

**CITY OF ALTUS, OKLAHOMA  
ALTUS, OKLAHOMA**

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

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

**City of Altus, Oklahoma**  
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**June 30, 2022**

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## INDEPENDENT AUDITORS REPORT

To the Honorable Mayor and City Commission  
City of Altus, Oklahoma

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Altus, Oklahoma ( the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Altus, 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.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Altus, 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 Altus, 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.

### Auditors' 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 will always detect a material misstatement when it exists. The risk is 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 an audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Altus, 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 Altus, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the City's proportionate share of the net pension liabilities on pages 1-10, 56, and 58-64 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 Altus, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 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 the to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 April 1, 2024 on our consideration of the City of Altus, 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 Altus, 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 the City of Altus, Oklahoma's internal control over financial reporting and compliance.

**FSW&B CPAs-PLLC**

FSW&B CPAs-PLLC

Stillwater, Oklahoma

April 1, 2024

Within this section, the City of Altus's ("City") management provides narrative discussion and analysis of the financial performance of the City's 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 disclosures following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

## FINANCIAL SUMMARY

- At June 30, 2023, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$154,137,034 (net position). This compared to the previous year when assets exceeded liabilities by \$146,148,907.
- The City's total net position is comprised of the following:
  - (1) Net investment in capital assets of \$123,329,130 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
  - (2) Restricted net position of \$38,785,401 accounts for assets restricted for debt service and capital construction in accordance with debt offerings.
  - (3) Unrestricted net position of \$(7,977,497) represent the portion available to maintain the City's continuing obligations to citizens and creditors
- The City's governmental funds on the Statement of Revenues, Expenses and Changes in Fund Balances in Governmental Funds reported total ending fund balance of \$21,055,876. This compared to prior year ending fund balance of \$20,136,912.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

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

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Governmental activities include general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services, including water and sanitation, provided by the City as well as the operation of the rock yard.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). More comprehensive information about the City's component units can be found in footnotes.

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

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has three kinds of funds:

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

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

Budgetary comparison statement is included in the basic financial statement for governmental funds deemed as major. This statement demonstrates compliance with the City's adopted and final revised budget.

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

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

*Fiduciary funds* such as the meter deposits and police bonds are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

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

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

**Other information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information detailing the combining statements of non-major governmental funds.

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

**Net position**

The City's combined net position at June 30, 2023 was \$154,137,034. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$78 million and \$76 million, respectively. The City's overall financial position improved during the fiscal year 2023.

	Summary of Net Position (in thousands)							
	Governmental Activities		Business-Type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Current assets	\$ 24,481	\$ 26,287	\$ 44,027	\$ 52,377	\$ 68,508	\$ 78,664	\$(10,156)	-13%
Capital assets, net	63,491	64,638	90,600	82,592	154,091	147,230	6,861	5%
<b>Total assets</b>	<b>87,972</b>	<b>90,925</b>	<b>134,627</b>	<b>134,969</b>	<b>222,599</b>	<b>225,894</b>	<b>(3,295)</b>	<b>-1%</b>
Deferred outflow of resources	10,886	4,174	2,707	1,001	13,593	5,175	8,418	163%
Current liabilities	1,475	1,849	8,762	7,835	10,237	9,684	553	6%
Non-current liabilities	13,195	7,340	50,855	58,260	64,050	65,600	(1,550)	-2%
<b>Total liabilities</b>	<b>14,670</b>	<b>9,189</b>	<b>59,617</b>	<b>66,095</b>	<b>74,287</b>	<b>75,284</b>	<b>(997)</b>	<b>-1%</b>
Deferred inflow of resources	6,353	8,100	1,416	1,537	7,769	9,637	(1,868)	-19%
Net position								
Net investment in capital assets	63,060	63,984	60,269	48,958	123,329	112,942	10,387	9%
Restricted	5,781	6,744	33,004	38,550	38,785	45,294	(6,509)	-14%
Unrestricted	8,994	7,082	(16,972)	(19,170)	(7,978)	(12,088)	4,110	-34%
<b>Total net position</b>	<b>\$ 77,835</b>	<b>\$ 77,810</b>	<b>\$ 76,301</b>	<b>\$ 68,338</b>	<b>\$ 154,136</b>	<b>\$ 146,148</b>	<b>\$ 7,988</b>	<b>5%</b>

The City's net position increased 5% over prior year. Total assets remained consistent between years. Capital assets increased over \$6.8 million or 5% due to improvements made to the utility infrastructure which was funded with current assets resulting in a decrease in that line of 13% or \$10 million. Consistent with prior year, the largest majority of these assets are still in process of construction at June 30, 2023. Liabilities noted a decrease of \$997 thousand or 1% resulting from the timing of payment on debt obligations of the City.

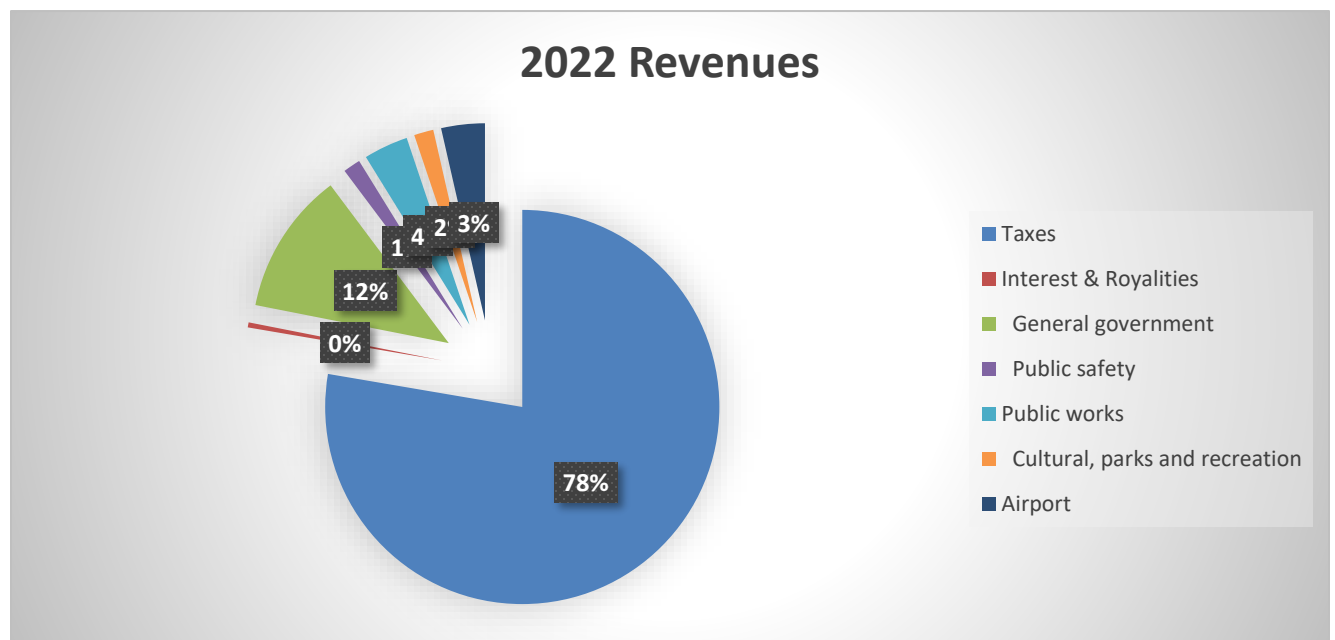
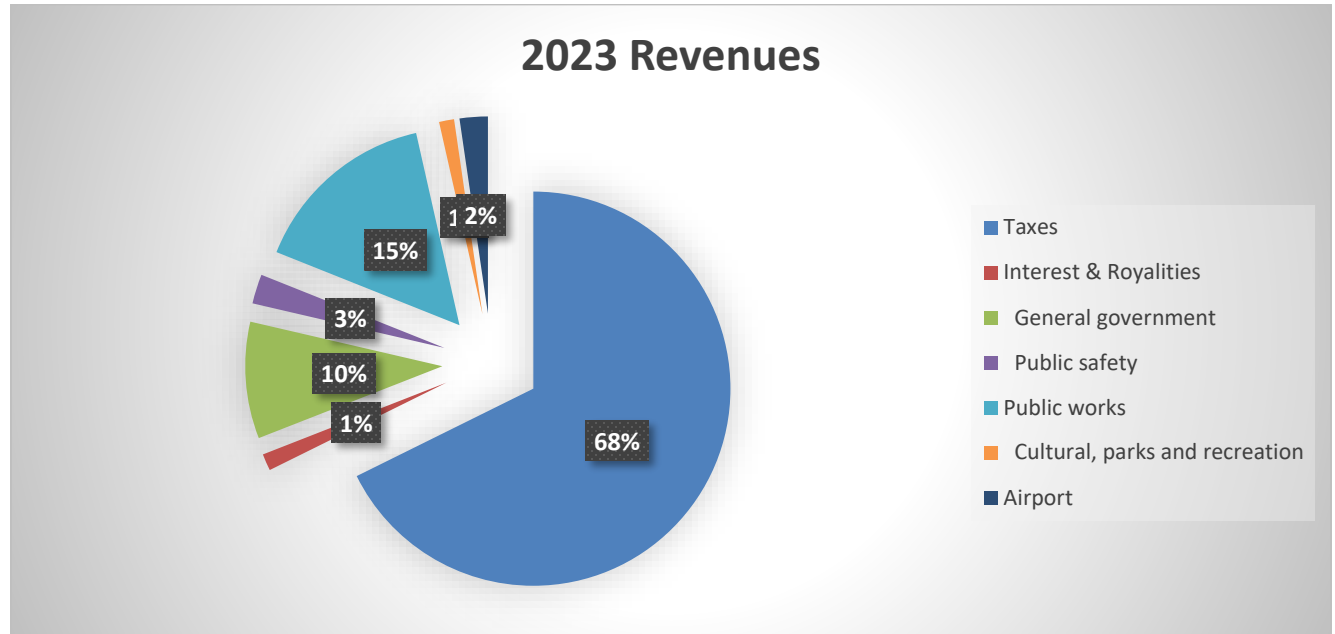
The City reported over \$154 million in capital assets with \$49 million remaining on debt used to finance their acquisition and construction.

	Summary of Changes in Net Position							
	Governmental		Business-type		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
<b>Revenues</b>								
Program revenues	\$ 7,528	\$ 4,485	\$ 41,102	\$ 44,224	\$ 48,630	\$ 48,709	\$ (79)	0%
Taxes and other general revenues	17,058	18,702	2,268	552	19,326	19,254	72	0%
<b>Total revenues</b>	<b>24,586</b>	<b>23,187</b>	<b>43,370</b>	<b>44,776</b>	<b>67,956</b>	<b>67,963</b>	<b>(7)</b>	<b>0%</b>
<b>Expenses</b>								
General government	5,578	4,689	-	-	5,578	4,689	889	19%
Public safety and judiciary	10,558	10,073	-	-	10,558	10,073	485	5%
Public Works	4,459	4,620	-	-	4,459	4,620.00	(161)	-3%
Cultural, parks, and recreation	2,599	2,392	-	-	2,599	2,392	207	9%
Airport	684	997	-	-	684	997	(313)	-31%
Water	-	-	5,902	5,111	5,902	5,111	791	15%
Wastewater	-	-	4,644	3,531	4,644	3,531	1,113	32%
Sanitation	-	-	3,337	3,621	3,337	3,621	(284)	-8%
Electric	-	-	21,896	21,996	21,896	21,996	(100)	0%
Base facility services	-	-	861	821	861	821	40	100%
Golf course	-	-	417	408	417	408	9	100%
<b>Total expenses</b>	<b>23,878</b>	<b>22,771</b>	<b>37,057</b>	<b>35,488</b>	<b>60,935</b>	<b>58,259</b>	<b>2,676</b>	<b>5%</b>
Excess (deficiency) before transfers	\$ 708	\$ 416	\$ 6,313	\$ 9,288	\$ 7,021	\$ 9,704	\$ (2,683)	-28%
Transfers	(683)	6,571	1,650	(6,571)	967.00	-	967	0%
<b>Increase (decrease) in net position</b>	<b>\$ 25</b>	<b>\$ 6,987</b>	<b>\$ 7,963</b>	<b>\$ 2,717</b>	<b>\$ 7,988</b>	<b>\$ 9,704</b>	<b>\$ (1,716)</b>	<b>-18%</b>

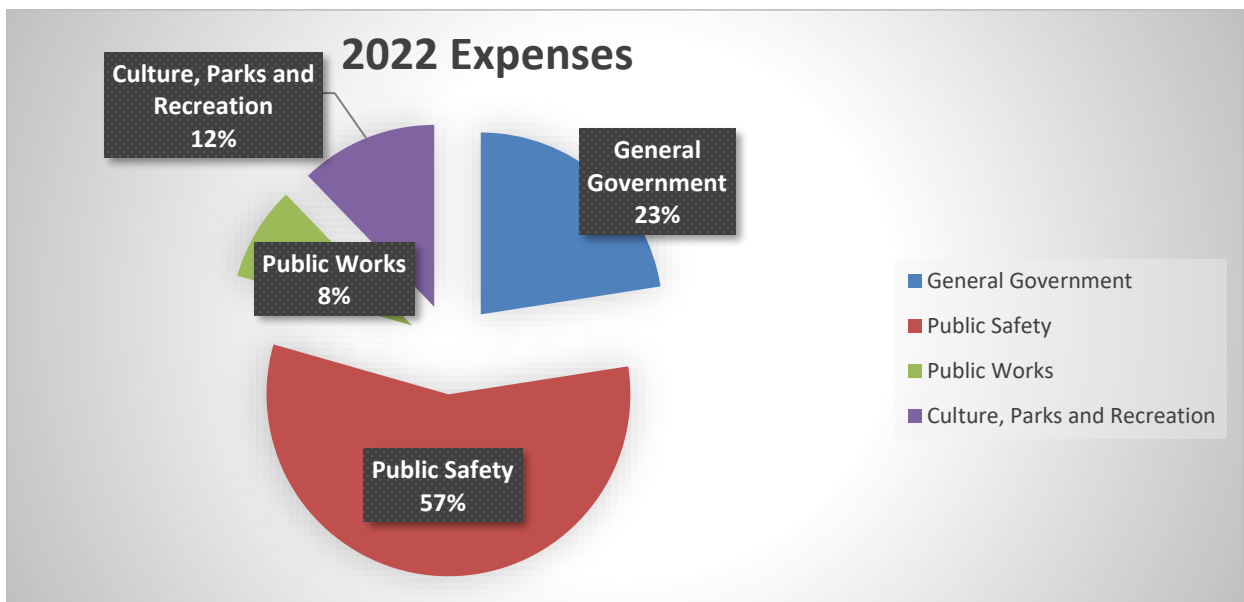
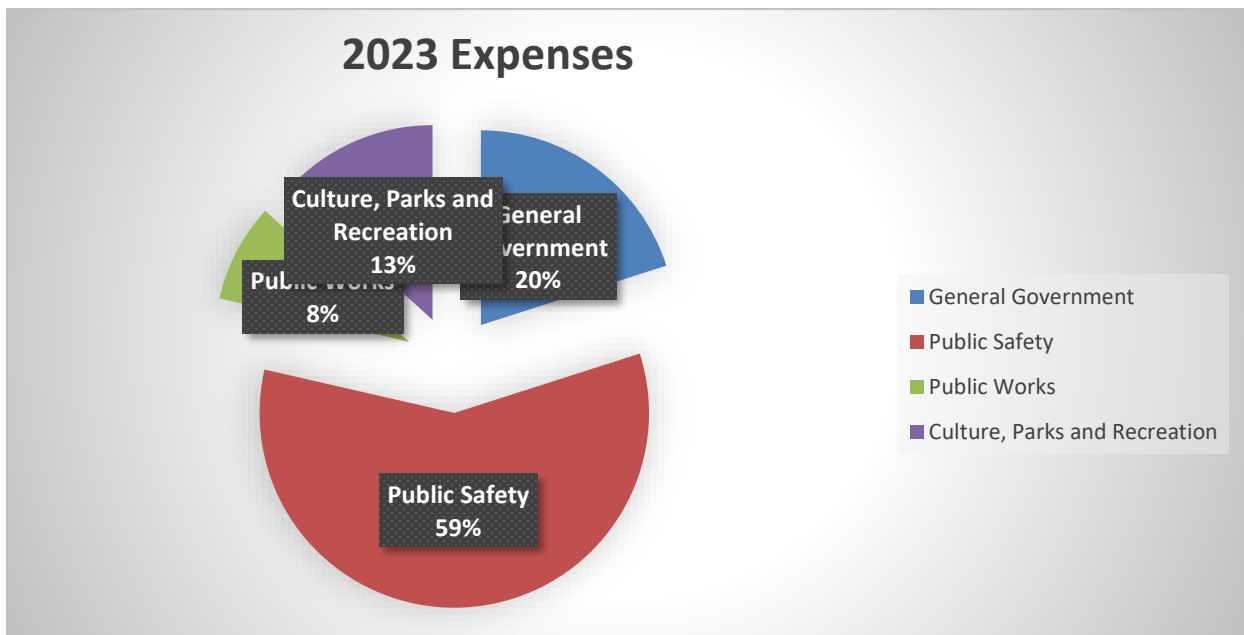
The City increased their net position \$7.9 million dollars compared to \$9.7 million in the prior year. Revenues remained consistent when compared to prior year. Expenses increased 5% or \$2.6 million mostly in general government and wastewater.



