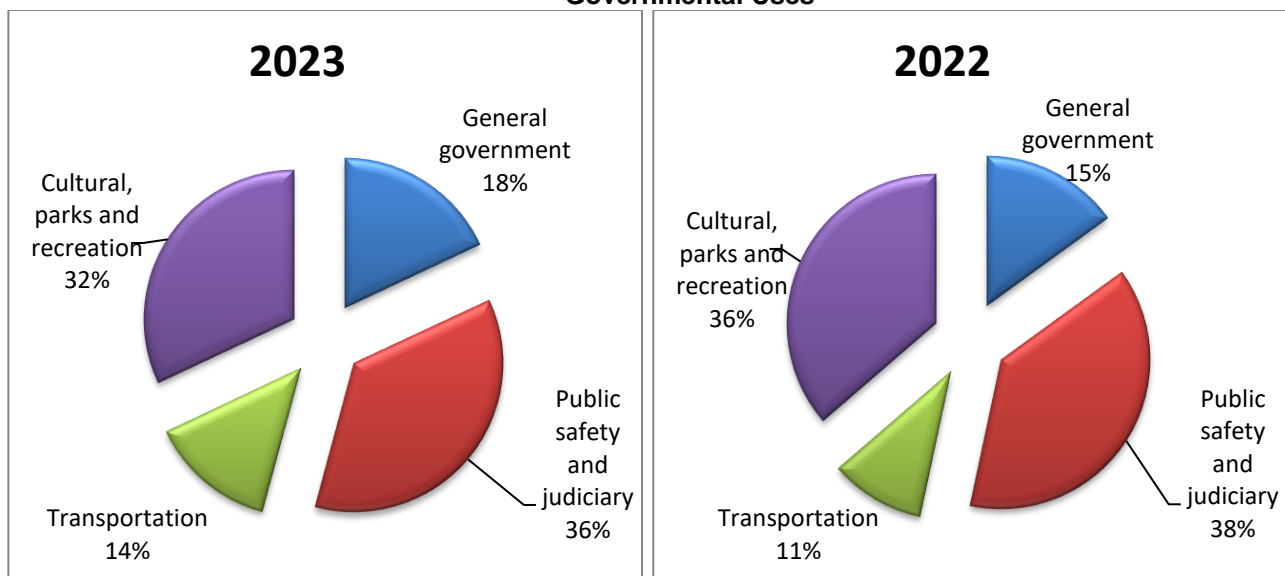
For the year ended June 30, 2023, the City's governmental activities were funded as follows:

Governmental Revenue Sources



Sales tax provided the largest source of funding for governmental activities at 46% in the current year, compared to 44% in the prior year. Other taxes, including use tax, alcohol beverage tax, and franchise taxes contributed 15% of the funding for the fiscal year. Intergovernmental revenues include grants and contributions from external governmental agencies.

Governmental Uses

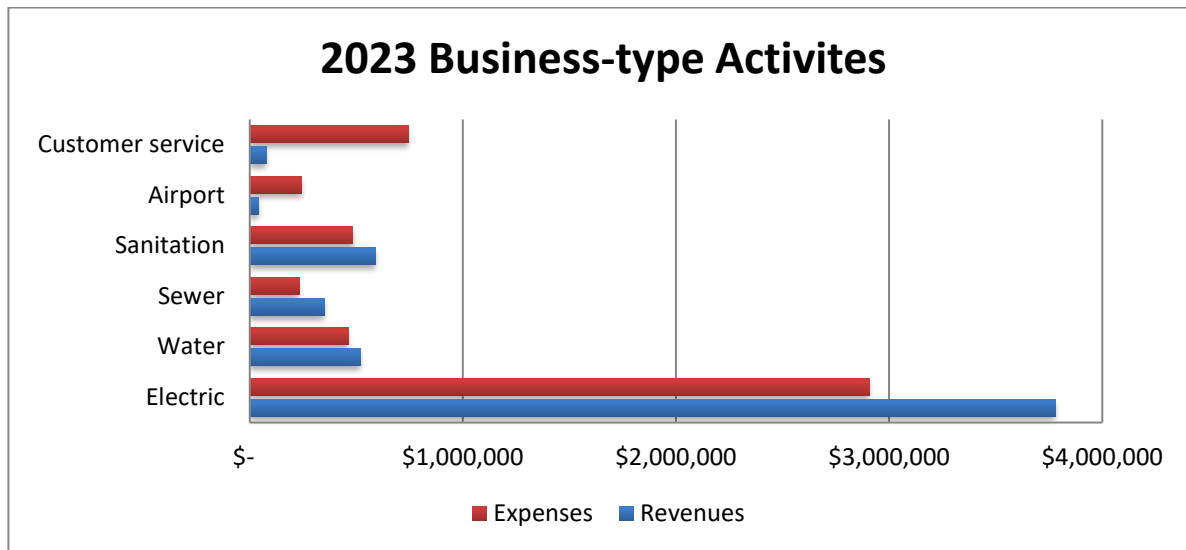


For the year ended June 30, 2023, total expenses for governmental activities were \$2,916,458, compared to \$2,683,306 in prior year. Public safety and judiciary was the largest expense at 36%, over \$1 million dollars, of governmental operating costs. Cultural, parks and recreation followed as the next largest expense at 32% or \$917 thousand.

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 \$499 thousand, before transfers and miscellaneous income, for the year ended June 30, 2023.
- Electric, water, sewer, sanitation, and airport reported net revenue for the year ended June 30, 2023, 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 2023 fiscal year, the governmental funds reported a combined fund balance of \$3.7 million. The City funded capital assets from the Sales Tax 2012 fund during the fiscal year totaling over \$371 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 amended budget for the fiscal year 2023 was \$2.195 million dollars compared to \$2.05 million dollars in prior year. Total expenditures for the City were \$2.098 million, which is \$97 thousand less than the amended budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$12.1 million 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land and construction in process	275,805	125,500	756,914	812,238	1,032,719	937,738
Buildings	411,727	497,510	1,916,199	2,016,626	2,327,926	2,514,136
Other improvements	1,786,619	1,357,912	-	-	1,786,619	1,357,912
Machinery & equipment	235,589	442,559	846,653	974,140	1,082,242	1,416,699
Utility property & improvements	-	-	3,396,481	4,018,238	3,396,481	4,018,238
Airport infrastructure	-	-	4,044,741	4,286,844	4,044,741	4,286,844
Totals	<u>\$ 2,709,740</u>	<u>\$ 2,423,481</u>	<u>\$ 10,960,988</u>	<u>\$ 12,108,086</u>	<u>\$ 13,670,728</u>	<u>\$ 14,531,567</u>

