

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

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

**FOR THE YEAR ENDED  
JUNE 30, 2021**

**City of Altus, Oklahoma**  
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**June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the City Commission  
City of Altus, Oklahoma

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, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of the City's proportionate share of net pension liabilities on pages 1-8 and 58-76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Altus, Oklahoma's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2022, 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

June 14, 2022

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, 2021. 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, 2021, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$135,627,831 (net position). This compared to the previous year when assets exceeded liabilities by \$128,397,375 prior to prior period adjustment of \$3,919,526 related to recognition of landfill closure liability, stale cash balances, and calculation of compensated absences.
- The City's total net position is comprised of the following:
  - (1) Net investment in capital assets of \$85,882,054 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 \$40,120,842 accounts for assets restricted for debt service and capital construction in accordance with debt offerings.
  - (3) Unrestricted net position of \$9,624,935 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 \$15,051,636. This compared to prior year ending fund balance of \$22,477,658 prior to prior period adjustment.

## 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, 2021 was \$135,627,831. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$71 million and \$65 million, respectively. The City's overall financial position improved during fiscal year 2021.

	<b>Summary of Net Position</b>							
	(in thousands)							
	Governmental Activities		Business-Type Activities		Total		Change	
	2021	2020	2021	2020	2021	2020	\$	%
Current assets	\$ 17,773	\$ 23,917	\$ 55,044	\$ 20,594	\$ 72,817	\$ 44,511	\$ 28,306	64%
Capital assets, net	64,713	66,609	66,633	58,146	131,346	124,755	6,591	5%
<b>Total assets</b>	<b>82,486</b>	<b>90,526</b>	<b>121,677</b>	<b>78,740</b>	<b>204,163</b>	<b>169,266</b>	<b>34,897</b>	<b>21%</b>
Deferred outflow of resources	3,981	2,040	1,025	510	5,006	2,550	2,456	96%
Current liabilities	1,841	722	10,031	4,701	11,872	5,423	6,449	119%
Non-current liabilities	12,773	12,298	47,835	23,199	60,608	35,497	25,111	71%
<b>Total liabilities</b>	<b>14,614</b>	<b>13,020</b>	<b>57,866</b>	<b>27,900</b>	<b>72,480</b>	<b>40,920</b>	<b>31,560</b>	<b>77%</b>
Deferred inflow of resources	974	2,307	88	193	1,062	2,500	(1,438)	-58%
Net position								
Net investment in capital assets	63,985	66,177	21,897	41,964	85,882	108,141	(22,259)	-21%
Restricted	6,198	10,007	33,923	9,237	40,121	19,244	20,877	108%
Unrestricted	696	1,055	8,928	(44)	9,624	1,011	8,613	852%
<b>Total net position</b>	<b>\$ 70,879</b>	<b>\$ 77,239</b>	<b>\$ 64,748</b>	<b>\$ 51,157</b>	<b>\$ 135,627</b>	<b>\$ 128,396</b>	<b>\$ 7,231</b>	<b>6%</b>

The City's net position increased 6% over prior year. Current assets increased \$28.3 million or 64%. This increase was mainly due to the issuance of debt in the Altus Municipal Authority in the amount of \$31.6 million to be used to finance capital projects befitting the City and school district. Correspondingly, liabilities noted an increase of \$31.6 million or 77% resulting from the same Series 2020 Altus Municipal Authority Sales Tax Revenue Note.

The City reported over \$131 million in capital assets with \$61 million remaining on debt used to finance their acquisition and construction.