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



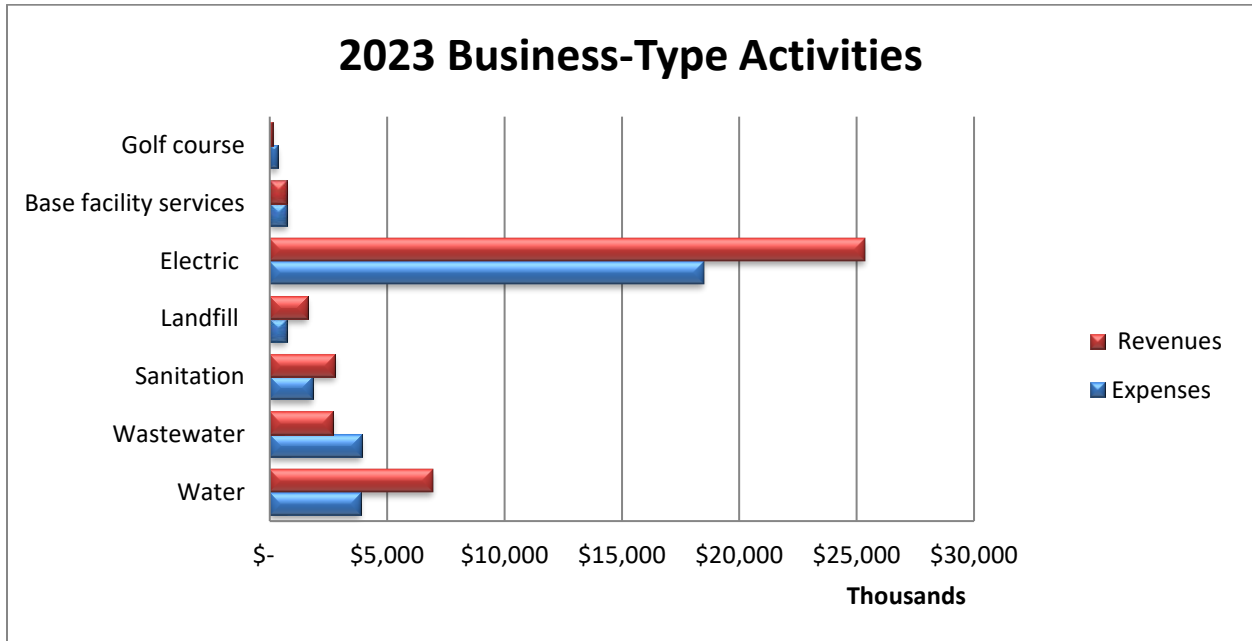
Taxes, which are the largest source of governmental revenues, provided 68% of the City's governmental revenues in fiscal year 2023 compared to 78% recorded in the previous fiscal year.



For the year ended June 30, 2023, total expenses for governmental activities were \$17,487,963 compared to \$16,772,037 in prior fiscal year. Of this amount, public safety and judiciary with \$10,025,676, was the largest operating service department at 59% of the total cost of services for the City government consistent with prior fiscal year of 57%. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues. It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated, and capital assets are reported.

**Business-type Activities**

The following is a graphic representation of business-type expenses compared to revenues for the major departments of the City’s enterprise funds:



Business-type activities are shown comparing operating costs to operating revenues generated by the related services. These services are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

**General Fund Budgetary Highlights**

The original adopted General Fund budget for fiscal year 2023 was \$20,763,985. During the fiscal year, the City approved budget amendments reducing the budget by \$1,744,803 for a total budget of \$19,019,182. Total expenditures for the City were \$16,736,091, which is \$2,283,091 less than the approved budget. The City complied in all material respects with the budget laws and regulations.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2023, the City had \$123 million net investment in capital assets, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and utility improvements/infrastructure in business-type activities. Refer to the table below.

Primary Government Capital Assets						
(in thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land and CIP	\$ 6,971	\$ 6,342	\$ 45,160	\$ 39,175	\$ 52,131	\$ 45,517
Buildings	19,831	18,342	28,231	28,231	48,062	46,573
Machinery & equipment	101,522	101,574	13,189	11,152	114,711	112,726
Utility property & improvements	14,361	14,043	65,178	67,670	79,539	81,713
<b>Total cost</b>	<b>\$ 142,685</b>	<b>\$ 140,301</b>	<b>\$ 151,758</b>	<b>\$ 146,228</b>	<b>\$ 294,443</b>	<b>\$ 286,529</b>
Accumulated depreciation	79,194	75,663	61,158	63,636	140,352	139,299
<b>Total capital assets, net</b>	<b>\$ 63,491</b>	<b>\$ 64,638</b>	<b>\$ 90,600</b>	<b>\$ 82,592</b>	<b>\$ 154,091</b>	<b>\$ 147,230</b>

**Long-Term Debt**

The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt						
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Notes payable	\$ -	\$ -	\$ 50,992	\$ 55,298	\$ 50,992	\$ 55,298
Landfill obligation	-	-	2,404	2,404	2,404	2,404.00
Pension obligation	13,195	7,339	2,345	558	15,540	7,897
Premium on debt issuance	-	-	-	-	-	-
less current portion	-	-	(4,886)	(4,645)	(4,886)	(4,645)
<b>Total long term debt</b>	<b>\$ 13,195</b>	<b>\$ 7,339</b>	<b>\$ 50,855</b>	<b>\$ 53,615</b>	<b>\$ 64,050</b>	<b>\$ 60,954</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

According to the Oklahoma State University, Spears School of Business, *Economic Outlook 2023 Summer Update* "The national economy has shown surprising resilience in the face of Federal Reserve hikes in interest rates, whereas the Oklahoma economy continues to recover from the COVID-19 recession."

The City is committed to continuing to provide citizens with the public safety and utility services they are accustomed to as the economy continues to recover.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at City Hall in Altus, OK.

**City of Altus, Oklahoma**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and Cash Equivalents	\$ 12,717,468	\$ 2,685,370	\$ 15,402,838
Restricted Cash and Cash Equivalents	1,470,656	26,580,997	28,051,653
Investments	7,739,474	8,933,225	16,672,699
Taxes Receivable	1,348,260	-	1,348,260
Accounts Receivable, Net of Allowance	3,229	4,036,027	4,039,256
Court Fines Receivable	39,977	-	39,977
Grant Receivable	438,464	-	438,464
Other Receivable	143,887	25,626	169,513
Inventory	77,610	1,765,434	1,843,044
Capital Assets			
Land and Other Nondepreciable Assets	6,970,820	29,993,875	36,964,695
Other Capital Assets, Net of Depreciation	56,519,711	60,606,484	117,126,195
Pension asset	502,788	-	502,788
Total Assets	<u>87,972,344</u>	<u>134,627,038</u>	<u>222,599,382</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions and OPEB	10,885,687	2,707,283	13,592,970
	<u>10,885,687</u>	<u>2,707,283</u>	<u>13,592,970</u>
Total Assets and Deferred Outflows of Resources	<u>98,858,031</u>	<u>137,334,321</u>	<u>236,192,352</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
<b>Liabilities</b>			
Accounts Payable	430,145	2,442,286	2,872,431
Accrued Payroll Liabilities	504,677	218,532	723,209
Compensated Absences	503,434	183,079	686,513
Accrued Interest Payable	-	206,913	206,913
Due to Depositors	-	825,102	825,102
Deferred Revenue	-	-	-
Other Payables	36,710	-	36,710
Current Portion of Long-term Liabilities		4,886,243	4,886,243
Long-term Liabilities			
Pension and OPEB Liabilities	13,194,548	2,345,007	15,539,555
Due in More than One Year	-	48,509,871	48,509,871
Total Liabilities	<u>14,669,514</u>	<u>59,617,033</u>	<u>74,286,547</u>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions and OPEB	6,353,150	1,415,621	7,768,771
Total Deferred Inflows of Resources	<u>6,353,150</u>	<u>1,415,621</u>	<u>7,768,771</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,022,664</u>	<u>61,032,654</u>	<u>82,055,318</u>
<b>Net Position</b>			
Net Investment in Capital Assets	63,060,386	60,268,744	123,329,130
Restricted for			
Capital Projects	4,881,689	30,873,478	35,755,167
Debt Service	-	1,934,604	1,934,604
Economic Development	433,242	-	433,242.00
Other Purposes	466,201	196,187	662,388.00
Unrestricted	8,993,849	(16,971,346)	(7,977,497)
Total Net Position	<u>\$ 77,835,367</u>	<u>\$ 76,301,667</u>	<u>\$ 154,137,034</u>

**City of Altus, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary Government</b>							
Governmental Activities							
General Government	\$ 5,578,084	\$ 235,697	\$ 10,000	\$ 2,083,147	\$ (3,249,240)	\$ -	\$ (3,249,240)
Public Safety	10,558,038	277,658	100,158	210,000	(9,970,222)	-	(9,970,222)
Public Works	4,458,647	241,428	-	3,509,471	(707,748)	-	(707,748)
Culture, Parks and Recreation	2,599,190	287,920	250	11,000	(2,300,020)	-	(2,300,020)
Airport	683,382	466,056	-	95,453	(121,873)	-	(121,873)
Total Governmental Activities	<u>23,877,341</u>	<u>1,508,759</u>	<u>110,408</u>	<u>5,909,071</u>	<u>(16,349,103)</u>	<u>-</u>	<u>(16,349,103)</u>
Business-Type Activities							
Water	5,922,071	6,928,045	-	137,300	-	1,143,274	1,143,274
Wastewater	4,665,236	2,707,223	-	736,400	-	(1,221,613)	(1,221,613)
Sanitation	3,187,698	4,402,666	-	-	-	1,214,968	1,214,968
Electric	21,997,368	25,344,935	-	-	-	3,347,567	3,347,567
Base facility services	864,928	731,325	-	-	-	(133,603)	(133,603)
Golf course	419,002	113,592	-	-	-	(305,410)	(305,410)
Total Business-Type Activities	<u>37,056,303</u>	<u>40,227,786</u>	<u>-</u>	<u>873,700</u>	<u>-</u>	<u>4,045,183</u>	<u>4,045,183</u>
Total Primary Government	<u>\$ 60,933,644</u>	<u>\$ 41,736,545</u>	<u>\$ 110,408</u>	<u>\$ 6,782,771</u>	<u>\$ (16,349,103)</u>	<u>\$ 4,045,183</u>	<u>\$ (12,303,920)</u>
General Revenues							
Taxes					16,470,037	-	16,470,037
Investment Income					335,020	491,495	826,515
Miscellaneous					1,030,852	1,736,088	2,766,940
Change in pension obligation					(778,274)	40,407	(737,867)
Transfers –Internal Activity					(683,543)	1,649,965	966,422
Total General Revenues and Transfers					<u>16,374,092</u>	<u>3,917,955</u>	<u>20,292,047</u>
Change in Net Position					<u>24,989</u>	<u>7,963,138</u>	<u>7,988,127</u>
Net Position, Beginning of Year					77,810,378	68,338,529	146,148,907
Prior Period Adjustment					-	-	-
Net Position, End of Year					<u>\$ 77,835,367</u>	<u>\$ 76,301,667</u>	<u>\$ 154,137,034</u>

**City of Altus, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>Non-major Governmental</b>	<b>Total Government Funds</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 7,628,463	\$ -	\$ 5,089,005	\$ 12,717,468
Investments	3,903,623	3,835,851	-	7,739,474
Taxes Receivable, Net	1,331,195	-	17,065	1,348,260
Court Fines Receivable, Net	39,977	-	-	39,977
Utilities Receivable, Net	62,206	-	26,530	88,736
Grant Receivables	-	-	438,464	438,464
Other Receivables	-	-	55,151	55,151
Inventories	-	-	77,610	77,610
Total Assets	<u>12,965,464</u>	<u>3,835,851</u>	<u>5,703,825</u>	<u>22,505,140</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	78,066	34,631	291,746	404,443
Accrued Payroll	493,888	-	10,789	504,677
Compensated absences	490,558	-	12,876	503,434
Deferred Revenue	-	-	-	-
Other Payables	36,710	-	-	36,710
Total Liabilities	<u>1,099,222</u>	<u>34,631</u>	<u>315,411</u>	<u>1,449,264</u>
<b>Fund Balances</b>				
Nonspendable	-	-	77,610	77,610
Restricted	-	3,801,220	1,979,912	5,781,132
Committed	6,581,098	-	-	6,581,098
Assigned	3,334,929	-	3,330,892	6,665,821
Unassigned	1,950,215	-	-	1,950,215
Total Fund Balances	<u>11,866,242</u>	<u>3,801,220</u>	<u>5,388,414</u>	<u>21,055,876</u>
Total Liabilities and Fund Balances	<u>\$ 12,965,464</u>	<u>\$ 3,835,851</u>	<u>\$ 5,703,825</u>	<u>\$ 22,505,140</u>

**City of Altus, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2023**

	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 15,780,109	\$ -	\$ 689,928	\$ 16,470,037
Intergovernmental	-	1,643,364	4,389,437	6,032,801
Charges for Services	337,361	-	682,037	1,019,398
Fines and Forfeitures	256,013	-	-	256,013
Licenses and Permits	161,610	-	-	161,610
Rental	71,737	-	-	71,737
Investment Earnings	143,083	110,820	81,117	335,020
Donations	16,668	-	250	16,918
Miscellaneous	795,865	6,780	-	802,645
Total Revenues	<u>17,562,446</u>	<u>1,760,964</u>	<u>5,842,769</u>	<u>25,166,179</u>
<b>Expenditures</b>				
Current				
General Government	3,438,175	77,616	1,783,076	5,298,867
Public Safety	10,025,676	-	-	10,025,676
Public Works	1,400,489	-	377,574	1,778,063
Culture, Parks and Recreation	2,269,244	-	187,888	2,457,132
Airport	-	-	472,890	472,890
Capital Outlay	354,379	2,794,049	382,616	3,531,044
Total Expenditures	<u>17,487,963</u>	<u>2,871,665</u>	<u>3,204,044</u>	<u>23,563,672</u>
<b>Excess (Deficiency) of Revenues Over(Under) Expenditures</b>	<u>74,483</u>	<u>(1,110,701)</u>	<u>2,638,725</u>	<u>1,602,507</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	4,482,813	1,030,285	252,413	5,765,511
Transfers Out	(5,278,515)	(1,013,736)	(156,803)	(6,449,054)
Total Other Financing Sources (Uses)	<u>(795,702)</u>	<u>16,549</u>	<u>95,610</u>	<u>(683,543)</u>
<b>Net Changes in Fund Balances</b>	(721,219)	(1,094,152)	2,734,335	918,964
Fund Balances, Beginning	12,587,461	4,895,372	2,654,079	20,136,912
Prior Period Adjustment	-	-	-	-
<b>Fund Balances, End of Year</b>	<u>\$ 11,866,242</u>	<u>\$ 3,801,220</u>	<u>\$ 5,388,414</u>	<u>\$ 21,055,876</u>



**City of Altus, Oklahoma**  
**Balance Sheet - Reconciliation to the Statement of Net Position**  
**Governmental Funds**  
**Year Ended June 30, 2023**

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Total Fund Balance, Governmental Funds \$ 21,055,876