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue bonds	\$ -	\$ -	\$ -	\$ 4,457,000
Notes payable	-	-	959,228	1,056,275
Pension liability	278,086	108,878	-	-
subtotal	278,086	108,878	959,228	5,513,275
less current portion	-	-	100,043	371,047
Total long term debt	<u>\$ 278,086</u>	<u>\$ 108,878</u>	<u>\$ 1,059,271</u>	<u>\$ 5,884,322</u>

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

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, 2023

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash, including time deposits	\$ 864,102	\$ 1,704,842	\$ 2,568,944	\$ 285,543
Investments	-	218,557	218,557	251,767
Receivable from other governments	144,971	-	144,971	74,167
Accounts receivable (net)	3,381	317,438	320,819	1,019,578
Prepaid assets	20,683	-	20,683	37,014
Supplies	-	-	-	170,589
Total current assets	1,033,137	2,240,837	3,273,974	1,838,658
Restricted assets:				
Cash	2,868,785	148,889	3,017,674	24,614
Investments	-	175,000	175,000	-
Total restricted assets	2,868,785	323,889	3,192,674	24,614
Noncurrent Assets:				
Other assets	-	20,578	20,578	-
Land and construction in progress	275,805	859,231	1,135,036	4,044
Other capital assets (net of accumulated depreciation)	2,433,935	10,101,757	12,535,692	4,862,978
Total noncurrent assets	2,709,740	10,981,566	13,691,306	4,867,022
Total assets	\$ 6,611,662	\$ 13,546,292	\$ 20,157,954	\$ 6,730,294
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow on pension obligations	\$ 169,014	\$ -	\$ 169,014	\$ -
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 163,459	\$ 53,650	\$ 217,109	\$ 653,960
Payroll liabilities	55,911	50,299	106,210	243,376
Compensated absences, current	1,047	2,465	3,512	309,728
Payable from primary government	6,102	(6,102)	-	-
Other accrued liabilities	-	7,494	7,494	79,141
Notes payable, current	-	100,043	100,043	161,625
Total current liabilities	226,519	207,849	434,368	1,447,830
Liabilities payable from restricted assets:				
Customer deposits payable	-	222,558	222,558	-
Total liabilities payable from restricted assets	-	222,558	222,558	-
Noncurrent liabilities:				
Compensated absences, non-current	9,424	22,181	31,605	-
Pension liability	278,086	-	278,086	-
Notes payable, non-current	-	859,185	859,185	269,672
Total noncurrent liabilities	287,510	881,366	1,168,876	269,672
Total liabilities	\$ 514,029	\$ 1,311,773	\$ 1,825,802	\$ 1,717,502
DEFERRED INFLOW OF RESOURCES				
Deferred inflow on pension obligations	\$ 93,654	\$ -	\$ 93,654	\$ -
NET POSITION				
Net investment in capital assets	\$ 2,709,740	\$ 10,001,760	\$ 12,711,500	\$ 4,435,725
Restricted	2,911,364	101,331	3,012,695	222,128
Unrestricted	551,889	2,131,428	2,683,317	354,939
Total net position	\$ 6,172,993	\$ 12,234,519	\$ 18,407,512	\$ 5,012,792

City of Fairview, Oklahoma
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government:					
General government	\$ 517,059	\$ 17,113	\$ 242,800	\$ -	\$ (257,146)
Total general government	517,059	17,113	242,800	-	(257,146)
Public safety and judiciary:					
Legal & courts	43,493	-	-	-	(43,493)
Police	634,758	9,474	3,214	-	(622,070)
Animal control	31,141	-	-	-	(31,141)
Fire	366,227	34,625	11,053	-	(320,549)
Code enforcement	11,929	-	-	-	(11,929)
Total public safety and judiciary	1,087,548	44,099	14,267	-	(1,029,182)
Transportation:					
Streets	394,710	-	24,404	-	(370,306)
Total transportation	394,710	-	24,404	-	(370,306)
Cultural, parks and recreation:					
Parks	332,536	28,084	-	-	(304,452)
Library	164,378	2,300	9,810	-	(152,268)
Cemetery	13,667	4,862	-	-	(8,805)
Event center	27,440	14,350	-	-	(13,090)
Golf course	379,120	299,738	-	-	(79,382)
Total cultural, parks and recreation	917,141	349,334	9,810	-	(557,997)
Total governmental activities	2,916,458	410,546	291,281	-	(2,214,631)
Business-type activities:					
Electric	2,907,403	3,781,839	-	-	874,436
Water	461,514	519,438	-	-	57,924
Sewer	231,489	349,655	-	-	118,166
Sanitation	484,198	591,583	-	-	107,385
Airport	244,697	40,695	-	-	(204,002)
Customer service	746,094	76,953	-	-	(669,141)
Total business-type activities	5,075,395	5,360,162	-	-	284,767
Total primary government	\$ 7,991,853	\$ 5,770,708	\$ 291,281	\$ -	\$ (1,929,864)
Component units:					
Fairview Municipal Hospital	8,392,619	6,891,670	958,239	1,074,749	532,039
Fairview Economic Development Authority	84,230	73,301	3,000	-	(7,929)
Total component units	\$ 8,476,849	\$ 6,964,971	\$ 961,239	\$ 1,074,749	\$ 524,110

(Continued)

City of Fairview, Oklahoma
Statement of Activities
Year Ended June 30, 2023

Changes in Net Assets:

(Continued)