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

Capital assets, net, used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land and construction in process	6,970,820	
Capital assets at cost	135,713,656	
Accumulated Depreciation	<u>(79,193,945)</u>	63,490,531

Certain other long-term assets and deferred outflows of resources are not available to pay current period expenditures and, therefore, are deferred in the funds:

Net pension asset	502,788
Deferred outflow on pension and OPEB obligations	10,885,687

Certain long-term liabilities are due and payable from current financial resources and therefore, are not reported in the funds:

Net pension liability	(10,071,246)
OPEB liability	(3,123,302)
Deferred inflow on pension and OPEB obligations	(6,353,150)

Internal service funds are used by management to charge costs of certain activities that benefit multiple funds to individual funds. The assets and liabilities of the internal service funds are reported in multiple governmental funds. However for financial statement purposes, the assets and liabilities of certain internal service funds are reported in governmental activities in the statement of net position

1,448,183

Net position of governmental activities in the statement of net position \$ 77,835,367

**City of Altus, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2023**

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Net Change in Fund Balances – Total Governmental Funds	\$ 918,964
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets	
Capital asset purchases capitalized	3,531,044
Depreciation expense	(4,670,594)
In the statement of activities, the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the cost of the assets disposed, net of related accumulated depreciation	
Disposal of assets - governmental funds	(1,147,344)
Gain on disposal of assets - government-wide	2,090,703
In the statement of activities, the cost of pension and OPEB benefits earned, net of employee contributions is reported as an element of pension and OPEB expense. The fund financial statements report pension and OPEB contributions as expenditures	
	(778,274)
Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the statement of activities	
	80,490
Change in Net Position of Governmental Activities	\$ 24,989

**City of Altus, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	Altus Municipal Authority	MAPS II Sales Tax	Total Enterprise Funds	Internal Service Funds
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 2,685,370	\$ -	\$ 2,685,370	\$ 1,470,656
Investments	8,933,225	-	8,933,225	-
Restricted Cash and Cash Equivalents	7,789,431	18,791,566	26,580,997	-
Accounts Receivable, Net	4,036,027	-	4,036,027	3,229
Other Receivables	25,626	-	25,626	-
Inventories	1,765,434	-	1,765,434	-
Total Current Assets	<u>25,235,113</u>	<u>18,791,566</u>	<u>44,026,679</u>	<u>1,473,885</u>
<b>Noncurrent Assets</b>				
Land and Construction in Progress	29,993,875	-	29,993,875	-
Other Capital Assets, Net of Accumulated Depreciation	45,440,377	15,166,107	60,606,484	-
Total Noncurrent Assets	<u>75,434,252</u>	<u>15,166,107</u>	<u>90,600,359</u>	<u>-</u>
Total Assets	<u>100,669,365</u>	<u>33,957,673</u>	<u>134,627,038</u>	<u>1,473,885</u>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows Related to Pensions	2,707,283	-	2,707,283	-
Total Assets and Deferred Outflows of Resou	<u>\$ 103,376,648</u>	<u>\$ 33,957,673</u>	<u>\$ 137,334,321</u>	<u>\$ 1,473,885</u>
<b>Liabilities and Deferred Inflows of Resources</b>				
<b>Current Liabilities</b>				
Accounts Payable	2,318,587	123,699	2,442,286	25,702
Payroll Liabilities	-	-	-	-
Accrued Payroll	218,532	-	218,532	-
Accrued Interest Payable	62,822	144,091	206,913	-
Deferred Revenue	-	-	-	-
Current Lease Payable	41,432	-	41,432	-
Contract Obligation Payable	861,300	-	861,300	-
Notes Payable	878,511	3,105,000	3,983,511	-
Total Current Liabilities	<u>4,381,184</u>	<u>3,372,790</u>	<u>7,753,974</u>	<u>25,702</u>
<b>Noncurrent Liabilities</b>				
Deposits Subject to Refund	825,102	-	825,102	-
Compensated Absences	183,079	-	183,079	-
Lease payable	-	-	-	-
Contract Obligation Payable	833,700	-	833,700	-
Landfill Closure Liability	2,404,101	-	2,404,101	-
Notes Payable	12,977,070	32,295,000	45,272,070	-
Net Pension Liability	2,345,007	-	2,345,007	-
Total Noncurrent Liabilities	<u>19,568,059</u>	<u>32,295,000</u>	<u>51,863,059</u>	<u>-</u>
Total Liabilities	<u>23,949,243</u>	<u>35,667,790</u>	<u>59,617,033</u>	<u>25,702</u>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows Related to Pensions	1,415,621	-	1,415,621	-
Total Deferred Inflows of Resources	<u>1,415,621</u>	<u>-</u>	<u>1,415,621</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>25,364,864</u>	<u>35,667,790</u>	<u>61,032,654</u>	<u>25,702</u>
<b>Net Position</b>				
Net Investment in Capital Assets	60,268,744	-	60,268,744	-
Restricted for Debt Service	799,363	1,135,241	1,934,604	-
Restricted for Capital Projects	12,510,688	-	12,510,688	-
Restricted for MAPS Projects	706,465	17,656,325	18,362,790	-
Restricted for Refunds	196,187	-	196,187	-
Unrestricted	3,530,337	(20,501,683)	(16,971,346)	1,448,183
Total Net Position	<u>\$ 78,011,784</u>	<u>\$ (1,710,117)</u>	<u>\$ 76,301,667</u>	<u>\$ 1,448,183</u>

**City of Altus, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	Altus Municipal Authority	MAPS II Sales Tax	Total Enterprise Funds	Internal Service Funds
<b>Operating Revenues</b>				
Water	\$ 6,928,045	\$ -	\$ 6,928,045	\$ -
Wastewater	2,707,223	-	2,707,223	-
Sanitation	2,787,433	-	2,787,433	-
Electric	25,344,935	-	25,344,935	-
Base facility services	731,325	-	731,325	-
Golf course	113,592	-	113,592	-
Landfill	1,615,233	-	1,615,233	-
Miscellaneous	899,225	836,863	1,736,088	197,948
Total Operating Revenues	<u>41,127,011</u>	<u>836,863</u>	<u>41,963,874</u>	<u>197,948</u>
<b>Operating Expenses</b>				
General Government	-	-	-	117,478
Administration	3,796,772	-	3,796,772	-
Water	3,868,328	-	3,868,328	-
Wastewater	3,898,019	-	3,898,019	-
Sanitation	1,696,988	-	1,696,988	-
Landfill	715,669	-	715,669	-
Electric	18,484,049	-	18,484,049	-
Base facility services	744,169	-	744,169	-
Golf course	334,683	-	334,683	-
Depreciation	2,554,324	-	2,554,324	-
Total Operating Expenses	<u>36,093,001</u>	<u>-</u>	<u>36,093,001</u>	<u>117,478</u>
<b>Net Operating Income</b>	<u>5,034,010</u>	<u>836,863</u>	<u>5,870,873</u>	<u>80,470</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	105,399	386,096	491,495	20
Intergovernmental	873,700	-	873,700	-
Change in pension obligation	40,408	-	40,408	-
Interest Expense	(200,768)	(762,535)	(963,303)	-
Total Nonoperating Revenues (Expenses)	<u>818,739</u>	<u>(376,439)</u>	<u>442,300</u>	<u>20</u>
<b>Net Income Before Transfers</b>	5,852,749	460,424	6,313,173	80,490
<b>Transfers</b>				
Transfers In	16,253,387	2,875,024	19,128,411	-
Transfers Out	(9,765,084)	(7,713,362)	(17,478,446)	-
	<u>6,488,303</u>	<u>(4,838,338)</u>	<u>1,649,965</u>	<u>-</u>
<b>Change in Net Position</b>	12,341,052	(4,377,914)	7,963,138	80,490
Net Position, Beginning of Year	65,670,732	2,667,797	68,338,529	1,367,693
Prior Period Adjustment	-	-	-	-
<b>Net Position, End of Year</b>	<u>\$ 78,011,784</u>	<u>\$ (1,710,117)</u>	<u>\$ 76,301,667</u>	<u>\$ 1,448,183</u>

**City of Altus, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2023**

	<b>Altus Municipal Authority</b>	<b>MAPS II Sales Tax</b>	<b>Internal Service Funds</b>
<b>Operating Activities</b>			
Receipts from Customers and Others	\$ 41,944,930	\$ 836,863	\$ 209,581
Payments to Suppliers	(31,817,550)	(3,435,599)	(91,776)
Payments to Employees	(2,135,244)	-	-
Net Cash Provided by (Used in) Operating Activities	<u>7,992,136</u>	<u>(2,598,736)</u>	<u>117,805</u>
<b>Noncapital Financing Activities</b>			
Transfers from Other Funds	16,253,387	2,875,024	-
Transfers to Other Funds	(9,765,084)	(7,713,362)	-
Net Cash Used in Noncapital Financing Activities	<u>6,488,303</u>	<u>(4,838,338)</u>	<u>-</u>
<b>Capital and Related Financing Activities</b>			
Purchases of Capital Assets	(6,731,002)	(5,746,999)	-
Disposal of Capital Assets	(9,370,456)	9,370,456	-
Change in Contract Obligation	(892,815)	-	-
Principal Paid on Debt	(821,510)	(2,995,000)	-
Issuance of debt	1,088,780	-	-
Interest and Fiscal Agent Fees Paid on Debt	(263,922)	(728,659)	-
Net Cash Used in Capital and Related Financing Activities	<u>(16,990,925)</u>	<u>(100,202)</u>	<u>-</u>
<b>Investing Activities</b>			
Sale of Investments	-	-	-
Purchase of Investments	(1,734,708)	-	-
Deposit with Third Party	-	-	-
Interest and Dividends	105,399	386,096	20
Net Cash Provided by Investing Activities	<u>(1,629,309)</u>	<u>386,096</u>	<u>20</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(4,139,795)	(7,151,180)	117,825
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>14,614,596</u>	<u>25,942,746</u>	<u>1,352,831</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 10,474,801</u>	<u>\$ 18,791,566</u>	<u>\$ 1,470,656</u>
<b>Reconciliation to Statement of Net Position</b>			
Cash and Cash Equivalents	2,685,370	-	1,470,656
Restricted Cash and Cash Equivalents	7,789,431	18,791,566	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 10,474,801</u>	<u>\$ 18,791,566</u>	<u>\$ 1,470,656</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>			
Operating Income	5,034,010	836,863	80,470
Adjustments to Reconcile Operating Income to Net Cash Provided			
by (Used in) Operating Activities			
Depreciation Expense	2,554,324	-	-
Changes in Assets and Liabilities			
Accounts Receivable	843,545	-	11,633
Other Receivables	(25,626)	-	-
Inventory	(167,651)	-	-
Deferred Outflows	(1,706,441)	-	-
Accounts Payable	(398,266)	(3,435,599)	25,702
Accrued Payroll Payable	35,855	-	-
Other Accrued Expenses	-	-	-
Accrued Compensated Absences	35,389	-	-
Landfill Closure Liability	-	-	-
Pension and OPEB Liabilities and Related Accounts	1,786,997	-	-
Deferred Inflows	-	-	-
Deposits Subject to Refund	-	-	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,992,136</u>	<u>\$ (2,598,736)</u>	<u>\$ 117,805</u>

## **Note 1: Summary of Significant Accounting Policies**

### ***Financial Reporting Entity***

The City of Altus, Oklahoma's (the City) financial reporting entity includes the primary government (City of Altus) and its blended component unit, Altus Municipal Authority (the Authority). The City of Altus provides municipal services, such as general government, public safety, health and welfare, streets and highways, parks and recreation, and administrative activities. The Authority operates the electric, water, wastewater and sanitation services of the City.

The Authority is governed by the City Council (the Trustees), and the City is able to impose its will on the Authority through required approval of all debt obligations issued by the Authority. In determining the financial reporting entity, the City fully complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, that require all component units of which the City is financially accountable be included in the financial report.

The Authority, as the component unit of the City, is a public trust established pursuant to Title 60 of Oklahoma state law. Public trusts have no taxing power. Public trusts are generally created to finance city services through issuance of revenue bonds or other non-general obligation debt and to enable the public trusts to delegate certain functions to the governing body of the Authority. Public trusts generally retain title to assets that are acquired or constructed with Authority debt or other Authority-generated resources. The City, as beneficiary of the public trusts, receives title to any residual assets when a public trust is dissolved.

### **Related Organizations**

A related organization is one for which the City is not financially accountable. Such organizations include:

- Altus/Southwest Area Economic Development Corporation
- Downtown Altus Redevelopment Trust Authority
- Mountain Park Master Conservancy District (the District)

Related organizations are not included within the City's financial statements. The City does have a contract obligation payable to the District. More information can be found in *Note 5*.

### ***Basis of Presentation and Accounting***

#### **Government-Wide Financial Statements**

The accompanying statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred, or economic asset used.

Program revenues in the accompanying statement of activities are revenues that are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public safety – Fire and Police – Fines and forfeitures, animal control revenues and operating grants for pension on-behalf payments, other grants and contributions.
- Airport – Rental fees and fuel sales.
- Public works – Commercial vehicle and gasoline excise tax shared by the state.
- Culture, parks and recreation – Golf course revenues; swimming pool fees and recreation fees; operating grants and contributions from school reimbursements; and other contributions.

- General government – Licenses and permits, mowing fees, rentals and Community Development Block Grants (CDBG) operating grants.
- Water – Water sales and operating contributions from the care program.
- Wastewater – Wastewater charges.
- Sanitation – Sanitation charges.
- Electric – Electric charges and Federal Emergency Management Agency operating grant.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

### **Governmental Funds**

The City's governmental funds include:

- Major Fund – General Fund (for reporting purposes the Emergency, Park Development, Emergency 911, and ARPA Fund accounts are included with the General Fund).
- Major Fund – Capital Improvement Fund – Accounts for transfers from other funds and grant monies to be used for major capital improvements.

Aggregated Nonmajor Funds (reported as Nonmajor Governmental Funds)

- Special Revenue Funds.
  - ODOC Grant Fund – Accounts for grant monies received for flood and drainage projects.
  - Juvenile Court Fund – Accounts for allocation of funds restricted for juvenile-related public safety
  - Airport Fund – Accounts for operating revenues and expenditures of the municipal airport.
  - Hotel/Motel Tax Fund – Accounts for hotel/motel tax revenues to be used in economic development and promotion of tourism.
  - Street and Alley Fund – Accounts for commercial vehicle tax and gasoline excise tax legally restricted for street and alley repairs and maintenance.
  - Tax Incremental District 3 – Accounts for the tax collections within the TIF district and related expenditures
  - Grant Management – Accounts for the grant funding awarded to the City and related expenses
- Capital Project Funds.
  - Economic Development Construction Fund – Accounts for loan monies and sales tax restricted for use in economic development projects.
  - Landfill Improvement Fund – Accounts for monies set aside for use in landfill improvements.
  - Cemetery Perpetual Care Fund – Accounts for a portion of cemetery revenue restricted by state law for cemetery capital improvements.
  - Military Capital Project Fund – Accounts for monies set aside for military related improvement projects.

The governmental funds are reported on the modified accrual basis of accounting. With the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period-end.

The reconciliation of the governmental fund financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

## **Proprietary Funds**

The City's proprietary funds include:

- Enterprise Funds
  - Altus Municipal Authority Fund (AMA Fund) – Accounts for the activities of the public trust in providing electric, water, wastewater and sanitation services to the public. For reporting purposes, the Water Treatment Plant, MAPS Sales Tax, Capital Improvement Fund, Landfill Improvement Fund, Meter Deposit, DARTA, Capital Projects, and Grant Fund accounts are included with the Authority
  - MAPS II Sales Tax Fund – Accounts for taxes levied by the City capital improvement projects
- Internal Service Funds (combined for reporting purposes)
  - Workers' Compensation Fund – Accounts for charges to the operating funds of the City used to pay workers' compensation claims
  - Assurance Fund – Accounts for charges to the operating funds of the City used to pay the expenses of the City's group health and life insurance plans

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

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

### **Measurement Focus**

On the government-wide statements of net position and activities, both governmental and business- type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

- All governmental funds utilize the current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The proprietary fund utilizes the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

### **Basis of Accounting**

In the government-wide statements of net position and activities, both governmental and business- type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and deferred outflows of resources and liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and



available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period-end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported when due.