	Governmental Activities	Business-type Activities	Total	Component Units
Net (expense)/revenue	\$ (2,214,631)	\$ 284,767	\$ (1,929,864)	\$ 524,110
General revenues:				
Taxes:				
Sales tax	1,288,115	5,000	1,293,115	433,576
Use tax	247,539	-	247,539	-
Franchise taxes	31,121	-	31,121	-
Alcoholic beverage tax	132,955	-	132,955	-
Other taxes	11,634	-	11,634	-
Investment income	5,652	106,533	112,185	6,788
Oil and gas royalties	14,072	-	14,072	-
Miscellaneous	311,137	184,254	495,391	-
Transfers-Internal activity	1,685,312	(1,695,135)	(9,823)	9,823
Total general revenues and transfers	<u>3,727,537</u>	<u>(1,399,348)</u>	<u>2,328,189</u>	<u>450,187</u>
Change in net position	1,512,906	(1,114,581)	398,325	974,297
Net position-beginning	4,660,087	13,759,040	18,419,127	3,628,555
Prior period adjustment	-	(409,940)	(409,940)	409,940
Net position-ending	<u><u>\$ 6,172,993</u></u>	<u><u>\$ 12,234,519</u></u>	<u><u>\$ 18,407,512</u></u>	<u><u>\$ 5,012,792</u></u>

City of Fairview, Oklahoma
Balance Sheet
June 30, 2023

	General Fund	Sales Tax 2012 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, including time deposits	\$ 864,102	\$ -	\$ -	\$ 864,102
Cash, restricted	11,905	1,252,251	1,604,629	2,868,785
Taxes receivable	70,869	37,051	37,051	144,971
Other accounts receivable	3,381	-	-	3,381
Due from other funds	5,981	-	13,718	19,699
Prepaid asset	20,683	-	-	20,683
Total assets	\$ 976,921	\$ 1,289,302	\$ 1,655,398	\$ 3,921,621
LIABILITIES				
Accounts payable	\$ 44,738	\$ 48,901	\$ 69,820	\$ 163,459
Payroll liabilities	55,911	-	-	55,911
Compensated absences, current	1,047	-	-	1,047
Due to other funds	6,696	-	19,105	25,801
Total liabilities	108,392	48,901	88,925	246,218
FUND BALANCES				
Nonspendable	20,683	-	-	20,683
Restricted	-	1,240,401	1,566,473	2,806,874
Committed	24,365	-	-	24,365
Assigned	59,442	-	-	59,442
Unassigned	764,039	-	-	764,039
Total fund balances	868,529	1,240,401	1,566,473	3,675,403
Total liabilities and fund balances	\$ 976,921	\$ 1,289,302	\$ 1,655,398	\$ 3,921,621
Total fund balance - total governmental funds				3,675,403
Amounts reported for <i>governmental activities</i> 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	8,766,001		
	Less: Accumulated depreciation	<u>(6,332,066)</u>		2,709,740
Long-term liabilities are not due and payable in the current period and are not reported in the funds.				
	Compensated absences, non-current	(9,424)		
	Pension deferred outflows/(inflows)	75,360		
	Net pension obligation	<u>(278,086)</u>		(212,150)
Net position of governmental activities				\$ 6,172,993

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

	General Fund	Sales Tax 2012 Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Sales tax	\$ 249,751	\$ 429,372	\$ 608,992	\$ 1,288,115
Use taxes	247,539	-	-	247,539
Franchise taxes	31,121	-	-	31,121
Alcoholic beverage tax	132,955	-	-	132,955
Other taxes	11,634	-	-	11,634
Licenses and permits	17,113	-	-	17,113
Fines and forfeitures	9,474	-	-	9,474
Investment income	788	1,186	3,678	5,652
Charges for services	69,954	-	300,154	370,108
Rents and royalties	30,971	-	-	30,971
Intergovernmental	275,196	-	-	275,196
Donations	6,214	-	-	6,214
Miscellaneous	309,837	6,823	1,300	317,960
Total revenues	<u>1,392,547</u>	<u>437,381</u>	<u>914,124</u>	<u>2,744,052</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
General government	303,421	59,287	-	362,708
Total general government	<u>303,421</u>	<u>59,287</u>	<u>-</u>	<u>362,708</u>
Public safety and judiciary:				
Legal and courts	43,493	-	-	43,493
Police	598,766	-	-	598,766
Animal control	31,141	-	-	31,141
Fire	249,635	-	-	249,635
Code Enforcement	11,929	-	-	11,929
Total public safety and judiciary	<u>934,964</u>	<u>-</u>	<u>-</u>	<u>934,964</u>
Transportation:				
Street	337,218	-	53,992	391,210
Total transportation	<u>337,218</u>	<u>-</u>	<u>53,992</u>	<u>391,210</u>
Cultural, parks and recreation:				
Parks	159,271	-	-	159,271
Library	151,436	-	-	151,436
Cemetery	13,667	-	-	13,667
Event Center	27,440	-	-	27,440
Golf course	-	-	379,120	379,120
Total cultural, parks and recreation	<u>351,814</u>	<u>-</u>	<u>379,120</u>	<u>730,934</u>
Capital outlay	170,504	200,258	-	370,762
Total expenditures	<u>2,097,921</u>	<u>259,545</u>	<u>433,112</u>	<u>2,790,578</u>
Excess (deficiency) of revenues over expenditures	<u>(705,374)</u>	<u>177,836</u>	<u>481,012</u>	<u>(46,526)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,110,445	-	264,135	1,374,580
Transfers out	(32,878)	(6,823)	-	(39,701)
Total other financing sources and uses	<u>1,077,567</u>	<u>(6,823)</u>	<u>264,135</u>	<u>1,334,879</u>
Net change in fund balances	372,193	171,013	745,147	1,288,353
Fund balances - beginning	496,336	1,069,388	821,326	2,387,050
Fund balances - ending	<u>\$ 868,529</u>	<u>\$ 1,240,401</u>	<u>\$ 1,566,473</u>	<u>\$ 3,675,403</u>

(Continued)

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

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

Net change in fund balances - total governmental funds	\$	1,288,353
--	----	-----------

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	370,762	
Transfer of assets from business-type activities	350,433	
Depreciation expense	<u>(434,936)</u>	286,259

Government-wide Statement of Activities report accrued compensated absences in the period incurred. However, Governmental funds do not pay on this liability until the employee has left employment. This is the amount of the change in accrued absences recorded in the current period.	(9,424)
---	---------

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>(52,282)</u>
---	-----------------

Change in Net Position of Governmental Activities	\$	<u><u>1,512,906</u></u>
---	----	-------------------------