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

***Assets and Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources and Equity***

**Cash, Cash Equivalents and Investments**

For the purposes of the accompanying government-wide statement of net position, balance sheet – governmental funds, statement of net position – proprietary funds and statement of cash flows – proprietary funds, cash and cash equivalents include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

**Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and ambulance fees. Business-type activities report utilities as its major receivables. In the fund financial statements, material receivables in governmental funds include revenue accruals, such as sales tax, franchise tax and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Inventories**

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**Capital Assets**

The accounting treatment for property, plant and equipment (capital 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.

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their acquisition value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1992. Prior to June 30, 1992, governmental funds’ infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the accompanying government-wide statement of activities, with accumulated depreciation reflected in the accompanying government-wide statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	15–50 years
Machinery and equipment	2–40 years
Utility system	25–50 years
Infrastructure	25–100 years

In the accompanying fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Capital assets used in proprietary fund operations are accounted for the same as in the accompanying government-wide financial statements.

**Restricted Assets**

Restricted assets include cash, cash equivalents and investments of the proprietary funds that are legally restricted as to their use. The primary restricted assets are related to promissory note trustee accounts and utility meter deposits.

**Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term debt consists of notes payable, capital leases, contract obligations payable and accrued compensated absences.

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

**Cost-Sharing and Agent Multiple-Employer Defined Benefit Pension Plans**

The City participates in two cost-sharing multiple-employer defined benefit pension plans, the Oklahoma Firefighters Pension & Retirement System and the Oklahoma Police Pension & Retirement System, and one agent multiple-employer defined benefit pension plan, the Oklahoma Municipal Retirement Fund (collectively, the Plans). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pensions and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Defined Benefit Other Postemployment Benefit Plan**

The City has a single employer defined benefit OPEB plan (the OPEB Plan). For purposes of measuring the total OPEB liability and deferred inflows of resources related to OPEB and OPEB expense, these line items have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represent a consumption of net position that applies to a future reporting period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until that time. The City currently has one item related to pensions that qualifies for reporting in this category. More information can be found in *Note 9*.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources, which represent an acquisition of net position that applies to a future reporting period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The City currently has three items related to pensions, OPEB and a debt refunding that qualify for reporting in this category. More information can be found in *Notes 9 and 10*.

Additionally, as reported in the accompanying balance sheet – governmental funds, there are unavailable revenues attributable to court fines not received within the 60-day recognition period.

### **Compensated Absences**

Under terms of union contracts and city personnel policies, city employees are granted compensatory time, vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation and compensatory time. Police and fire employees also receive a portion of sick leave upon termination based upon union contract. The estimated liabilities for vested benefits also include salary-related payments, such as employment taxes. The liability for these compensated absences is recorded as current debt in the government-wide financial statements. In the fund financial statements, governmental funds report the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

### **Equity Classifications**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets
- Restricted net position – Consists of net position with constraints placed on the 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 – All other net position that does not meet the definition of restricted or net investment in capital assets

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned.

Proprietary fund equity is classified the same as in the government-wide financial statements.

## ***Revenues, Expenditures and Expenses***

### **Sales Tax**

The City presently levies a 4.125 cent sales tax. The sales tax is collected by the Oklahoma Tax Commission (OTC) and remitted to the City in the month following receipt by the OTC. After recording in the General Fund, sales tax proceeds of 1.5 cent tax is transferred to the MAPS II Sales Tax Account of the Authority for the debt service on the MAPS II 2020 and MAPS II 2022 debt. Refer to Note 5 for details on the debt transactions.

### **Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

### **Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, governmental fund expenditures are classified as current, debt service and capital outlay. Proprietary fund expenses are classified as operating or nonoperating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

### **Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the government-wide statements of net position and activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

In the fund financial statements, interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows:

- Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables
- Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses
- Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds
- Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

In the government-wide financial statements, interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.
- Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as transfers – internal activities. The effect of interfund services between funds, if any, are not eliminated in the statement of activities.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain reclassifications were made from prior year balances to conform to current year financial statement and note presentation.

**Note 2: Cash, Cash Equivalents and Investments**

At June 30, 2023, the City held the following deposits and investments:

Type	Maturities	Credit Rating	Carrying Value
<b>Deposits</b>			
Demand Deposits	N/A	N/A	\$ 34,133,114
Cash on Hand	N/A	N/A	7,400
Time Deposits	Less than one year	N/A	252,100
			<u>34,392,614</u>
<b>Investments</b>			
Money Market Mutual Funds	Less than one year	AAA	25,734,576
Total Deposits and Investments			<u>60,127,190</u>
<b>Reconciliation to Statement of Net Position</b>			
Cash and Cash Equivalents			15,402,838
Restricted Cash and Cash Equivalents			28,051,653
Investments			16,672,699
			<u>\$ 60,127,190</u>

### **Custodial Credit Risk**

Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. Collateral will be held by the City Clerk-Treasurer of the City or by an independent third party with whom the entity has a current custodial agreement. The City's policy limits acceptable collateral to U.S. Treasury securities; federal mortgage debt guaranteed by the federal government to include Veterans Affairs, Federal Housing Administration, Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation; and Federal Home Loan Bank letters of credit. In addition, collateral is limited to direct debt obligations of municipalities or counties in Oklahoma that hold an "A" rating or better. Also, as required by Federal Section 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the financial institution's board of directors or loan committee.

At June 30, 2023, none of the City's bank balances were exposed to custodial credit risk.

### **Interest Rate Risk**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### **Credit Risk**

The City's investment policy limits investments, excluding retirement trust fund investments, to the following:

- a. Direct obligations of the U.S. government, its agencies and instrumentalities to which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the state is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administration and debentures issued by the Federal Housing Administration and in obligations of the Federal National Mortgage Association and Government National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c and d.

**Concentration of Credit Risk**

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percentage (more than 5%) of total investments of the City. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this consideration. The City's investment policy requires diversification of investments and indicates that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single financial institution. At June 30, 2023, the City's investments were not exposed to concentration of credit risk.

**Investments Measured at Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs; U.S. treasuries, agencies, money market, and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities.

Level 2 inputs; Governmental bonds, corporate bonds, other fixed income instruments, and international bonds classified in Level 2 of the fair value hierarchy are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates), or other market corroborated inputs.

Level 3 inputs; Securities valued at Level 3 are based on significant unobservable outputs based on all information available in the circumstances to the extent observable outputs are not available. The fair value of commingled U.S. debt, commingled equity funds, and related short-term investments classified in Level 3 represent the value of unit positions in funds that are not publicly traded on an exchange. Fair value of these securities can be impacted by redemption restrictions imposed by the fund managers. Real estate, commingled real estate funds, and infrastructure investment funds are valued using discounted cash flow techniques.

The following is a summary of assets held at fair value at June 30, 2023:

Description	Investments	Investments Measured by Fair Value				Total
	Measured at Cost	Fair Value	Level 1	Level 2	Level 3	
Mutual Fund (s)	\$ -	\$ 25,734,576	\$ 25,734,576	\$ -	\$ -	\$25,734,576
Certificates of Deposit Registry	252,100	-	-	-	-	252,100
Total	<u>\$ 252,100</u>	<u>\$ 25,734,576</u>	<u>\$ 25,734,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$25,986,676</u>

**Restricted Cash and Investments**

The amounts reported as restricted assets on the accompanying statement of net position – proprietary funds are comprised of amounts restricted for debt service, capital projects, MAPS projects or other purposes.

The restricted assets as of June 30, 2023, are as follows:

		<u>Restricted</u>	
		Cash and Cash	
		Equivalents	
Debt Service	\$	1,154,412	
Meter deposits		541,289	
Capital Improvements		25,841,464	
Internal Risk assurance		514,488	
	<u>\$</u>	<u>28,051,653</u>	

**Note 3: Receivables**

***Accounts Receivable***

Accounts receivable of the business-type activities consist of customer utilities services provided, both billed and unbilled, due at year-end, reported net of allowance for uncollectible amounts. The governmental activities receivables include miscellaneous accounts receivable, taxes receivable, court fines receivable and due from other governments.

The balance of accounts receivables as of June 30, 2023, are as follows:

	<u>Accounts</u>	<u>Less Allowance</u>	<u>Net Accounts</u>
	Receivable	for Uncollectable	Receivable
		Accounts	
<b>Governmental activities</b>			
Taxes receivable	\$ 1,348,260	\$ -	\$ 1,348,260
Court fines receivable, net	399,977	(360,000)	39,977
Grant receivable	438,464	-	438,464
Other accounts receivable	299,598	(152,482)	147,116
Total governmental activities	<u>\$ 2,486,299</u>	<u>\$ (512,482)</u>	<u>\$ 1,973,817</u>
<b>Business-type activities:</b>			
Utilities	\$ 6,084,761	\$ (2,048,734)	\$ 4,036,027
Other accounts receivable	25,626	-	25,626
Total business-type activities	<u>\$ 6,110,387</u>	<u>\$ (2,048,734)</u>	<u>\$ 4,061,653</u>



**Note 4: Capital Assets and Depreciation**

**Capital Assets**

Capital assets consist of land, construction in progress, buildings and improvements, machinery and equipment, utility property and infrastructure. Purchased capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. For the year ended June 30, 2023, capital asset balances changed as follows:

<b>Governmental Activities</b>	<b>Balance, July 1, 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance, June 30, 2023</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,244,402	\$ -	\$ -	\$ 1,244,402
Construction in progress	5,097,404	629,014	-	5,726,418
<b>Total capital assets not being depreciated:</b>	<b>6,341,806</b>	<b>629,014</b>	<b>-</b>	<b>6,970,820</b>
<b>Other capital assets</b>				
Buildings and improvements	18,342,295	1,517,347	(28,566)	19,831,076
Infrastructure	101,574,269	-	(52,841)	101,521,428
Machinery and equipment	14,042,406	1,384,683	(1,065,937)	14,361,152
<b>Total other capital assets at historical cost:</b>	<b>133,958,970</b>	<b>2,902,030</b>	<b>(1,147,344)</b>	<b>135,713,656</b>
Less accumulated depreciation	75,662,653	4,670,594	(1,139,302)	79,193,945
<b>Governmental activities capital assets, net:</b>	<b>\$ 64,638,123</b>	<b>\$ (1,139,550)</b>	<b>\$ (8,042)</b>	<b>\$ 63,490,531</b>

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

Depreciation was charged to the following functions as listed below:

General government	\$ 154,443
Public safety	593,329
Public works	2,675,205
Culture, parks and recreation	1,046,622
Airport	200,995
<b>Total:</b>	<b>\$ 4,670,594</b>

**Business-Type Activities**

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,304,662	\$ 26,436	\$ -	\$ 1,331,098
Construction in progress	37,870,313	7,733,912	(1,775,340)	43,828,885
Total capital assets not being depreciated:	39,174,975	7,760,348	(1,775,340)	45,159,983
<b>Other capital assets:</b>				
Buildings and improvements	28,231,245	-	-	28,231,245
Water rights	24,647,726	-	-	24,647,726
Machinery and equipment	10,903,220	2,988,473	(702,408)	13,189,285
Leased assets	248,589	-	-	248,589
Utility property	43,022,657	1,729,180	(4,470,463)	40,281,374
Total other capital assets at historical cost:	107,053,437	4,717,653	(5,172,871)	106,598,219
Less accumulated depreciation	63,636,374	2,554,325	(5,032,856)	61,157,843
Business-type activities capital assets, net:	<u>\$ 82,592,038</u>	<u>\$ 9,923,676</u>	<u>\$ (1,915,355)</u>	<u>\$ 90,600,359</u>

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

Depreciation was charged to the following functions as listed below:

Water	\$ 1,255,544
Wastewater	134,670
Sanitation	383,530
Electric	482,541
Admin	268,031
Golf	30,009
Total:	<u>\$ 2,554,325</u>

**Note 5: Long-Term Liabilities**

The City's long-term liabilities are segregated by the amounts involving governmental activities and business-type activities.

For the year ended June 30, 2023, the City's long-term liabilities changed as follows:

	<b>Balance July 1, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2023</b>	<b>Current Portion</b>
<b>Governmental Activities</b>					
Accrued compensated absences	\$ 480,450	\$ 22,984	\$ -	\$ 503,434	\$ -
Net OPEB liability	3,123,302	-	-	3,123,302	-
Net pension liability	4,216,247	5,854,999	-	10,071,246	-
Total governmental activities:	<u>7,819,999</u>	<u>5,877,983</u>	<u>-</u>	<u>13,697,982</u>	<u>-</u>
<b>Business-Type Activities</b>					
Notes payable	51,776,152	1,088,780	(3,775,078)	49,089,855	3,983,511
Contract obligations payable	2,587,815	-	(892,815)	1,695,000	861,300
Lease payable	207,158	-	(41,432)	165,726	41,432
Accrued compensated absences	147,691	35,388	-	183,079	-
Net pension liability	558,010	1,786,997	-	2,345,007	-
Landfill closure liability	2,404,101	-	-	2,404,101	-
Deposits subject to refund	991,974	-	(166,872)	825,102	-
Total business-type activities:	<u>58,672,901</u>	<u>2,911,165</u>	<u>(4,876,197)</u>	<u>56,707,870</u>	<u>4,886,243</u>
Total long-term debt	<u>\$ 66,492,900</u>	<u>\$ 8,789,148</u>	<u>\$ (4,876,197)</u>	<u>\$ 70,405,851</u>	<u>\$ 4,886,243</u>

**Governmental Activities Long-Term Debt**

**Accrued Compensated Absences**

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave, sick leave and compensatory time. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The City's General Fund is responsible for liquidation of the liability.

**Business-Type Activities Long-Term Debt**

Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities includes the following:

As of June 30, 2023, the long-term debt from proprietary fund resources consisted of the following:

Notes Payable:

<p>\$2,300,000, OWRB 2015 Series Drinking Water SRF Promissory Note, dated April 28, 2015, due in semi-annual installments of \$57,500 plus interest at 2.81% beginning September 15, 2016, with final payment due March 15, 2036, secured by a pledge of revenues generated from water and wastewater, proceeds to be used by the City for water system improvements.</p>	<p>\$ 886,603</p>
<p>\$5,530,000, Series 2015A Altus Municipal Authority Electric System Utility Revenue Note, dated July 21, 2015, due in various annual principal installments between \$280,000 and \$340,000 plus interest at 2.09% beginning January 1, 2016, with final payment due July 1, 2024, secured by electric revenues. Proceeds of the note were used to refund the 2013A Junior Lien Utility Revenue Note (used to purchase fire equipment); Promissory Note to NBC Oklahoma July 31, 2014 (used to purchase fire equipment); Veterans Substation Lease Purchase Agreement dated October 20, 2009 (used to purchase electric infrastructure); Series 2012 Note to OMPA dated March 1, 2012 (used to purchase wastewater infrastructure); Series 2014 Note to OMPA dated May 20, 2014 (used to purchase wastewater infrastructure); remainder used to purchase various utility equipment. The fire equipment portion of the note was paid in full during fiscal year 2019 so the note is no longer allocated between the governmental activities and the business activities.</p>	<p>\$ 1,005,000</p>
<p>\$11,000,000, OWRB 2017 Series Clean Water SRF Promissory Note, dated November 3, 2017, due in semi-annual installments of \$5,000 to \$754,000 plus interest beginning March 15, 2018, with final payment due September 15, 2032, secured by a pledge of revenues generated from water and wastewater, proceeds to be used by the City to construct wastewater and meter infrastructure improvements.</p>	<p>\$ 10,964,544</p>
<p>\$31,170,000, Series 2020 Altus Municipal Authority Sales Tax Revenue Note, Series 2020, dated November 2, 2020, due in various annual principal installments between \$800,000 and \$1,390,000 plus interest at 1.68% beginning October 1, 2021, with final payment due October 1, 2033, secured by sales tax revenues. Proceeds of the note were used to finance capital projects benefiting the City and the Independent School District No. 18 in Jackson County, OK, "Altus Public Schools".</p>	<p>\$ 26,890,000</p>
<p>\$9,175,000, Series 2022 Altus Municipal Authority Sales Tax Revenue Note, Series 2022, dated May 1, 2022, due in various annual principal installments between \$305,000 and \$490,000 plus interest at 3.09% beginning October 1, 2022, with final payment due April 1, 2033, secured by sales tax revenues. This is a supplemental note indenture to the November 1, 2020 issue. Proceeds of the note were used to finance capital projects benefiting the City and the Independent School District No. 18 in Jackson County, OK, "Altus Public Schools".</p>	<p>\$ 8,510,000</p>