City of Fairview, Oklahoma
Statement of Fund Net Position
June 30, 2023

	Fairview Utility Authority	Fairview Airport Authority	Total Enterprise Funds
ASSETS			
Current assets:			
Cash, including time deposits	\$ 1,661,873	\$ 42,969	\$ 1,704,842
Investments	218,557	-	218,557
Accounts receivable (net)	317,438	-	317,438
Due from other funds	23,363	340	23,703
Total current assets	<u>2,221,231</u>	<u>43,309</u>	<u>2,264,540</u>
Restricted assets:			
Cash, including time deposits	148,889	-	148,889
Investments	175,000	-	175,000
Total restricted assets	<u>323,889</u>	<u>-</u>	<u>323,889</u>
Noncurrent assets:			
Other assets	20,578	-	20,578
Capital assets (net)	6,882,469	4,078,519	10,960,988
Total noncurrent assets	<u>6,903,047</u>	<u>4,078,519</u>	<u>10,981,566</u>
Total assets	<u>\$ 9,448,167</u>	<u>\$ 4,121,828</u>	<u>\$ 13,569,995</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 52,037	\$ 1,613	\$ 53,650
Wages and benefits payable	50,299	-	50,299
Compensated absences, current	2,465	-	2,465
Due to other funds	17,601	-	17,601
Notes payable, current	100,043	-	100,043
Total current liabilities	<u>222,445</u>	<u>1,613</u>	<u>224,058</u>
Liabilities payable from restricted assets:			
Accrued interest payable	7,494	-	7,494
Customer deposits payable	222,558	-	222,558
Total liabilities payable from restricted assets	<u>230,052</u>	<u>-</u>	<u>230,052</u>
Noncurrent liabilities:			
Compensated absences, non-current	22,181	-	22,181
Notes payable, non-current	859,185	-	859,185
Total noncurrent liabilities	<u>881,366</u>	<u>-</u>	<u>881,366</u>
Total liabilities	<u>1,333,863</u>	<u>1,613</u>	<u>1,335,476</u>
FUND NET POSITION			
Net investment in capital assets	5,923,241	4,078,519	10,001,760
Restricted	101,331	-	101,331
Unrestricted	<u>2,089,732</u>	<u>41,696</u>	<u>2,131,428</u>
Total fund net position	<u>\$ 8,114,304</u>	<u>\$ 4,120,215</u>	<u>\$ 12,234,519</u>

City of Fairview, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended June 30, 2023

	Fairview Utility Authority	Fairview Airport Authority	Total Enterprise Funds
<u>Operating revenues:</u>			
Charges for services:			
Electric charges	\$ 3,781,839	\$ -	\$ 3,781,839
Water charges	519,438	-	519,438
Sewer charges	349,655	-	349,655
Sanitation charges	591,583	-	591,583
Penalties	31,402	-	31,402
Total charges for services	5,273,916	-	5,273,916
Rental revenue	-	40,695	40,695
Customer fees	45,551	-	45,551
Miscellaneous	184,254	-	184,254
Total operating revenues	5,503,721	40,695	5,544,416
<u>Operating expenses:</u>			
Cost of goods sold	2,460,560	-	2,460,560
Personal services	1,023,948	-	1,023,948
Materials and supplies	314,894	8	314,902
Other services and charges	509,099	36,364	545,463
Depreciation and amortization	491,753	208,325	700,078
Total operating expenses	4,800,254	244,697	5,044,951
Net operating income	703,467	(204,002)	499,465
<u>Nonoperating revenue (expense):</u>			
Intergovernmental	5,000	-	5,000
Investment income	106,492	41	106,533
Bad debt	-	-	-
Interest expense	(30,444)	-	(30,444)
Total nonoperating revenue (expense)	81,048	41	81,089
Net income before contributions and transfers	784,515	(203,961)	580,554
Transfers from other funds	286,622	-	286,622
Transfers to other funds	(1,981,757)	-	(1,981,757)
Change in fund net position	(910,620)	(203,961)	(1,114,581)
Fund net position-beginning of year	9,024,924	4,324,176	13,349,100
Fund net position-end of year	<u>\$ 8,114,304</u>	<u>\$ 4,120,215</u>	<u>\$ 12,234,519</u>

City of Fairview, Oklahoma
Statement of Cash Flows
Year Ended June 30, 2023

	Fairview Utility Authority	Fairview Airport Authority
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 5,537,572	\$ 40,695
Payments to suppliers	(3,282,028)	(35,978)
Payments to employees	(1,016,637)	-
Other operating revenues	184,254	-
Net cash provided (used) by operating activities	1,423,161	4,717
<u>Cash flows from non-capital financing activities:</u>		
Receipts under interfund agreements	5,000	-
Transfers from other funds	286,622	-
Transfers to other funds	(1,784,465)	-
Net cash provided (used) by non-capital financing activities	(1,492,843)	-
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	(28,942)	-
Principal paid on bonds and notes	(4,554,047)	-
Interest and fiscal charges paid on bonds and notes	(65,074)	-
Net cash provided (used) by capital and related financing activities	(4,648,063)	-
<u>Cash flows from investing activities:</u>		
Investment income	106,492	41
Net cash provided (used) by investing activities	106,492	41
Net increase (decrease) in cash and cash equivalents	(4,611,253)	4,758
Cash and cash equivalents, beginning of the year	6,422,015	38,211
Cash and cash equivalents, end of the year	<u>\$ 1,810,762</u>	<u>\$ 42,969</u>
Cash, including time deposits	\$ 1,661,873	\$ 42,969
Restricted cash, including time deposits	148,889	-
Total cash and cash equivalents, end of year	<u>\$ 1,810,762</u>	<u>\$ 42,969</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 703,467	\$ (204,002)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	491,753	208,325
Provision for bad debts	25,246	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	192,859	-
(Increase) decrease in prepaids	30,708	-
Increase (decrease) in accounts payable	(28,183)	394
Increase (decrease) in payroll liabilities	5,110	-
Increase (decrease) in compensated absences	2,201	-
Total adjustments	719,694	208,719
Net cash provided (used) by operating activities	\$ 1,423,161	\$ 4,717
Non-Cash Investing, Capital, and Financing Activities		
Transfer of capital assets	\$ 197,292	\$ -
Total non-cash investing, capital, and financing activities	\$ 197,292	\$ -