\$5,100,000 Oklahoma Water Resource Board 2023A DWSRF dated March 2023, due in various principle installments upon project completion, with an interest rate of 3.16% maturing March 2054. The note has principle forgiveness of \$2,500,000. Proceeds to be used by the City for replacement of lead service lines. As of June 30, 2023, \$91,991 was drawn on the loan. The balance reflects accrued interest and administrative fees. \$ 92,524

\$22,500,000 Oklahoma Water Resource Board 2023B CWSRF dated December 2022, due in various principle installments upon project completion, with an interest rate of 2.95% maturing September 2054. Proceeds to be used by the City for sewer loops, manholes rehabs, and various other water and wastewater projects. \$ 741,184

Total Notes Payable, proprietary fund \$ 49,089,855

Lease Payable:

\$248,589 lease payable to Western Equipment/John Deere for (3) John Deere 2021 6120M Cab tractors and (3) John Deere 2021 M20 flex wing rotary cutters due in annual installments of \$41,4312 beginning August 2021, with final payment due August 2026 \$ 165,726

Total Lease Payable, proprietary fund \$ 165,726

Total long term debt, proprietary fund \$ 49,255,581

**Contract Obligation Payable**

Contract Obligation Payable:

\$7,830,000, contract obligation payable to Mountain Park Master Conservancy District, due in semi-annual installments of \$328,860 to \$450,225 plus interest at 3.26%, with final payment due October 1, 2025, secured by a pledge of gross revenues of water as approved by voters. \$ 1,695,000

Total Contract Obligations Payable: \$ 1,695,000

**Debt Service Requirements to Maturity**

For the Year Ended June 30,	Business-Type Activities				Lease Payable Prin
	Note Payable		Contract Obligation Payable		
	Prin	Int	Prin	Int	
2024	3,983,511	635,649	861,300	50,222	41,432
2025	4,059,486	553,717	833,700	21,888	41,432
2026	4,659,950	475,956	-	-	41,432
2027	4,760,434	387,627	-	-	41,430
2028	4,854,899	313,577	-	-	-
2029-2033	24,146,630	748,873	-	-	-
2034-2036	2,624,945	17,567	-	-	-
	<u>\$ 49,089,855</u>	<u>\$ 3,132,966</u>	<u>\$ 1,695,000</u>	<u>\$ 72,110</u>	<u>\$ 165,726</u>

**Pledge of Future Revenues**

Debt	Revenue Pledged	Total Pledged Revenue in Current Year	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principle	Period Revenue Will Not Be Available for Other Purposes
2015 OWRB DW	Revenues of water and wastewater systems	\$ 9,635,268	\$ 127,053	1%	\$ 886,603	Until 2036
2015A Utility Rev Note	Revenues of the electric system	25,344,935	682,554	3%	1,005,000	Until 2024
2017 OWRB CW	Revenues of water and wastewater systems	9,635,268	89,874	1%	10,964,544	Until 2032
2020 MAPS II	1.5% sales tax	4,769,379	2,254,750	47%	26,890,000	Until 2033
2022 MAPS II	1.5% sales tax	4,769,379	870,216	18%	8,510,000	Until 2033

**Landfill Closure Liability**

State and federal laws and regulations require the City to place a final cover on its construction and demolition landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. Although the closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these costs as an operating expense of the Authority in each fiscal year. The current period expense amount is based upon the amount of landfill capacity used as of each fiscal year-end.

The City reported \$2,404,101 as accrued landfill closure cost liability at June 30, 2023, represents the cumulative amount of such costs reported to date based on the use of the estimated capacity of the landfill. The Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$4,145,892 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2023. At June 30, 2023, the landfill had a remaining estimated useful life of 10.7 years. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Management of the City believes it has qualified under the State of Oklahoma Department of Environmental Quality (ODEQ) financial assurance test relating to these future closure and post-closure costs, whereby the City's overall financial condition and other submitted information serves as evidence of the City's ability to pay for the closure and post-closure costs when the landfill is closed. As such, the City is not required to fund an escrow trust account for these estimated costs.

**Note 6: Net Position and Fund Balances**

***Fund Statements***

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

**Nonspendable** – Includes amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.

**Restricted** – Consists of fund balance with constraints placed on the use of resources either by  
1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) laws through constitutional provisions or enabling legislation.

**Committed** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.

**Assigned** – Includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by City Council action or management decision when the City Council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.

**Unassigned** – Represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the General Fund

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts requires that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The City has adopted Ordinance No. 27-1, which established the Emergency Fund. It was created for the purpose of receiving, holding and accounting for amounts designated as emergency reserves. Contributions are required to be made by the General Fund, the Authority and other funds and accounts as deemed appropriate by the City Council as shown by approval of the annual budget or by resolution. Amounts held in the Emergency Fund may only be expended when certain specific circumstances exist that are not expected to recur on a routine basis as outlined in the ordinance. Further, the existence of the specific circumstances must be declared by the affirmative vote of at least six members of the City Council. These funds are classified as committed and totaled \$6,581,098.

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Note 7: Internal and Interfund Balances and Transfers**

The City’s policy is to eliminate interfund transfers and balances in the accompanying statements of net position and activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide financial statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

**Transfers**

Internal transfers between funds and activities for the year ended June 30, 2023, were as follows:

	Transfer From			
	General Fund	Municipal Authority	All others	Total
General Fund	\$ -	\$ 2,667,442	\$ -	\$ 2,667,442
MAPS II Sales Tax	2,383,753	-	-	2,383,753
All others	-	783,667	2,464,553	3,248,220
<b>Total</b>	<b>\$ 2,383,753</b>	<b>\$ 3,451,109</b>	<b>\$ 2,464,553</b>	<b>\$ 8,299,415</b>

**Note 8: Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property – Covered through insurance provider with a \$10,000 deductible.
- Workers’ Compensation – Effective January 2012, covered through purchased insurance. Prior to that, the workers’ compensation is covered through self-insurance using a third- party processor to process claims.
- Employee’s Group Medical – Covered through purchased insurance.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**Note 9: Pension and Other Benefit Plan Participation**

The City participates in five pension or retirement plans:

- Oklahoma Firefighters Pension & Retirement System (OFPRS) – A statewide cost-sharing multiple-employer defined benefit pension plan
- Oklahoma Police Pension & Retirement System (OPPRS) – A statewide cost-sharing multiple-employer defined benefit pension plans
- Oklahoma Municipal Retirement Fund (OkMRF)
  - An agent multiple employer defined benefit pension plan



- A defined contribution plan
- A defined contribution plan – City Manager plan

The aggregate total for all pension-related items for three defined benefit plans is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Plan Total</u>
<b>Pension Expense</b>			
Employee Retirement System	\$ 510,400	\$ 434,785	\$ 945,185
Police	120,160	-	120,160
Firefighters	1,017,252	-	1,017,252
	<u>\$ 1,647,812</u>	<u>\$ 434,785</u>	<u>\$ 2,082,597</u>
<b>Net Pension Liability (Asset)</b>			
Employee Retirement System	\$ 2,752,834	\$ 2,345,007	\$ 5,097,841
Police	(502,788)	-	(502,788)
Firefighters	7,318,412	-	7,318,412
	<u>\$ 9,568,458</u>	<u>\$ 2,345,007</u>	<u>\$ 11,913,465</u>
<b>Deferred Outflows of Resources</b>			
Employee Retirement System	\$ 3,178,115	\$ 2,707,283	\$ 5,885,398
Police	3,231,123	-	3,231,123
Firefighters	4,446,449	-	4,446,449
	<u>\$ 10,855,687</u>	<u>\$ 2,707,283</u>	<u>\$ 13,562,970</u>
<b>Deferred Inflows of Resources</b>			
Employee Retirement System	\$ 1,661,815	\$ 1,415,621	\$ 3,077,436
Police	2,226,644	-	2,226,644
Firefighters	2,464,691	-	2,464,691
	<u>\$ 6,353,150</u>	<u>\$ 1,415,621</u>	<u>\$ 7,768,771</u>

### ***Oklahoma Firefighters Pension & Retirement System***

#### **Plan Description**

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

#### **Benefits Provided**

OFPRS 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% of the member's final average compensation times the member's years of service and the member has reached the age of 50 or has 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 of service. Benefits for members hired after November 1, 2013, are determined as 2.5% of the member's final average compensation times the member's years of service and the member has reached the age of 50 or has 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 of 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 more than 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 year 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 contribution 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 \$275,399 during the year ended June 30, 2023. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$249,836; these on-behalf payments did not meet the criteria of a special funding situation but have been recorded as both revenues and expenses in the City's financial statements.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the City reported a net pension liability of \$7,318,410 for its proportionate share of the total OFPRS net pension liability. The net pension liability was measured as of June 30, 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 the pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.559625%.

For the year ended June 30, 2023, the City recognized pension expense of \$1,017,252. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the OFPRS pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 939,487	\$ 36,945
Change of assumption	-	46,661
Net difference between projected and actual earnings on pension plan investments	3,231,563	2,381,085
Change in proportion	-	-
City contributions subsequent to the measurement date	275,399	-
	\$ 4,446,449	\$ 2,464,691

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OFPRS pension plan will be recognized in pension expense as follows:

Year ending June 30,	
2023	\$ 454,512
2024	371,240
2025	105,491
2026	775,117
	\$ 1,706,359

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3.00%
Salary increases	2.5 % to 10.5% on average, including inflation
Ad hoc cost of living adjustment	Half of the dollar amount of a 3.00% assumed increase in base pay for retirees with 20 years of service as of May 26, 1983
Investment rate of return	7.5%, net of pension plan investment expense, including an inflation rate of 3.00%
Mortality rates	Based on the Pub-2010 Public Safety Table with generational improvement using MP-2018

The actuarial assumptions used in the July 1, 2022, valuation was based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2018, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	25%	4.90%
Domestic equity	40%	7.09%
International equity	20%	9.19%
Real estate	10%	7.99%
Other assets	5%	5.57%

**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% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
<b>Employers' Net Pension Liability</b>	\$ 9,430,334	\$ 7,318,410	\$ 5,551,886

**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 OFPRS, which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

***Oklahoma Police Pension & Retirement System***

**Plan Description**

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

### **Benefits Provided**

OPPRS provides retirement, disability and death benefits to members of the plan. The normal retirement date under the plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the plan. No vesting occurs prior to completing 10 years of credited service. Participant contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date. Survivors' benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

### **Contributions**

The contribution 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 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$296,106 during the year ended June 30, 2023. The State of Oklahoma also made on-behalf contributions to OPRRS in the amount of \$249,836 during the fiscal year, and this is reported as both a revenue and an expenditure in the General Fund on the accompanying statement of revenues, expenditures and changes in fund balances – governmental funds. These on-behalf payments did not meet the criteria of a special funding situation but have been recorded as both revenues and expenses in the City's financial statements.

### **Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the City reported a net pension asset of \$502,788 for its proportionate share of the total OPRRS net pension liability. The net pension liability was measured as of June 30, 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 the pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.00627%.

For the year ended June 30, 2023, the City recognized pension expense of \$120,160. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the OPRRS pension plan from the following sources:

**CITY OF ALTUS, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 246,623	\$ 54,767
Change of assumption	17,505	-
Net difference between projected and actual earnings on pension plan investments	2,662,496	2,171,877
City contributions subsequent to the measurement date	304,499	-
	\$ 3,231,123	\$ 2,226,644

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPPRS pension plan will be recognized in pension expense as follows:

Year ending June 30,	
2023	\$ 157,878
2024	41,471
2025	(133,574)
2026	602,692
2027	31,514
	\$ 699,980

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3.50%
Salary Increases	3.5% to 12% on average, including inflation
Investment Rate of Return	7.5%, net of pension plan investment expense
Cost of Living Adjustment	Police officers eligible to receive increased benefits according to Repealed Section 50-120 of Title 11 of the Oklahoma Statutes, pursuant to a court order, receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality Rates	<p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back four years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational mortality improvement using Scale AA.</p> <p>Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward four years with fully generational mortality improvement using Scale AA.</p>

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2022, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	25%	4.79%
Domestic equity	35%	5.74%
International equity	15%	9.19%
Real estate	10%	7.99%
Private Equity	10%	10.20%
Other assets	5%	3.50%

The plan requires approximately 60% of assets be invested in equity instruments, including public equity, long-short hedge, venture capital and private equity strategies; approximately 25% of assets be invested in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds and low volatility hedge fund strategies; and 15% of assets be invested in real assets to include real estate, commodities and other strategies.

**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 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) 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% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
<b>Employers' Net Pension Liability/(asset) \$</b>	\$ 1,456,725	\$ (502,788)	\$ (2,159,056)

**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 OPPRS, which can be located at [www.ok.gov/opprs](http://www.ok.gov/opprs).



**Defined Benefit Pension Plan – Oklahoma Municipal Retirement Fund**

**Plan Description**

The City contributes to the OkMRF for all eligible employees except for those covered by OFPRS and OPPRS. The plan is an agent multiple-employer defined benefit pension plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

**Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City’s plan and additions to/deductions from the City’s fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plan’s fiduciary net position is available in the separately issued OkMRF financial report.

**Eligibility Factors, Contribution Methods and Benefit Provisions (as of July 1, 2022)**

Eligible to Participate	Full-time employees 6 months probation if less than age 60 and not participating in another retirement plan set up by state statutes
Contribution requirements:	
Authorization	By city ordinance
Actuarially Determined	Yes
Employer Rate	13.72% of covered payroll
Employee Rate	4.00% of covered payroll
Period Required to Vest	10 years of credited service
Eligibility for Distribution:	
	Normal retirement at the earlier of age 65 with 10 years of service or age 62 with 25 years of service
	Early retirement at age 55 with 10 years of service
	Disability retirement upon disability with 10 years of service
	Death benefit with 10 years of service
Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 years of service
Benefit Determination Methods	
Normal Retirement	2.625% of final average salary multiplied by credited years of service
Early Retirement	Actuarially reduced benefit based upon age, final average salary and years of service at termination

Eligibility factors, continued:

Disability Retirement	Same as normal retirement
Death Benefit	50% of married employee's accrued benefit, but terminates upon spouse re-marriage or death 50% of accrued benefit for all other vested employees for five years certain
Prior Yyears Service	Return of employee contributions with interest
Form of Benefit Payment	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with the City's consent, optional form based on actuarial equivalent

**Employees Covered by Benefit Terms**

Active Employees	152
Deferred Vested Former Employees	9
Retirees or Retiree Beneficiaries	84
	245

**Contribution Requirements**

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit pension plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in excess of an actuarially determined rate. The actuarially determined rate is 13.72% of covered payroll as of July 1, 2023. For the year ended June 30, 2023, the City recognized \$1,165,591 of employer contributions to the plan, which is the City's contributed rate amount based on covered payroll of \$7,415,007. Employees' contributions were 4% of covered payroll as of July 1, 2023.

**Actuarial Assumptions**

Actuarial Assumptions	
Date of Last Actuarial Valuation	July 1, 2020
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.25%
Projected Salary Increase	Varies between 4.5% to 7.50% based on age
COLA Increase Adjustment	2.75%
Mortality Table	
Before retirement	PubG-2010 (25%A/75%B) males, PubG-2010 (50%A/50%B) females with projected mortality improvement
After retirement	PubG-2010 (25%A/75%B) males, PubG-2010 (50%A/50%B) females with projected mortality improvement
Disabled	PubG-2010, males and females
Percent of Married Employees	100%
Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first five years Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40

**Discount Rate**

The discount rate used to value benefits, 7.5%, was the long-term expected rate of return on plan investments since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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 (2.75%).

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2023, are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large Cap Stocks			
S&P 500	25%	5.80%	1.45%
Small/Mid Cap Stocks			
Russell 2500	10%	6.40%	0.64%
Long/Short Equity			
MSCI ACWI	10%	5.00%	0.50%
International Stocks			
MSCI EAFE	20%	6.20%	1.24%
Fixed Income Bonds			
Barclay's Capital Aggregate	30%	2.30%	0.69%
Real Estate NCREIF			
	5%	4.60%	0.23%
Total	100%		
Average Real Return			4.75%
Inflation			2.75%
Long-Term Expected Return			7.50%

**Changes in Net Pension Liability**

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022, which is also the measurement date. There were also no changes between the measurement date of July 1, 2022, and the City's report ending date of June 30, 2023, that would have had a significant impact on the net pension liability.