City of Fairview, Oklahoma
Statement of Fund Net Position
Discretely Presented Component Units
June 30, 2023

	Fairview Municipal Hospital Authority	Fairview Economic Development Authority	Total
ASSETS			
Current assets:			
Cash, including time deposits	\$ 53,096	\$ 232,447	\$ 285,543
Investments	251,767	-	251,767
Prepaid deposits	-	-	-
Receivable from other governments	74,167	-	74,167
Accounts receivable (net)	1,019,578	-	1,019,578
Prepaid assets	37,014	-	37,014
Due from other funds	-	-	-
Estimated third party payor	-	-	-
Supplies	170,589	-	170,589
Total current assets	<u>1,606,211</u>	<u>232,447</u>	<u>1,838,658</u>
Restricted assets:			
Cash, including time deposits	24,614	-	24,614
Investments	-	-	-
Receivable	-	-	-
Total restricted assets	<u>24,614</u>	<u>-</u>	<u>24,614</u>
Noncurrent assets:			
Other assets	-	-	-
Capital assets (net)	4,675,844	191,178	4,867,022
Total noncurrent assets	<u>4,675,844</u>	<u>191,178</u>	<u>4,867,022</u>
Total assets	<u>\$ 6,306,669</u>	<u>\$ 423,625</u>	<u>\$ 6,730,294</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 642,773	\$ 11,187	\$ 653,960
Wages and benefits payable	243,376	-	243,376
Other accrued liabilities	79,141	-	79,141
Compensated absences, current	309,728	-	309,728
Due to other funds	-	-	-
Notes payable, current	161,625.00	-	161,625
Total current liabilities	<u>1,436,643</u>	<u>11,187</u>	<u>1,447,830</u>
Liabilities payable from restricted assets:			
Accrued interest payable	-	-	-
Customer deposits payable	-	-	-
Bonds payable, current	-	-	-
Total liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:			
Notes payable, non-current	269,672	-	269,672
Bonds payable, noncurrent	-	-	-
Total noncurrent liabilities	<u>269,672</u>	<u>-</u>	<u>269,672</u>
Total liabilities	<u>1,706,315</u>	<u>11,187</u>	<u>1,717,502</u>
FUND NET POSITION			
Net investment in capital assets	4,244,547	191,178	4,435,725
Restricted	222,128	-	222,128
Unrestricted	133,679	221,260	354,939
Total fund net position	<u>\$ 4,600,354</u>	<u>\$ 412,438</u>	<u>\$ 5,012,792</u>

City of Fairview, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Discretely Presented Component Units
Year Ended June 30, 2023

	Fairview Municipal Hospital Authority	Fairview Economic Development Authority	Total
<u>Operating revenues:</u>			
Charges for services:			
Electric charges	\$ -	\$ -	\$ -
Water charges	-	-	-
Sewer charges	-	-	-
Sanitation charges	-	-	-
Patient services	6,891,670	-	6,891,670
Penalties	-	-	-
Total charges for services	6,891,670	-	6,891,670
Rental revenue	-	73,301	73,301
Customer fees	-	-	-
Miscellaneous	117,488	3,000	120,488
Total operating revenues	7,009,158	76,301	7,085,459
<u>Operating expenses:</u>			
Cost of goods sold	-	-	-
Personal services	5,352,815	-	5,352,815
Materials and supplies	462,436	14,617	477,053
Other services and charges	1,971,373	58,558	2,029,931
Depreciation and amortization	571,908	11,055	582,963
Total operating expenses	8,358,532	84,230	8,442,762
Net operating income	(1,349,374)	(7,929)	(1,357,303)
<u>Nonoperating revenue (expense):</u>			
Intergovernmental	433,576	-	433,576
Investment income	6,184	604	6,788
Other income	1,915,500	-	1,915,500
Interest expense	(34,087)	-	(34,087)
Total nonoperating revenue (expense)	2,321,173	604	2,321,777
Net income before contributions and transfers	971,799	(7,325)	964,474
Transfers from other funds	-	9,823	9,823
Transfers to other funds	-	-	-
Change in fund net position	971,799	2,498	974,297
Fund net position-beginning of year	3,628,555	409,940	4,038,495
Fund net position-end of year	<u>\$ 4,600,354</u>	<u>\$ 412,438</u>	<u>\$ 5,012,792</u>

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, 2023.

(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. The City is the beneficiary of the FUA, and the City Council serves as the FUA trustees.	Enterprise Fund
Fairview Airport Authority (FAA)	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. The City is the beneficiary of the FAA, and the City Council the FAA trustees.	Enterprise Fund

Discretely Presented Component Unit

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</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. Financial statements can be obtained from the Fairview Municipal Hospital, 523 E State Rd, Fairview OK 73737
Fairview Economic Development Authority (FEDA)	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. The City is the beneficiary of the FEDA, and the City Council appoints the FEDA trustees.

(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. Customer service function includes revenues and expenses not allocated to the operational departments. 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 and proprietary.

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 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 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. Whether committed, assigned or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes that any of these classifications is available.

The City uses restricted amounts first, then committed, assigned, and lastly unassigned amounts of unrestricted fund balance.

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

(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, 2023, 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 one year.

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 sales tax restricted for a specific purpose, 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.

	Governmental Activities	Business-type Activities	
	<u>Cash</u>	<u>Cash</u>	<u>Investments</u>
Payroll obligations	\$ 11,905	\$ 42,497	\$ -
Meter Deposits	-	50,000	175,000
Debt Service	-	21,754	-
Capital improvements	2,662,309	34,638	-
Other	194,571	-	-
	<u>\$ 2,868,785</u>	<u>\$ 148,889</u>	<u>\$ 175,000</u>

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, escrow balances, 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. Assignment of fund balance may be made by council or management decision if delegated by council.

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, 2023, the City reported no individual fund deficits.

(B) 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, 2023, the City complied, in all material respects, with these revenue restrictions.

(C) 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, 2023, the City was in compliance with this requirement.

NOTE 3: DETAIL NOTES ON FUNDS

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, 2023, 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.

City policy is that deposits can only be made in financial institutions insured by the Federal Deposit Insurance Corporation.

(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, 2022	Additions	Disposals	Transfers	Balance at June 30, 2023
Land and construction in process	\$ 275,805	\$ -	\$ -	\$ -	\$ 275,805
Buildings	2,850,170	-	-	-	2,850,170
Other improvements	2,193,545	239,277	-	476,194	2,909,016
Machinery, furniture & equip.	2,875,330	131,485	-	-	3,006,815
	8,194,850	370,762	-	476,194	9,041,806
Less accumulated depreciation	5,771,369	434,936	-	125,761	6,332,066
Net property, plant, & equipment	<u>\$ 2,423,481</u>				<u>\$ 2,709,740</u>

Business-Type Activities

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

	Balance at July 1, 2022 *	Additions	Disposals	Transfers	Balance at June 30, 2023
Land	\$ 736,914	\$ -	\$ -	\$ -	\$ 736,914
Buildings	3,862,139	-	-	-	3,862,139
Machinery, furniture, & equip	2,842,331	42,790	-	-	2,885,121
Infrastructure/utility system	14,293,785	-	-	(476,194)	13,817,591
Construction in progress	122,317	-	-	-	122,317
	21,857,486	42,790	-	(476,194)	21,424,082
Less accumulated depreciation	9,848,863	739,992	-	(125,761)	10,463,094
Net property, plant, & equipment	<u>\$ 12,008,623</u>				<u>\$ 10,960,988</u>

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

	Fairview Utility Authority	Fairview Airport Authority	Total
Land	\$ 710,511	\$ 11,728	\$ 722,239
Buildings	3,856,340	-	3,856,340
Machinery, furniture, & equip.	3,032,269	-	3,032,269
Infrastructure	7,418,271	6,268,713	13,686,984
Construction in progress	122,317	-	122,317
	15,139,708	6,280,441	21,420,149
Less accumulated depreciation	8,257,239	2,201,922	10,459,161
Net property, plant, & equipment	<u>\$ 6,882,469</u>	<u>\$ 4,078,519</u>	<u>\$ 10,960,988</u>

Depreciation

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

Governmental Activities		Business-type Activities	
General Government:	\$ 134,871	Electric	\$ 80,893
Public safety and judiciary:	100,302	Water	118,349
Transportation:	3,500	Sewer	141,781
Cultural, parks and recreation:	196,263	Sanitation	13,590
	<u>\$ 434,936</u>	General government	177,054
		Airport	208,325
			<u>\$ 739,992</u>

(D) Long-Term Debt:

Business-Type Activities

As of June 30, 2023, 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	<u>\$ 959,288</u>
---------------------	-------------------

Segment information

The following information is presented for the water department as reported in the Fairview Utility Authority.

	<u>Water Department</u>
ASSETS	
Current assets	\$ 1,095,945
Noncurrent assets:	<u>1,220,203</u>
Total assets	<u>\$ 2,316,148</u>
LIABILITIES	
Current liabilities	\$ 126,040
Noncurrent liabilities:	<u>859,185</u>
Total liabilities	<u>\$ 985,225</u>
NET POSITION	
Net investment in capital assets	\$ 260,975
Unrestricted	<u>1,069,948</u>
Total net position	<u>\$ 1,330,923</u>

	<u>Water Department</u>
Operating revenues	
Operating revenues	\$ 519,438
Depreciation expense	(118,349)
Other operating expenses	<u>(312,721)</u>
Net operating income	88,368
Nonoperating income/(expense)	
Interest expense	<u>(30,444)</u>
Change in net position	\$ 57,924
Beginning net position	<u>1,272,999</u>
Ending net position	<u>\$ 1,330,923</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	<u>Balance at July 1, 2022</u>	<u>Amount Increased</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>
Governmental activities					
Pension liability	\$ 108,878	\$ 169,208	\$ -	\$ 278,086	\$ -
Total pension liability	108,878	169,208	-	278,086	-
Total governmental activities	<u>\$ 108,878</u>	<u>\$ 169,208</u>	<u>\$ -</u>	<u>\$ 278,086</u>	<u>\$ -</u>
Business-type activities					
Notes payable					
OWRB 2010	\$ 1,056,275	\$ -	\$ 97,047	\$ 959,228	\$ 100,043
Total notes payable	1,056,275	-	97,047	959,228	100,043
Revenue bonds payable, 2021	4,457,000	-	4,457,000	-	-
Total business-type activities	<u>\$ 5,513,275</u>	<u>\$ -</u>	<u>\$4,554,047</u>	<u>\$ 959,228</u>	<u>\$ 100,043</u>

During the year, the City refunded the Series 2021 Revenue bonds payable.

Annual Debt Service Requirements

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

<u>Year Ending June 30</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 100,043	\$ 24,704
2025	103,291	21,981
2026	106,523	19,236
2027	109,938	16,405
2028	113,379	13,520
2029-2033	426,054	22,838
Totals	<u>\$ 959,228</u>	<u>\$ 118,684</u>

(E) Interfund Transactions and Balances:

Intercompany balances for the year ended June 30, 2023 were as follows:

<u>DUE TO/DUE FROM</u>	<u>Due From</u>	<u>Due To</u>
GENERAL FUND:		
Utility Authority (an enterprise fund)	\$ 5,981	\$ 5,420
Airport Authority (an enterprise fund)	-	340
Total General Fund	5,981	5,760
SPECIAL REVENUE FUNDS:		
General Fund	-	-
Utility Authority (an enterprise fund)	-	5,386
Total Special Revenue Fund	-	5,386
ENTERPRISE FUNDS:		
<i>Fairview Utility Authority:</i>		
General Fund	5,420	5,981
Street Tax Fund (a special revenue fund)	1,161	-
Golf Course Fund (a special revenue fund)	4,225	-
<i>Fairview Airport Authority:</i>		
General Fund	340	-
Total Enterprise Funds	11,146	5,981
 GRAND TOTAL	 \$ 17,127	 \$ 17,127

<u>OPERATING TRANSFERS:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND:		
Utility Authority (an enterprise fund)	\$ 1,000,000	\$ 8,000
Street Sales Tax (a special revenue fund)	110,092	-
Golf Course (a special revenue fund)	-	8,338
Total General Fund	1,110,092	16,338
SPECIAL REVENUE FUNDS:		
<i>Street Sales Tax Fund :</i>		
General Fund	-	110,092
Utility Authority (an enterprise fund)	266,613	-
<i>Golf and Club House Fund :</i>		
General Fund	8,338	-
Utility Authority (an enterprise fund)	715,091	255,441
Total Special Revenue Fund	990,042	365,533
ENTERPRISE FUNDS:		
<i>Fairview Utility Authority:</i>		
General Fund	8,000	1,000,000
Street Sales Tax (a special revenue fund)	-	266,613
Golf and Club House	255,441	715,091
Total Enterprise Funds	263,441	1,981,704
 GRAND TOTAL	 \$ 2,363,575	 \$ 2,363,575

Transfers within funds primarily represent operating subsidies.