The following table reports the components of changes in net pension liability:

	<b>Schedule of Changes in Net Pension Liability</b>		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a)-(b)
Balance, Beginning of Year:	\$ 26,932,384	\$ 25,719,319	\$ 1,213,065
Changes for the Year			
Service Cost	653,940	-	653,940
Interest	1,954,522	-	1,954,522
Difference Between Expected and Actual Experience	(217,331)	-	(217,331)
Assumption Changes	(507,408)	-	(507,408)
Employer Contributions	-	916,601	(916,601)
Employee Contributions	-	267,231	(267,231)
Net Investment Income	-	(3,141,080)	3,141,080
Benefit Payments	(1,776,306)	(1,776,306)	-
Benefit Changes Due to Plan Amendments	-	-	-
Plan Administrative Expenses	-	(43,805)	43,805
Net Changes	107,417	(3,777,359)	3,884,776
Balance, End of Year:	\$ 27,039,801	\$ 21,941,960	\$ 5,097,841

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' Net Pension Liability	\$ 8,083,282	\$ 5,097,841	\$ 2,591,504

The City reported \$945,185 in pension expense for the year ended June 30, 2023. 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
Net Difference Between Projected and Actual Earnings on Pension Plan Differences	\$ 323,977	\$ 173,068
Changes in Assumptions	52,249	404,066
Investment (gains)/losses	4,343,581	2,500,302
City Contributions Subsequent to the Measurement Date	1,165,591	-
	\$ 5,885,398	\$ 3,077,436

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

Year ending June 30,		
2024	\$	403,433
2025		289,203
2026		74,735
2027		875,000
2028		-
	<u>\$</u>	<u>1,642,371</u>

***City Manager Plan (the CMO Plan) – Oklahoma Municipal Retirement Fund***

**Plan Description**

The City provides a defined contribution plan and trust known as the Oklahoma Municipal Retirement Fund Customized Manager Option Plan Retirement Plan and Trust (the CMO Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan. The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The defined contribution plan is available to any person who is in the position of City Manager. Separate audited GAAP-basis financial statements are not available.

**Funding Policy**

Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment and voluntarily elect their percentage of contribution with a minimum contribution of 3% of compensation. The City makes contributions to the CMO Plan based on the employment agreement with the employee and employer contributions are immediately vested. The authority to establish and amend the provisions of the plan rests with the City Council. Contributions to the plan for the year ended June 30, 2023, for the employees and employer were \$3,910, and \$35,550, respectively, on a covered payroll of \$245,481.

**Note 10: Other Postemployment Benefit Plan**

The City provides postemployment health care benefits to eligible retired employees and their qualifying dependents through a single-employer defined benefit OPEB Plan covering all eligible employees. The OPEB Plan is administered by the City Council and benefits are provided in accordance with state law, police and firefighters union contracts and the *Consolidated Omnibus Budget Reconciliation Act of 1985* (COBRA). Benefit provisions are not formalized in a plan document but are included in a section of the City's employees' policies and procedures manual. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. Benefits are provided through a third-party insurer and cover substantially all employees.

**Benefits Provided**

The OPEB Plan provides postemployment benefit options for medical and prescription drug benefits for retired employees and their dependents that elect to make their required contributions.

These benefits are considered for accounting purposes to be provided in accordance with a single-employer substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employer and plan members and the historical pattern of practice with regard to the sharing of benefit costs. Employees hired before January 1, 2015, are allowed to continue health coverage until Medicare- eligible provided they pay the required percentage of premium. The City currently pays 45% of the premiums and the retiree pays 55%. The total premiums are the same amount as active employees. Employees hired after January 1, 2015, are allowed to continue health coverage until Medicare- eligible provided they pay 102% of premium amount for active employees.

As of June 30, 2021, approximately 41 retired employees are receiving benefits under this plan.

**The employees covered by the benefit terms at June 30, 2021, are:**

Retirees or Beneficiaries currently Receiving Benefits	41
Active Employees	97
	138

**Total OPEB Liability**

The City's total OPEB liability of \$2,857,819 was measured as of and for the year ended June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2020
Discount Rate	1.86%
Inflation Rate	2.50% per year
Cost Method	Entry Age Normal Level % of Salary
Mortality	RP-2014 Mortality Table with Improvement Scale MP-2019
Health Care Cost Trend Rates	7.00% declining to 4.00% in later years

The discount rate was based on the Bond Buyer 11-Bond GO Index. This is an index of 11 highly rated, 20-year general obligation municipal bonds with an average rating of AA/Aa2 or higher (or equivalent quality on another rating scale).

No actuarial experience study has been performed.

**Changes in the Total OPEB Liability**

<b>Changes in the total OPEB liability are:</b>	
Total OPEB Liability at Beginning of Year	3,161,918
Changes for the Year	
Service Cost	32,738
Interest Cost	55,428
Differences between Expected and Actual Experience	(38,616)
Changes of Assumptions or Other Inputs	-
Benefit Payments	(353,649)
Net Changes	<u>(304,099)</u>
Balance, End of Year, June 30, 2021	<u><u>\$ 2,857,819</u></u>

**Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate**

The total OPEB liability of the City has been calculated using a discount rate of 2.05%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease (1.05%)	Current Discount Rate (2.05%)	1% Increase (3.05%)
City's Net OPEB Liability	\$ 2,649,166	\$ 2,857,819	\$ 3,049,359

**OPEB Expense and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the City recognized OPEB expense of \$48,745. At June 30, 2023, the City reported deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 211,006
Change in assumptions	\$ 177,989	\$ -
Total	<u>\$ 177,989</u>	<u>\$ 211,006</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized as an increase (reduction) in OPEB expense as follows:

Year ending June 30,	
2021	\$ (4,196)
2022	(4,196)
2023	(4,196)
2024	(4,196)
2025	(4,196)
Thereafter	<u>(12,037)</u>
	<u><u>\$ (33,017)</u></u>



**Note 11: Commitments, Contingencies and Uncertainties**

***Commitments***

Upon retirement, employees are eligible for a portion of their total accumulated sick leave hours with a maximum payout of 960 hour for full time employees and 480 for permanent part-time employees. Employees who resign, are terminated, or leave due to a reduction in force will not receive a payout. No accrual for sick leave has been recorded in the financial statements.

***Litigation***

The City is a party to various legal proceedings, which normally occur in the course of governmental operations. The accompanying 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 statutes 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.

***Federal and State Award Programs***

The City participates in various federal or state grant/loan programs from year to year. In 2022, the City's involvement in federal and state award programs was not material. 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. The City has not been notified of any noncompliance with federal or state award requirements.

Any liability for reimbursement that 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.

During March 2020, the World Health Organization declared a pandemic with the outbreak of the COVID-19 and declared a "Public Health Emergency of International Concern". The U.S. Government and local governmental authorities implemented procedures to attempt to contain the virus and lessen its impact. The spread of this virus has caused business interruptions that are expected to continue for the foreseeable future. The extent of the impact of COVID-19 on the City's operational and financial performance has not yet been determined. As such, these financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Altus, Oklahoma**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget vs Actual (Non-GAAP Budgetary Basis)**  
**June 30, 2023**

	Budgeted Amounts			Actual Amounts	Variance With Final Budget
	Original	Amendments	Final	(Budgetary) Basis	
<b>Budgetary Fund Balance, Beginning of Year</b>	\$ 3,600,985	\$ -	3,600,985	11,232,374	\$ 7,631,389
Resources (Inflows)					
Taxes	14,655,100	-	14,655,100	15,780,109	1,125,009
Intergovernmental	2,088,500	(2,088,500)	-	-	-
Charges for Services	268,850	-	268,850	337,361	68,511
Fines and Forfeitures	224,050	-	224,050	256,013	31,963
Licenses and Permits	154,500	-	154,500	161,610	7,110
Investment Income	6,000	-	6,000	143,083	137,083
Miscellaneous	266,000	343,697	609,697	884,270	274,573
Total Resources (Inflows)	<u>17,663,000</u>	<u>(1,744,803)</u>	<u>15,918,197</u>	<u>17,562,446</u>	<u>1,644,249</u>
Amounts Available for Appropriations	<u>21,263,985</u>	<u>(1,744,803)</u>	<u>19,519,182</u>	<u>28,794,820</u>	<u>9,275,638</u>
Charges to Appropriations (Outflows)					
General Government					
City Council	36,000	-	36,000	14,756	21,244
Administrative Services	2,765,550	(1,656,303)	1,109,247	880,892	228,355
Planning	628,105	-	628,105	428,761	199,344
Information Services	643,820	-	643,820	580,728	63,092
Finance	574,950	-	574,950	555,101	19,849
Human Resources	222,910	-	222,910	229,913	(7,003)
City Clerk – Treasurer	231,850	-	231,850	199,575	32,275
Building Maintenance	604,975	-	604,975	343,546	261,429
Fleet Maintenance	308,660	-	308,660	306,914	1,746
Public safety					
Code Enforcement	176,385	-	176,385	160,439	15,946
Police	5,192,200	(86,000)	5,106,200	4,884,617	221,583
Police – Animal Control	411,215	-	411,215	407,558	3,657
Fire	4,363,085	-	4,363,085	3,434,893	928,192
Municipal Court	166,805	-	166,805	174,380	(7,575)
Law	213,850	-	213,850	179,923	33,927
Emergency Services	139,525	-	139,525	124,899	14,626
Public Works					
Street	1,133,565	-	1,133,565	1,284,541	(150,976)
Cemetery	268,805	-	268,805	247,833	20,972
Culture, Parks and Recreation					
Parks and Recreation	2,149,505	(2,500)	2,147,005	1,872,456	274,549
Pool	532,225	-	532,225	424,366	107,859
Total Charges to Appropriations (Outflows)	<u>20,763,985</u>	<u>(1,744,803)</u>	<u>19,019,182</u>	<u>16,736,091</u>	<u>2,283,091</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	4,000,000	-	4,000,000	4,482,813	482,813
Transfers Out	(4,500,000)	-	(4,500,000)	(5,278,515)	(778,515)
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>(804,342)</u>	<u>(295,702)</u>
<b>Budgetary Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,254,387</u>	<u>\$ (953,212)</u>
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				611,855	
<b>Fund balance at end of year (GAAP basis)</b>				<u>\$ 11,866,242</u>	

**City of Altus, Oklahoma**  
**Notes to Budgetary Comparison Schedule – General Fund**  
**Year Ended June 30, 2023**

***Notes to Schedule***

1. The City prepares its budgets for all funds on the modified accrual basis of accounting for all revenues and expenditures except for on-behalf payments made and certain debt-related transactions. The City utilizes encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding and their related appropriations are lapsed at year-end and are re-appropriated and re-encumbered in the subsequent
2. The legal level of appropriation is the department level within a fund. Transfers of appropriation within a fund require the approval 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.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:
4. For the year ended June 30, 2023, the City complied, in all material respects, with the applicable budget laws.

**City of Altus, Oklahoma**  
**Schedule of the City's Proportionate Share of the Net Pension Liability - Unaudited**  
**Oklahoma Firefighters Pension Retirement System**

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
City's Proportion of the Net Pension Liability	0.559625%	0.540749%	0.500204%	0.507183%	0.511532%	0.492285%	0.575002%	0.585682%
City's Proportionate Share of the Net Pension Liability	\$9,430,334	\$7,318,410	\$6,162,083	\$5,359,235	\$6,433,656	\$6,014,319	\$6,103,124	\$6,022,844
City's Covered-Employee Payroll	\$2,066,977	\$1,853,334	\$1,761,897	\$1,613,627	\$1,457,797	\$1,431,814	\$1,547,037	\$1,466,136
City's Proportionate Share of the Percentage of its Covered-Employee Payroll	456%	395%	350%	332%	441%	420%	395%	411%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.77%	99.82%	99.84%	72.85%	66.61%	64.87%	68.27%	68.12%

***Note to Schedule***

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

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

**City of Altus, Oklahoma**  
**Schedule of the City's Contributions - Unaudited**  
**Oklahoma Firefighters Pension Retirement System**

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
Statutorily Required Contribution	\$ 275,399	\$ 259,467	\$ 296,106	\$ 198,003	\$ 205,911	\$ 204,092	\$ 200,454	\$ 221,668
Contributions in Relation to the Statutorily Required Contribution	275,399	259,467	296,106	198,003	205,911	204,092	200,454	221,668
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 2,066,977	\$ 1,853,334	\$ 1,761,897	\$ 1,613,627	\$ 1,470,791	\$ 1,457,797	\$ 1,431,814	\$ 1,547,037
Contributions as a Percentage of Covered-Employee Payroll	13.32%	14.00%	16.81%	12.27%	13.00%	14.00%	12.97%	13.12%

***Note to Schedule***

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

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

**City of Altus, Oklahoma**  
**Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) - Unaudited**  
**Oklahoma Police Pension Retirement System**

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
City's Proportion of the Net Pension Liability	0.627000%	0.611500%	0.584100%	0.581500%	0.622100%	0.579000%	0.600400%	0.585682%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ (502,788)	\$(2,933,292)	\$ 670,775	\$ (37,125)	\$ 47,398	\$ 886,739	\$ 24,480	\$ (214,564)
City's Covered-Employee Payroll	\$ 2,849,392	\$ 2,253,883	\$ 2,120,922	\$ 1,962,236	\$ 1,853,914	\$ 1,783,982	\$ 1,681,039	\$ 1,702,136
City's Proportionate Share of the Percentage of its Covered-Employee Payroll	-18%	-130%	32%	-2%	3%	50%	1%	-13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.02%	100.10%	99.97%	100.24%	99.68%	93.50%	99.82%	101.53%

***Note to Schedule***

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

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

**City of Altus, Oklahoma**  
**Schedule of the City's Contributions - Unaudited**  
**Oklahoma Police Pension Retirement System**

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
Statutorily Required Contribution	\$ 304,499	\$ 296,106	\$ 275,728	\$ 245,842	\$ 247,349	\$ 241,008	\$ 231,383	\$ 220,570
Contributions in Relation to the Statutorily Required Contribution	304,499	296,106	275,728	245,842	247,349	241,008	231,383	220,570
Contribution deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 2,849,392	\$ 2,253,883	\$ 2,120,922	\$ 1,962,236	\$ 1,902,682	\$ 1,853,914	\$ 1,783,982	\$ 1,681,039
Contributions as a Percentage of Covered-Employee Payroll	10.69%	13.14%	13.00%	13.00%	13.00%	13.00%	12.97%	13.12%

***Note to Schedule***

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

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



**City of Altus, Oklahoma**  
**Schedule of Changes in Net Pension Liability and Related Ratios - Unaudited**  
**Oklahoma Municipal Retirement Fund**