During the year, the City transferred the assets of the golf course and golf club house from the Fairview Utility Authority to a special revenue fund, Golf and Club House Fund.

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, 2023, covered payroll for the Plan was \$1,117,260.

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 \$89,047 for fiscal year 2023, while the employees contributed \$57,372. 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.

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.

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 \$10,522 (fiscal year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$278,086 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information the City's proportionate share was 0.000213%.

CITY OF FAIRVIEW, OKLAHOMA
Notes to Financial Statements
June 30, 2023

For the year ended June 30, 2023, the City recognized pension expense of \$38,654. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 35,699	\$ 1,404
Changes of assumptions	-	1,773
Net difference between projected and actual earnings on pension plan investments	122,793	90,477
City contributions subsequent to the measurement date	10,522	-
Total	\$ 169,014	\$ 93,654

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:

2023	\$ 17,271
2024	14,107
2025	4,009
2026	29,452
2027	-

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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	\$ 358,340	\$ 278,086	\$ 210,964

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.

(B) Commitments and Contingencies:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has insurance for the major risks such as property, general liability, workers' compensation, and unemployment. Commercial insurance is used to cover general liability claims and the risk of loss to City buildings and mobile equipment. Judgements against the City may be paid by a property tax assessment over a three-year period.

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, 2023, the Fairview Regional Medical Center had \$0 outstanding on the line. The line of credit carries a 6.5% interest rate with a six-month maturity.

(C) Prior Period Adjustment:

A prior period adjustment of \$409,940 was made to reflect a change in reporting of the Fairview Economic Development Authority as a blended component unit to a discretely presented component unit.

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

	Approved Budget	Revisions	Amended Budget	Actual	Variance with Budget Over (Under)
REVENUES					
Sales taxes	\$ 189,872	\$ -	\$ 189,872	\$ 249,751	\$ 59,879
Use taxes	253,454	-	253,454	247,539	(5,915)
Franchise taxes	18,941	7,500	26,441	31,121	4,680
Beverage taxes	122,144	-	122,144	132,955	10,811
Other taxes	19,137	-	19,137	11,634	(7,503)
Licenses and permits	13,950	13,000	26,950	17,113	(9,837)
Fines and forfeitures	57,896	-	57,896	9,474	(48,422)
Charges for services	62,250	51,000	113,250	69,954	(43,296)
Rent and royalties	13,000	9,500	22,500	30,971	8,471
Interest income	200	-	200	788	588
Intergovernmental	-	-	-	275,196	275,196
Miscellaneous	30,000	374,820	404,820	316,051	(88,769)
Total revenues before carryover	780,844	455,820	1,236,664	1,392,547	155,883
EXPENDITURES					
General government:					
General government	309,713	15,000	324,713	312,993	11,720
Total general government	309,713	15,000	324,713	312,993	11,720
Public safety and judiciary:					
Legal and courts	49,541	3,600	53,141	43,493	9,648
Police	652,552	42,400	694,952	643,221	51,731
Animal control	60,182	(25,000)	35,182	31,141	4,041
Fire	238,551	65,100	303,651	303,632	19
Emergency management	2,200	-	2,200	662	1,538
Code enforcement	-	15,000	15,000	11,929	3,071
Total public safety and judiciary	1,003,026	101,100	1,104,126	1,034,078	70,048
Transportation:					
Streets	215,760	172,500	388,260	380,006	8,254
Total transportation	215,760	172,500	388,260	380,006	8,254
Cultural, parks and recreation:					
Parks	110,054	40,600	150,654	148,495	2,159
Swimming pool	56,232	(25,000)	31,232	29,806	1,426
Library	154,239	-	154,239	151,436	2,803
Cemetery	3,000	11,500	14,500	13,667	833
Sr. Citizens	2,750	1,025	3,775	3,757	18
Event center	18,100	5,600	23,700	23,683	17
Total cultural, parks and recreation	344,375	33,725	378,100	370,844	7,256
Total expenditures	1,872,874	322,325	2,195,199	2,097,921	97,278
Revenue over (under) expenditures	(1,092,030)	133,495	(958,535)	(705,374)	58,605
OTHER FINANCING SOURCES (USES)					
Operating transfers, net	1,036,909	(227,595)	809,314	1,044,689	235,375
Net other financing sources (uses)	1,036,909	(227,595)	809,314	1,044,689	235,375
Revenues and other financing sources over (under) expenditures and other uses	(55,121)	(94,100)	(149,221)	339,315	293,980
Fund balance at beginning of year (Non-GAAP budgetary basis)	1,147,406			282,569	282,569
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 1,092,285</u>			\$ 621,884	<u>\$ 576,549</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and expenditure accruals				246,645	
Fund balance at end of year (GAAP basis)				<u>\$ 868,529</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, 2023
Budget and Actual (Non-GAAP Budgetary Basis)**

	<u>Approved Budget</u>	<u>Revisions</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Budget Over (Under)</u>
<u>REVENUES</u>					
Sales taxes	\$ 379,745	\$ -	\$ 379,745	\$ 429,372	\$ 49,627
Interest income	600	-	600	1,186	586
Other income	-	-	-	6,823	6,823
Total revenues before carryover	380,345	-	380,345	437,381	57,036
<u>EXPENDITURES</u>					
General government:					
Capital projects	250,000	-	250,000	213,217	36,783
Total general government	250,000	-	250,000	213,217	36,783
Revenue over (under) expenditures	130,345	-	130,345	224,164	20,253
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers, net	-	-	-	(6,823)	(6,823)
Net other financing sources (uses)	-	-	-	(6,823)	(6,823)
Revenues and other financing sources over (under) expenditures and other uses	130,345	-	130,345	217,341	13,430
Fund balance at beginning of year (Non-GAAP budgetary basis)				1,033,822	1,033,822
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 1,251,163	<u>\$ 1,047,252</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and expenditure accruals				(10,762)	
Fund balance at end of year (GAAP basis)				<u>\$ 1,240,401</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.