	2023*	2022*	2021*	2020*	2019* **	2018* **	2017* **	2016* **
Total Pension Liability								
Service Cost	653,940	634,449	568,273	558,136	\$ 501,990	\$ 552,041	\$ 481,258	\$ 483,967
Interest	1,954,522	1,890,429	1,836,038	1,757,793	1,733,806	1,635,659	1,602,907	1,609,715
Differences between Expected and Actual Experience	-	-	437,859	62,476	(47,349)	379,928	(185,051)	(663,485)
Benefit Changes due to Plan Amendments	(217,331)	273,054	-	-	-	585,286	-	-
Assumption Changes	(507,408)	-	-	506,591	-	535,786	-	-
Benefit Payments, including Refunds of Members Contributions	(1,776,306)	(2,104,491)	(2,128,980)	(1,564,676)	(2,161,767)	(1,207,910)	(1,735,260)	(1,308,780)
Net Change in Total Pension Liability	107,417	693,441	713,190	1,320,320	26,680	2,480,790	163,854	121,417
Total Pension Liability – Beginning	26,932,384	26,238,943	25,525,753	24,205,433	24,178,753	21,697,963	21,534,109	21,412,692
Total Pension Liability – Ending (a)	27,039,801	26,932,384	26,238,943	25,525,753	24,205,433	24,178,753	21,697,963	21,534,109
Plan Fiduciary Net Position								
Contributions – Employer	916,601	881,580	746,348	796,724	710,312	703,894	694,586	628,869
Contributions – Member	267,231	257,021	244,527	224,053	203,972	203,438	200,692	181,678
Net Investment Income	(3,141,080)	5,706,667	858,172	1,386,351	1,491,090	2,269,790	152,627	530,947
Benefit Payments, including Refunds of Members Contributions	(1,776,306)	(2,104,491)	(2,128,980)	(1,564,676)	(2,161,767)	(1,207,910)	(1,735,260)	(1,308,780)
Administrative Expense	(43,805)	(43,799)	(43,702)	(41,949)	(41,694)	(40,904)	(37,277)	(39,417)
Net Change in Plan Fiduciary Net Position	(3,777,359)	4,696,978	(323,635)	800,503	201,913	1,928,308	(724,632)	(6,703)
Plan Fiduciary Net Position – Beginning	25,719,319	21,022,341	21,345,976	20,545,473	20,343,560	18,415,252	19,139,884	19,146,587
Plan Fiduciary Net Position – Ending (b)	\$ 21,941,960	\$ 25,719,319	\$ 21,022,341	\$ 21,345,976	\$ 20,545,473	\$ 20,343,560	\$ 18,415,252	\$ 19,139,884
Net Pension Liability – Ending (a)-(b)	\$ 5,097,841	\$ 1,213,065	\$ 5,216,602	\$ 4,179,777	\$ 3,659,960	\$ 3,835,193	\$ 3,282,711	\$ 2,394,225
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.15%	95.50%	80.12%	83.63%	84.88%	84.14%	84.87%	88.88%
Covered-Employee Payroll	\$ 6,788,024	\$ 6,317,463	\$ 6,067,663	\$ 5,380,354	\$ 5,397,875	\$ 4,700,997	\$ 5,125,738	\$ 4,622,461
Net Pension Liability as a Percentage of Covered-Employee Payroll	75.10%	19.20%	85.97%	77.69%	67.80%	63.40%	64.04%	51.80%

**Note to Schedule**

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

**City of Altus, Oklahoma**  
**Schedule of Employer Contributions - Unaudited**  
**Oklahoma Municipal Retirement Fund**

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Actuarially Determined Contributions	\$ 1,165,591	\$ 1,049,162	\$ 881,580	\$ 519,817	\$ 581,362	\$ 603,792	\$ 673,617	\$ 626,091
Contributions in Relation to the Actuarially Determined Contributions	<u>1,165,591</u>	<u>1,049,162</u>	<u>881,580</u>	<u>746,348</u>	<u>709,213</u>	<u>703,408</u>	<u>721,073</u>	<u>626,091</u>
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (226,531)</u>	<u>\$ (127,851)</u>	<u>\$ (99,616)</u>	<u>\$ (47,456)</u>	<u>\$ -</u>
Covered-Employee Payroll	<u>\$ 6,788,024</u>	<u>\$ 6,317,463</u>	<u>\$ 6,067,663</u>	<u>\$ 5,839,470</u>	<u>\$ 5,126,648</u>	<u>\$ 5,082,426</u>	<u>\$ 5,177,683</u>	<u>\$ 4,523,779</u>
Contributions as a Percentage of Covered-Employee Ppayroll	<u>17.17%</u>	<u>16.61%</u>	<u>14.53%</u>	<u>12.78%</u>	<u>13.83%</u>	<u>13.84%</u>	<u>13.93%</u>	<u>13.84%</u>

***Notes to Schedule***

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Changes in Assumptions - The plan was amended effective January 1, 2017 to adopt an early retirement incentive program for a limited time for eligible employees

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

**City of Altus, Oklahoma**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Other Post-employment Benefits**

	<u>2021**</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 32,738	\$ 33,157	\$ 18,464
Interest on Total OPEB Liability	55,428	75,125	35,897
Difference between Expected and Actual Experience	(38,616)	(167,505)	(58,964)
Effect of Assumptions, Changes, or Inputs	-	219,865	1,990
Benefit payments	<u>(353,649)</u>	<u>(328,272)</u>	<u>(70,869)</u>
Net Change in Total OPEB Liability	(304,099)	(167,630)	(73,482)
City's total OPEB Liability, Beginning	<u>3,161,918</u>	<u>3,574,897</u>	<u>1,259,511</u>
City's total OPEB Liability, Ending	<u>\$ 2,857,819</u>	<u>\$ 3,407,267</u>	<u>\$ 1,855,999</u>
Covered-Employee Payroll	<u>\$ 8,828,371</u>	<u>\$ 10,564,826</u>	<u>\$ 9,822,674</u>
The City's total OPEB Liability as a Percentage of Covered Payroll.	32.37%	32.25%	12.07%

**Notes to Schedule**

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

**CITY OF ALTUS, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2023

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>		<b>Assistance Listing Number</b>	<b>Program or Award Amount</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Commerce:</u></b>				
CDBG-CV	18110 CDBGCR 20	14.228	904,279	1,775,251
CDBG #17978 Sidewalk	17978 CDBG 20	14.228	135,109	74,684
CDBG #18605 Sidewalk	18605 CDBG 22	14.288	195,715	3,500
<b>Sub-total U.S. Department of Commerce</b>			<u>1,235,103</u>	<u>1,853,435</u>
<b><u>U.S. Department of Transportation:</u></b>				
Federal Aviation Administration - Airport Improvement Program	3-40-0002-020-2021	20.106	32,000	-
FAA - Altus/Quartz Mountain Regional Airport	3-40-0002-021-2022	20.106	195,150	103,140
FAA - Install AWOS			<u>227,150</u>	<u>103,140</u>
<b>Sub-total U.S. Department of Transportation</b>				
<b><u>U.S. Department of Homeland Security:</u></b>				
Department of Emergency Management	OK FY22 EMPG	97.036	40,000	-
Emergency Management Performance Grant 2022		97.036	13,136	-
FEMA 4575			<u>53,136</u>	<u>-</u>
<b>Sub-total U.S. Department of Homeland Security</b>				
<b><u>U.S. Department of Treasury:</u></b>				
American Rescue Plan Act	ARPA 2022	21.027	3,218,108	-
<b>Sub-total U.S. Department of Treasury</b>			<u>3,218,108</u>	<u>-</u>
<b><u>U.S. Department of Housing and Urban Development:</u></b>				
Altus Workforce Housing and Community Development Project	B-22-CP-OK-0738	14.251	3,000,000	-
<b>Sub-total U.S. Department of Housing and Urban Development</b>			<u>3,000,000</u>	<u>-</u>
<b><u>U.S. Department of Justice:</u></b>				
Oklahoma Strategic Military Planning Commission	Shooting Facility		160,000	160,000
<b>Sub-total U.S. Department of Justice</b>			<u>160,000</u>	<u>160,000</u>
<b><u>Federal Highway Administration</u></b>				
<i>Passed through the Oklahoma Tourism and Recreation Department</i>				
Altus Trail Phase I	RT21(110)		240,000	88,520
<b>Sub-total Federal Highway Administration</b>			<u>240,000</u>	<u>88,520</u>
<b>Total of Expenditures of Federal Awards</b>			<b>\$ <u>8,133,497</u></b>	<b>\$ <u>2,205,095</u></b>

Note A - This schedule was prepared on an accrual (GAAP) basis of accounting consistent with the preparation of the basic financial statements.

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

	Special Revenue Funds							Capital Project Funds				Total Nonmajor Governmental Funds
	ODOC Grant Fund	Juvenile Court Fund	Airport Fund	Hotel/Motel Tax Fund	Street and Alley Fund	Tax Incremental District 3	Grant Management	Economic Development Construction Fund	Landfill Improvement Fund	Cemetery Perpetual Care Fund	Military Capital Project Fund	
<b>Assets</b>												
Cash and Cash Equivalents	\$ 189,102	\$ 28,786	\$ 415,623	\$ 396,291	\$ 301,942	\$ 175,272	\$ 2,018,621	\$ 433,242	\$ 585,030	\$ 41,124	\$ 503,972	\$ 5,089,005
Receivable from Other Governmental	-	-	-	-	17,065	-	-	-	-	-	-	17,065
Utilities Receivable, Net	-	-	-	-	-	-	-	-	26,530	-	-	26,530
Grant Receivables	-	-	-	-	-	-	438,464	-	-	-	-	438,464
Other Receivables	-	-	55,151	-	-	-	-	-	-	-	-	55,151
Inventories	-	-	77,610	-	-	-	-	-	-	-	-	77,610
<b>Total Assets</b>	<b>\$ 189,102</b>	<b>\$ 28,786</b>	<b>\$ 548,384</b>	<b>\$ 396,291</b>	<b>\$ 319,007</b>	<b>\$ 175,272</b>	<b>\$ 2,457,085</b>	<b>\$ 433,242</b>	<b>\$ 611,560</b>	<b>\$ 41,124</b>	<b>\$ 503,972</b>	<b>\$ 5,703,825</b>
<b>Liabilities and Fund Balance</b>												
<b>Liabilities</b>												
Accounts Payable	\$ -	\$ -	\$ 2,274	\$ -	\$ 263	\$ -	\$ 254,146	\$ -	\$ -	\$ -	\$ 35,063	\$ 291,746
Accrued Payroll	-	-	10,789	-	-	-	-	-	-	-	-	10,789
Compensated absences	-	-	12,876	-	-	-	-	-	-	-	-	12,876
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>25,939</b>	<b>-</b>	<b>263</b>	<b>-</b>	<b>254,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,063</b>	<b>315,411</b>
<b>Fund Balances</b>												
Nonspendable	-	-	77,610	-	-	-	-	-	-	-	-	77,610
Restricted	-	28,786	-	396,291	-	-	-	433,242	611,560	41,124	468,909	1,979,912
Assigned	189,102	-	444,835	-	318,744	175,272	2,202,939	-	-	-	-	3,330,892
<b>Total Fund Balances</b>	<b>189,102</b>	<b>28,786</b>	<b>522,445</b>	<b>396,291</b>	<b>318,744</b>	<b>175,272</b>	<b>2,202,939</b>	<b>433,242</b>	<b>611,560</b>	<b>41,124</b>	<b>468,909</b>	<b>5,388,414</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 189,102</b>	<b>\$ 28,786</b>	<b>\$ 548,384</b>	<b>\$ 396,291</b>	<b>\$ 319,007</b>	<b>\$ 175,272</b>	<b>\$ 2,457,085</b>	<b>\$ 433,242</b>	<b>\$ 611,560</b>	<b>\$ 41,124</b>	<b>\$ 503,972</b>	<b>\$ 5,703,825</b>

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

	Special Revenue Funds							Capital Project Funds				Total Nonmajor Governmental Funds
	ODOC Grant Fund	Juvenile Court Fund	Airport Fund	Hotel/Motel Tax Fund	Street and Alley Fund	Tax Incremental District 3	Grant Management	Economic Development Construction Fund	Landfill Improvement Fund	Cemetery Perpetual Care Fund	Military Capital Projects Fund	
<b>Revenues</b>												
Taxes	\$ -	\$ -	\$ -	\$ 323,671	\$ 192,514	\$ 173,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 689,928
Intergovernmental	-	-	95,453	-	-	-	4,133,984	-	-	-	160,000	4,389,437
Charges for Services	-	-	466,056	-	-	-	-	-	215,013	968	-	682,037
Investment Earnings	5,610	785	11,627	11,132	7,371	1,529	-	7,397	19,333	1,114	15,219	81,117
Donations	-	-	-	-	-	-	-	-	-	250	-	250
<b>Total Revenues</b>	<b>\$ 5,610</b>	<b>\$ 785</b>	<b>\$ 573,136</b>	<b>\$ 334,803</b>	<b>\$ 199,885</b>	<b>\$ 175,272</b>	<b>\$ 4,133,984</b>	<b>\$ 7,397</b>	<b>\$ 234,346</b>	<b>\$ 2,332</b>	<b>\$ 175,219</b>	<b>\$ 5,842,769</b>
<b>Expenditures</b>												
<b>Current</b>												
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,783,076	\$ -	\$ -	\$ -	\$ -	\$ 1,783,076
Public Works	-	-	-	311,351	105,513	-	-	-	-	-	(39,290)	377,574
Culture, Parks and Recreation	187,888	-	-	-	-	-	-	-	-	-	-	187,888
Airport	-	-	472,890	-	-	-	-	-	-	-	-	472,890
Capital Outlay	-	-	30,705	-	-	-	-	124,824	227,087	-	-	382,616
<b>Total Expenditures</b>	<b>187,888</b>	<b>-</b>	<b>503,595</b>	<b>311,351</b>	<b>105,513</b>	<b>-</b>	<b>1,783,076</b>	<b>124,824</b>	<b>227,087</b>	<b>-</b>	<b>(39,290)</b>	<b>3,204,044</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>(182,278)</b>	<b>785</b>	<b>69,541</b>	<b>23,452</b>	<b>94,372</b>	<b>175,272</b>	<b>2,350,908</b>	<b>(117,427)</b>	<b>7,259</b>	<b>2,332</b>	<b>214,509</b>	<b>2,638,725</b>
<b>Other Financing Sources</b>												
Transfers In	41,117	-	211,296	-	-	-	-	-	-	-	-	252,413
Transfers Out	-	-	(8,834)	-	-	-	(147,969)	-	-	-	-	(156,803)
<b>Total Other Financing Source</b>	<b>41,117</b>	<b>-</b>	<b>202,462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(147,969)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,610</b>
<b>Net Changes in Fund Balance</b>	<b>(141,161)</b>	<b>785</b>	<b>272,003</b>	<b>23,452</b>	<b>94,372</b>	<b>175,272</b>	<b>2,202,939</b>	<b>(117,427)</b>	<b>7,259</b>	<b>2,332</b>	<b>214,509</b>	<b>2,734,335</b>
<b>Beginning Fund Balances</b>	<b>330,263</b>	<b>28,001</b>	<b>250,442</b>	<b>372,839</b>	<b>224,372</b>	<b>-</b>	<b>-</b>	<b>550,669</b>	<b>604,301</b>	<b>38,792</b>	<b>254,400</b>	<b>2,654,079</b>
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fund Balances, End of Year</b>	<b>\$ 189,102</b>	<b>\$ 28,786</b>	<b>\$ 522,445</b>	<b>\$ 396,291</b>	<b>\$ 318,744</b>	<b>\$ 175,272</b>	<b>\$ 2,202,939</b>	<b>\$ 433,242</b>	<b>\$ 611,560</b>	<b>\$ 41,124</b>	<b>\$ 468,909</b>	<b>\$ 5,388,414</b>

**City of Altus, Oklahoma  
Combining Balance Sheet  
General Fund Accounts  
June 30, 2023**

	General Fund	Emergency Fund	Park Development Fund	Emergency 911 Fund	ARPA Fund	Total General Fund Accounts
<b>Assets</b>						
Cash and Cash Equivalents	1,621,500	\$ 2,677,475	\$ 27,725	\$ 58,191	\$ 3,243,572	\$ 7,628,463
Investments	-	3,903,623	-	-	-	3,903,623
Receivable from Other Governments	1,331,195	-	-	-	-	1,331,195
Court Fines Receivable, Net	39,977	-	-	-	-	39,977
Other Receivables	26,213	-	-	35,993	-	62,206
<b>Total Assets</b>	<b>\$ 3,018,885</b>	<b>\$ 6,581,098</b>	<b>\$ 27,725</b>	<b>\$ 94,184</b>	<b>\$ 3,243,572</b>	<b>\$ 12,965,464</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable	78,049	-	-	17	-	78,066
Accrued Payroll	476,289	-	-	17,599	-	493,888
Compensated absences	477,622	-	-	12,936	-	490,558
Municipal bonds payable	36,710	-	-	-	-	36,710
<b>Total Liabilities</b>	<b>1,068,670</b>	<b>-</b>	<b>-</b>	<b>30,552</b>	<b>-</b>	<b>1,099,222</b>
<b>Fund Balances</b>						
Committed	-	6,581,098	-	-	-	6,581,098
Assigned	-	-	27,725	63,632	3,243,572	3,334,929
Unassigned	1,950,215	-	-	-	-	1,950,215
<b>Total Fund Balances</b>	<b>1,950,215</b>	<b>6,581,098</b>	<b>27,725</b>	<b>63,632</b>	<b>3,243,572</b>	<b>11,866,242</b>
<b>Total Liabilities and Fund Balanc</b>	<b>\$ 3,018,885</b>	<b>\$ 6,581,098</b>	<b>\$ 27,725</b>	<b>\$ 94,184</b>	<b>\$ 3,243,572</b>	<b>\$ 12,965,464</b>