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that reports revenues and expenditures on a cash basis. For budgetary purposes expenditures are recorded in the period when paid and revenues are recorded in the period received.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approved of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

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, 2023

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
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%	0.0213%
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	\$ 278,086
City's covered-employee payroll	\$ 28,057	\$ 64,480	\$ 66,937	\$ 19,478	\$ 112,581	\$ 116,729	\$ 116,729	\$ 70,187	\$ 87,684
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%	317%
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%	0.007%

* 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

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Contractually required contribution	\$ 4,710	\$ 1,200	\$ 1,200	\$ 1,260	\$ 1,638	\$ 9,200	\$ 10,343	\$ 9,826	\$ 10,522
Contributions in relation to the contractually required contribution	(4,710)	(1,200)	(1,200)	(1,260)	(1,638)	(9,200)	(10,343)	(9,826)	(10,522)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 28,057	\$ 64,480	\$ 66,937	\$ 19,478	\$ 112,581	\$ 116,729	\$ 116,729	\$ 70,187	\$ 87,684
Contributions as a percentage of covered-employee payroll	16.79%	1.86%	1.79%	6.47%	1.45%	7.88%	8.86%	14.00%	12.00%

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

	Street Sales Tax	Cemetery Care Fund	Golf and Clubhouse Fund	Total Non-Major Governmental Funds
ASSETS				
Cash, including time deposits	\$ 1,410,058	\$ 21,720	\$ 172,851	\$ 1,604,629
Due from other funds	-	-	13,718	13,718
Taxes receivable	37,051	-	-	37,051
Total assets	<u>\$ 1,447,109</u>	<u>\$ 21,720</u>	<u>\$ 186,569</u>	<u>\$ 1,655,398</u>
LIABILITIES				
Accounts payable	\$ 46,673	\$ -	\$ 23,147	\$ 69,820
Due to other funds	1,162	-	17,943	19,105
Total liabilities	<u>47,835</u>	<u>-</u>	<u>41,090</u>	<u>88,925</u>
FUND BALANCES				
Restricted	1,399,274	21,720	145,479	1,566,473
Total fund balances	<u>1,399,274</u>	<u>21,720</u>	<u>145,479</u>	<u>1,566,473</u>
Total liabilities and fund balances	<u>\$ 1,447,109</u>	<u>\$ 21,720</u>	<u>\$ 186,569</u>	<u>\$ 1,655,398</u>

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

	Street Sales Tax Fund	Cemetery Care Fund	Golf and Clubhouse Fund	Total Non-Major Governmental Funds
<u>REVENUES</u>				
Investment income	\$ 3,678	\$ -	\$ -	\$ 3,678
Charges for services	-	416	299,738	300,154
Sales tax	608,992	-	-	608,992
Donations	-	-	-	-
Gain on sale of assets	-	-	-	-
Miscellaneous	-	-	1,300	1,300
Total revenues	<u>612,670</u>	<u>416</u>	<u>301,038</u>	<u>914,124</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
General government	-	-	-	-
Total general government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:				
Street	53,992	-	-	53,992
Total cultural, parks and recreation	<u>53,992</u>	<u>-</u>	<u>-</u>	<u>53,992</u>
Cultural, parks and recreation:				
Cemetery	-	-	-	-
Golf course	-	-	379,120	379,120
Total cultural, parks and recreation	<u>-</u>	<u>-</u>	<u>379,120</u>	<u>379,120</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>53,992</u>	<u>-</u>	<u>379,120</u>	<u>433,112</u>
Excess (deficiency) of revenues over expenditures	<u>558,678</u>	<u>416</u>	<u>(78,082)</u>	<u>481,012</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in/(out)	173,061	(416)	91,490	264,135
Total other financing sources and uses	<u>173,061</u>	<u>(416)</u>	<u>91,490</u>	<u>264,135</u>
Net change in fund balances	731,739	-	13,408	745,147
Fund balances - beginning	667,535	21,720	132,071	821,326
Fund balances - ending	<u>\$ 1,399,274</u>	<u>\$ 21,720</u>	<u>\$ 145,479</u>	<u>\$ 1,566,473</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, 2023, 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 February 21, 2025. 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.

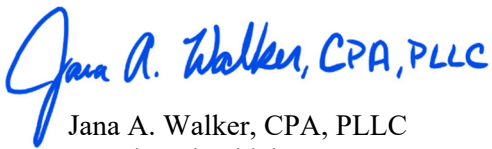
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 that we consider to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-002.

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.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
February 21, 2025

**City of Fairview, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2023**

FINDING 2023-001 Bank Reconciliations

Condition: Duplicate deposits were recorded for the bank accounts due to multiple electronic collection systems. Once monthly bank reconciliations were performed, the duplicate deposits remained listed as outstanding and were not properly voided.

Criteria: Outstanding items should be reviewed regularly to ensure only items that are expected to clear in a timely manner are listed as outstanding. If items are duplicated or erroneously recorded, those items should be properly voided.

Cause: Lack of proper reconciliation.

Effect or Potential Effect: Over/Understatement of cash balances.

Recommendation: Ensure reconciliations are reviewed in a timely manner and any uncleared items are investigated and corrected.

Response: Management will make arrangements to ensure monthly bank reconciliations are reviewed and corrected in a timely manner.

FINDING 2023-002 Lack of Timely Filed Audit

Condition: Audit report issued after allotted 150 days from year end.

Criteria: In accordance with the Oklahoma Water Resource Board loan agreement, Article II, 2.7(D)(4) the City shall furnish copies of the reports of the financial audit within 150 days after the end of each fiscal year.

Cause: Unavailable information to complete workpapers for auditor.

Effect or Potential Effect: Debt covenant violation.

Recommendation: Ensure records are available for inspection after year end in a timely manner.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit. Due to the lack of governmental auditors registered in the State of Oklahoma, it is next to impossible to schedule an audit to be completed by November 30th, which is 31 days earlier than required by the State Statute.