**City of Altus, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund Accounts**  
**Year Ended June 30, 2023**

	General Fund	Emergency Fund	Park Development Fund	Emergency 911 Fund	ARPA Fund	Total General Fund Accounts
<b>Revenues</b>						
Taxes	\$ 15,592,942	\$ -	\$ -	187,167	\$ -	\$ 15,780,109
Intergovernmental	-	-	-	-	-	-
Charges for Services	337,361	-	-	-	-	337,361
Fines and Forfeitures	256,013	-	-	-	-	256,013
Licenses and Permits	161,610	-	-	-	-	161,610
Rental	71,737	-	-	-	-	71,737
Investment Earnings	73,535	41,881	752	1,355	25,560	143,083
Donations	16,668	-	-	-	-	16,668
Miscellaneous	793,765	-	2,100	-	-	795,865
<b>Total Revenues</b>	<b>17,303,631</b>	<b>41,881</b>	<b>2,852</b>	<b>188,522</b>	<b>25,560</b>	<b>17,562,446</b>
<b>Expenditures</b>						
<b>Current</b>						
General Government	3,438,175	-	-	-	-	3,438,175
Public Safety	9,273,804	97,442	-	654,430	-	10,025,676
Public Works	1,400,489	-	-	-	-	1,400,489
Culture, Parks and Recreation	2,269,244	-	-	-	-	2,269,244
Capital Outlay	354,379	-	-	-	-	354,379
<b>Total Expenditures</b>	<b>16,736,091</b>	<b>97,442</b>	<b>-</b>	<b>654,430</b>	<b>-</b>	<b>17,487,963</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>567,540</b>	<b>(55,561)</b>	<b>2,852</b>	<b>(465,908)</b>	<b>25,560</b>	<b>74,483</b>
<b>Other Financing Sources</b>						
Transfers In	2,324,549	-	-	541,667	1,616,597	4,482,813
Transfers Out	(5,278,515)	-	-	-	-	(5,278,515)
<b>Total Other Financing Sources (Use)</b>	<b>(2,953,966)</b>	<b>-</b>	<b>-</b>	<b>541,667</b>	<b>1,616,597</b>	<b>(795,702)</b>
<b>Net Changes in Fund Balance</b>	<b>(2,386,426)</b>	<b>(55,561)</b>	<b>2,852</b>	<b>75,759</b>	<b>1,642,157</b>	<b>(721,219)</b>
<b>Beginning Fund Balances</b>	<b>4,336,641</b>	<b>6,636,659</b>	<b>24,873</b>	<b>(12,127)</b>	<b>1,601,415</b>	<b>12,587,461</b>
Prior Period Adjustment	-	-	-	-	-	-
<b>Fund Balances, end of year</b>	<b>\$ 1,950,215</b>	<b>\$ 6,581,098</b>	<b>\$ 27,725</b>	<b>\$ 63,632</b>	<b>\$ 3,243,572</b>	<b>\$ 11,866,242</b>



City of Altus, Oklahoma  
Combining Statement of Net Position  
Enterprise Fund Accounts  
June 30, 2023

	Altus Municipal Authority	Water Treatment Plant Account	MAPS Sales Tax Account	Capital Improvement Fund	Landfill Improvement	Meter Deposit Account	DARTA	Capital Projects	Grants	Total
<b>Assets and Deferred Outflows of Resources</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	\$ 1,872,120	\$ 813,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,685,370
Restricted Cash and Cash Equivalents	694,887	-	706,465	2,195,140	239,418	541,289	202,786	3,289,626	(80,180)	7,789,431
Investments	3,614,547	1,898,466	-	-	979,114	480,000	-	1,961,098	-	8,933,225
Deposit with Third Party	-	-	-	-	-	-	-	-	-	-
Accounts Receivable, Net	4,036,027	-	-	-	-	-	-	-	-	4,036,027
Other Receivables	25,626	-	-	-	-	-	-	-	-	25,626
Inventories	1,765,434	-	-	-	-	-	-	-	-	1,765,434
Total Current Assets	12,008,641	2,711,716	706,465	2,195,140	1,218,532	1,021,289	202,786	5,250,724	(80,180)	25,235,113
<b>Noncurrent Assets</b>										
Land and Construction in Progress	28,683,948	1,309,927	-	-	-	-	-	-	-	29,993,875
Other Capital Assets, Net of Accumulated Depreciation	45,440,377	-	-	-	-	-	-	-	-	45,440,377
Total Noncurrent Assets	74,124,325	1,309,927	-	-	-	-	-	-	-	75,434,252
Total Assets	86,132,966	4,021,643	706,465	2,195,140	1,218,532	1,021,289	202,786	5,250,724	(80,180)	100,669,365
<b>Deferred Outflows of Resources</b>										
Deferred Outflows Related to Pensions	2,707,283	-	-	-	-	-	-	-	-	2,707,283
Total Assets and Deferred Outflows of Resc	88,840,249	4,021,643	706,465	2,195,140	1,218,532	1,021,289	202,786	5,250,724	(80,180)	103,376,648
<b>Liabilities and Deferred Inflows of Resources</b>										
<b>Current Liabilities</b>										
Accounts Payable	2,020,630	10,822	-	205,035	-	-	-	-	82,100	2,318,587
Accrued Payroll	218,532	-	-	-	-	-	-	-	-	218,532
Accrued Interest Payable	62,822	-	-	-	-	-	-	-	-	62,822
Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Current Lease Payable	41,432	-	-	-	-	-	-	-	-	41,432
Contract Obligation Payable	861,300	-	-	-	-	-	-	-	-	861,300
Current Portion Notes Payable	878,511	-	-	-	-	-	-	-	-	878,511
Total Current Liabilities	4,083,227	10,822	-	205,035	-	-	-	-	82,100	4,381,184
<b>Noncurrent Liabilities</b>										
Deposits Subject to Refund	-	-	-	-	-	825,102	-	-	-	825,102
Compensated Absences	183,079	-	-	-	-	-	-	-	-	183,079
Lease payable	-	-	-	-	-	-	-	-	-	-
Contract Obligation Payable	833,700	-	-	-	-	-	-	-	-	833,700
Landfill Closure Liability	2,404,101	-	-	-	-	-	-	-	-	2,404,101
Notes Payable	12,977,070	-	-	-	-	-	-	-	-	12,977,070
Net Pension Liability	2,345,007	-	-	-	-	-	-	-	-	2,345,007
Total Noncurrent Liabilities	18,742,957	-	-	-	-	825,102	-	-	-	19,568,059
Total Liabilities	22,826,184	10,822	-	205,035	-	825,102	-	-	82,100	23,949,243
<b>Derred Inflows of Resources</b>										
Deferred Inflows Related to Pensions	1,415,621	-	-	-	-	-	-	-	-	1,415,621
Total Deferred Inflows of Resources	1,415,621	-	-	-	-	-	-	-	-	1,415,621
Total Liabilities and Deferred Inflows of Resc	24,241,805	10,822	-	205,035	-	825,102	-	-	82,100	25,364,864
<b>Net Position</b>										
Net Investment in Capital Assets	60,268,744	-	-	-	-	-	-	-	-	60,268,744
Restricted for:										
Debt Service	799,363	-	-	-	-	-	-	-	-	799,363
Capital Projects	-	4,010,821	-	1,990,105	1,218,532	-	202,786	5,250,724	(162,280)	12,510,688
MAPS Projects	-	-	706,465	-	-	-	-	-	-	706,465
Refunds	-	-	-	-	-	196,187	-	-	-	196,187
Unrestricted	3,530,337	-	-	-	-	-	-	-	-	3,530,337
Total Net Position	\$ 64,598,444	\$ 4,010,821	\$ 706,465	\$ 1,990,105	\$ 1,218,532	\$ 196,187	\$ 202,786	\$ 5,250,724	\$ (162,280)	\$ 78,011,784

City of Altus, Oklahoma  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Enterprise Fund Accounts  
June 30, 2023

	Altus Municipal Authority	Water Treatment Plant Account	MAPS Sales Tax Account	Capital Improvement Fund	Landfill Improvement	Meter Deposit Account	DARTA	Capital Projects	Grants	Total
<b>Operating Revenues</b>										
Water	\$ 6,928,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,928,045
Wastewater	2,707,223	-	-	-	-	-	-	-	-	2,707,223
Sanitation	2,787,433	-	-	-	-	-	-	-	-	2,787,433
Electric	25,344,935	-	-	-	-	-	-	-	-	25,344,935
Base facility services	731,325	-	-	-	-	-	-	-	-	731,325
Golf course	113,592	-	-	-	-	-	-	-	-	113,592
Landfill	1,615,233	-	-	-	-	-	-	-	-	1,615,233
Miscellaneous	290,573	7,292	432,051	-	-	-	169,309	-	-	899,225
<b>Total Operating Revenues</b>	<b>40,518,359</b>	<b>7,292</b>	<b>432,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,309</b>	<b>-</b>	<b>-</b>	<b>41,127,011</b>
<b>Operating Expenses</b>										
Administration	2,027,279	-	21,389	1,724,769	-	-	23,335	-	-	3,796,772
Water	3,536,648	-	-	-	-	-	-	-	331,680	3,868,328
Wastewater	3,193,719	-	-	-	-	-	-	-	704,300	3,898,019
Sanitation	1,696,988	-	-	-	-	-	-	-	-	1,696,988
Landfill	710,674	-	-	-	4,995	-	-	-	-	715,669
Electric	18,484,049	-	-	-	-	-	-	-	-	18,484,049
Base facility services	744,169	-	-	-	-	-	-	-	-	744,169
Golf course	334,683	-	-	-	-	-	-	-	-	334,683
Depreciation and Amortization	2,554,324	-	-	-	-	-	-	-	-	2,554,324
<b>Total Operating Expenses</b>	<b>33,282,533</b>	<b>-</b>	<b>21,389</b>	<b>1,724,769</b>	<b>4,995</b>	<b>-</b>	<b>23,335</b>	<b>-</b>	<b>1,035,980</b>	<b>36,093,001</b>
<b>Net Operating Income</b>	<b>7,235,826</b>	<b>7,292</b>	<b>410,662</b>	<b>(1,724,769)</b>	<b>(4,995)</b>	<b>-</b>	<b>145,974</b>	<b>-</b>	<b>(1,035,980)</b>	<b>5,034,010</b>
<b>Nonoperating Revenues (Expenses)</b>										
Interest Income	65,389	48,112	2,595	-	-	(27,890)	-	17,193	-	105,399
Intergovernmental	-	-	-	-	-	-	-	-	873,700	873,700
Change in pension obligation	40,408	-	-	-	-	-	-	-	-	40,408
Interest Expense	(200,768)	-	-	-	-	-	-	-	-	(200,768)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(94,971)</b>	<b>48,112</b>	<b>2,595</b>	<b>-</b>	<b>-</b>	<b>(27,890)</b>	<b>-</b>	<b>17,193</b>	<b>873,700</b>	<b>818,739</b>
<b>Net income before transfers</b>	<b>7,140,855</b>	<b>55,404</b>	<b>413,257</b>	<b>(1,724,769)</b>	<b>(4,995)</b>	<b>(27,890)</b>	<b>145,974</b>	<b>17,193</b>	<b>(162,280)</b>	<b>5,852,749</b>
<b>Transfers</b>										
Transfers In	11,065,362	-	-	-	500,000	180,930	23,564	4,483,531	-	16,253,387
Transfers Out	(7,279,003)	-	(2,455,696)	(30,385)	-	-	-	-	-	(9,765,084)
	3,786,359	-	(2,455,696)	(30,385)	500,000	180,930	23,564	4,483,531	-	6,488,303
<b>Change in Net Position</b>	<b>10,927,214</b>	<b>55,404</b>	<b>(2,042,439)</b>	<b>(1,755,154)</b>	<b>495,005</b>	<b>153,040</b>	<b>169,538</b>	<b>4,500,724</b>	<b>(162,280)</b>	<b>12,341,052</b>
Net Position, Beginning of Year	53,671,230	3,955,417	2,748,904	3,745,259	723,527	43,147	33,248	750,000	-	65,670,732
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Net Position, End of Year</b>	<b>\$ 64,598,444</b>	<b>\$ 4,010,821</b>	<b>\$ 706,465</b>	<b>\$ 1,990,105</b>	<b>\$ 1,218,532</b>	<b>\$ 196,187</b>	<b>\$ 202,786</b>	<b>\$ 5,250,724</b>	<b>\$ (162,280)</b>	<b>\$ 78,011,784</b>

**City of Altus, Oklahoma**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2023**

	<b>Workers' Compensation Fund</b>	<b>Assurance Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 724	\$ 1,469,932	\$ 1,470,656
Accounts Receivable	-	3,229	3,229
<b>Total Assets</b>	<b>724</b>	<b>1,473,161</b>	<b>1,473,885</b>
<b>Liabilities and Net Position</b>			
<b>Current Liabilities</b>			
Accounts Payable	-	25,702	25,702
Payroll Liability	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>25,702</b>	<b>25,702</b>
<b>Net Position</b>			
Unrestricted	724	1,447,459	1,448,183
<b>Total Net Position</b>	<b>\$ 724</b>	<b>\$ 1,447,459</b>	<b>\$ 1,448,183</b>

**City of Altus, Oklahoma**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Fund**  
**Year Ended June 30, 2023**

	<b>Workers' Compensation Fund</b>	<b>Assurance Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Miscellaneous	\$ -	\$ 197,948	\$ 197,948
Total Operating Revenues	-	197,948	197,948
<b>Operating Expenses</b>			
General Government	-	117,478	117,478
Total Operating Expenses	-	117,478	117,478
<b>Operating Income (Loss)</b>	-	80,470	80,470
<b>Nonoperating Revenues</b>			
Interest Income	20	-	20
Total Nonoperating Revenues	20	-	20
<b>Change in Net Position</b>	20	80,470	80,490
Net Position, Beginning of Year	704	1,366,989	1,367,693
Prior Period Adjustment	-	-	-
<b>Net Position, End of Year</b>	\$ 724	\$ 1,447,459	\$ 1,448,183



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 Honorable Mayor and City Council  
City of Altus, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Altus, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Altus, Oklahoma's basic financial statements, and have issued our report thereon dated April 1, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Altus, 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 Altus, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Altus, Oklahoma's internal control.

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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weakness as noted on the following pages as Finding 2023-001.

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.

**Report on Compliance and Other Matters**

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

## **Purpose of This Report**

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

**FSW&B CPAs-PLLC**

FSW&B CPAs-PLLC

Stillwater, Oklahoma

April 1, 2024

CITY OF ALTUS, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2023

Finding 2023-001

**Criteria:** Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operation, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises of the plans, methods, and procedures used to meet missions, goals, and objectives.

**Condition:** Internal control was ineffective in detecting or preventing errors or fraud. An error in billing was made and was not corrected in a timely manner.

**Effect:** The utility billing was overstated due to incorrect data being entered into the utility billing system resulting in an overstatement of revenue and accounts receivable.

**Recommendations:** Management should monitor the utility billing system reports monthly to ensure that the revenue and accounts receivable are correctly stated.

**Response:** The City has implemented monitoring procedures to ensure that the utility billing reports are correct and properly recorded.

**CITY OF ALTUS, OKLAHOMA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

**SECTION I --- SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued	Unmodified
<u>Internal control over financial reporting:</u>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

***Federal Awards***

<u>Internal control over major programs:</u>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with §200.516 Audit findings paragraph (a)?	No

Identification of major programs:

<b><u>Federal Assistance Listing</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No



**CITY OF ALTUS, OKLAHOMA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

**SECTION II --- FINANCIAL STATEMENT FINDINGS**

There was one current year financial statement findings.

**SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year federal award findings or questioned costs.

**CITY OF ALTUS, OKLAHOMA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

There were no prior year federal award findings or questioned costs.

**CITY OF ALTUS, OKLAHOMA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City of Altus, Oklahoma (the City) under programs of the federal government for the year ended June 30, 2023. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Commission  
City of Altus, Oklahoma

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Altus, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Altus, Oklahoma's major federal programs for the year ended June 30, 2023. City of Altus, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Altus, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Altus, Oklahoma and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Altus, Oklahoma's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Altus, Oklahoma's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Altus, Oklahoma's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Altus, Oklahoma's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Altus, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Altus, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Altus, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**FSW&B CPAs-PLLC**

FSW&B CPAs-PLLC

Stillwater, Oklahoma

April 1, 2024