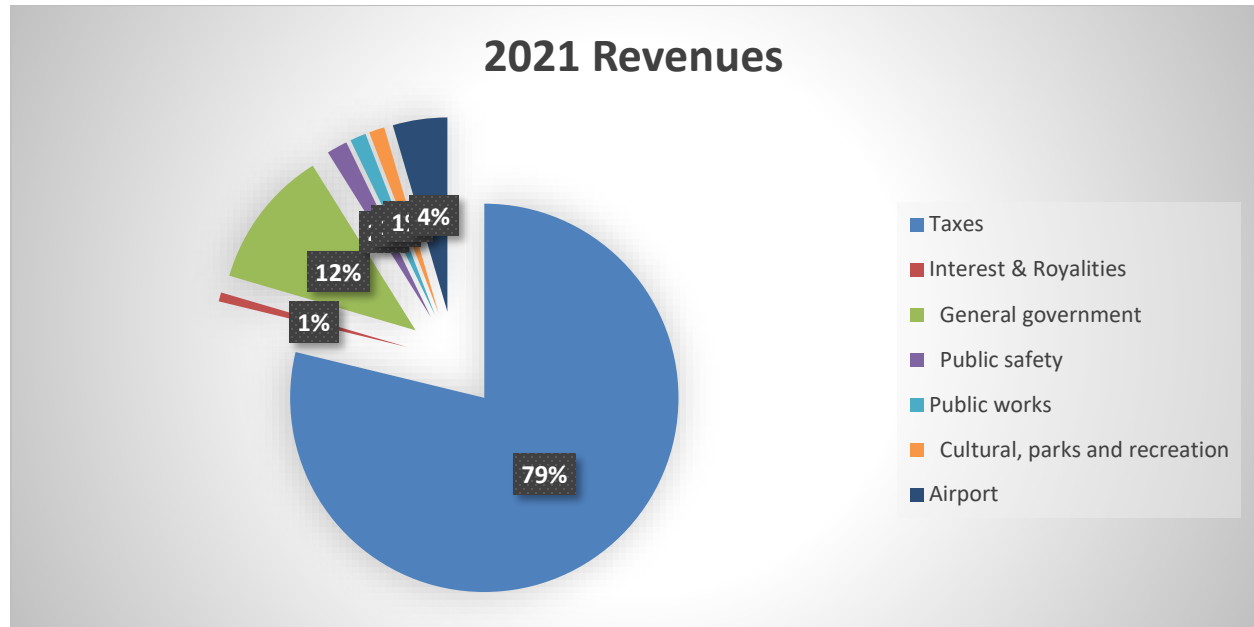
	Summary of Changes in Net Position								
	Governmental		Business-type		Total		Change		
	2021	2020	2021	2020	2021	2020	\$	%	
<b>Revenues</b>									
Program revenues	\$ 3,596	\$ 2,196	\$ 36,179	\$ 38,430	\$ 39,775	\$ 40,626	\$ (851)	-2%	
Taxes and other general revenues	14,854	13,107	2,134	(3,334)	16,988	9,773	7,215	74%	
<b>Total revenues</b>	<b>18,450</b>	<b>15,303</b>	<b>38,313</b>	<b>35,096</b>	<b>56,763</b>	<b>50,399</b>	<b>6,364</b>	<b>13%</b>	
<b>Expenses</b>									
General government	4,787	4,996	-	-	4,787	4,996	(209)	-4%	
Public safety and judiciary	10,259	11,028	-	-	10,259	11,028	(769)	-7%	
Public Works	4,658	3,655	-	-	4,658	3,655.00	1,003	27%	
Cultural, parks, and recreation	2,016	2,302	-	-	2,016	2,302	(286)	-12%	
Airport	1,245	889	-	-	1,245	889	356	40%	
Water	-	-	4,821	6,067	4,821	6,067	(1,246)	-21%	
Wastewater	-	-	3,528	1,555	3,528	1,555	1,973	127%	
Sanitation	-	-	2,849	4,833	2,849	4,833	(1,984)	-41%	
Electric	-	-	18,539	17,422	18,539	17,422	1,117	6%	
Base facility services	-	-	351	-	351	0	351	100%	
Golf course	-	-	399	-	399	0	399	100%	
<b>Total expenses</b>	<b>22,965</b>	<b>22,870</b>	<b>30,487</b>	<b>29,877</b>	<b>53,452</b>	<b>52,747</b>	<b>705</b>	<b>1%</b>	
Excess (deficiency) before transfers	\$ (4,515)	\$ (7,567)	\$ 7,826	\$ 5,219	\$ 3,311	\$ (2,348)	\$ 5,659	-241%	
Transfers	(3,666)	7,048	3,666	(7,008)	-	40	(40)	0%	
<b>Increase (decrease) in net position</b>	<b>\$ (8,181)</b>	<b>\$ (519)</b>	<b>\$ 11,492</b>	<b>\$ (1,789)</b>	<b>\$ 3,311</b>	<b>\$ (2,308)</b>	<b>\$ 5,619</b>	<b>-243%</b>	

The City reported an increase in revenues of \$6.4 million or 13% when compared to prior year. Taxes and general revenues in both Governmental and Business-type funds noted the largest increase. This increase is partially funded from grant funding. During the fiscal year the City received funds from the federal governmental related to the Corona Virus federal pandemic, over \$1.2 million was recognized during the fiscal year.

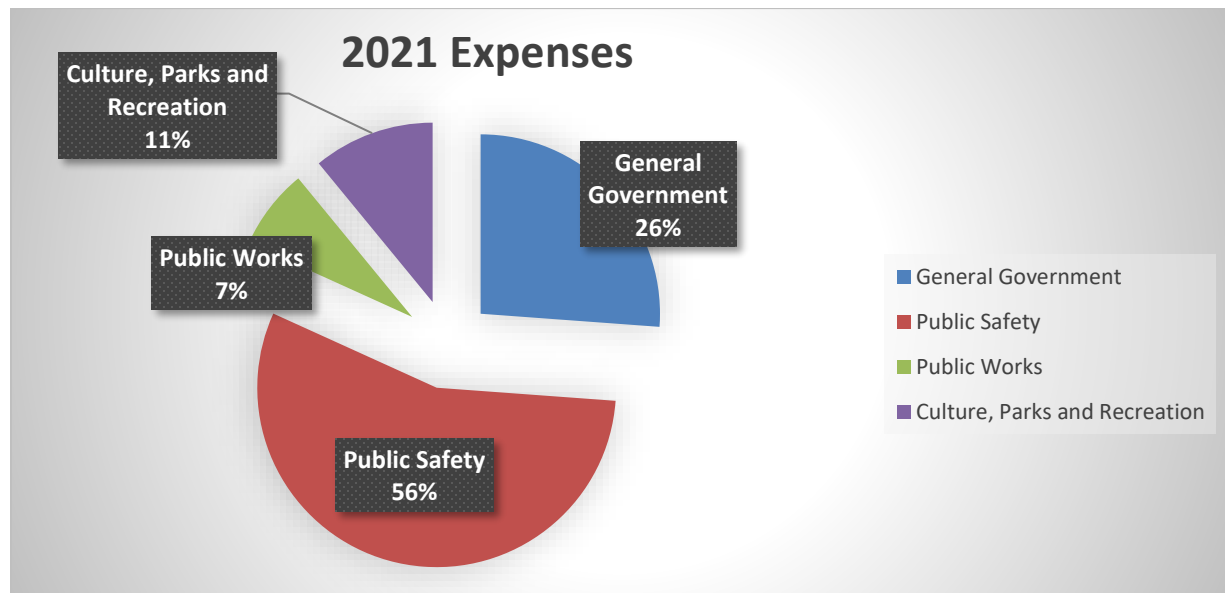
Operating expenses remained consistent between the two year period, noting a change of \$702 thousand dollars for 1%.

The City's financial position has improved when compared to prior year.

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



Taxes provided 79% of the City's governmental revenues in fiscal year 2021

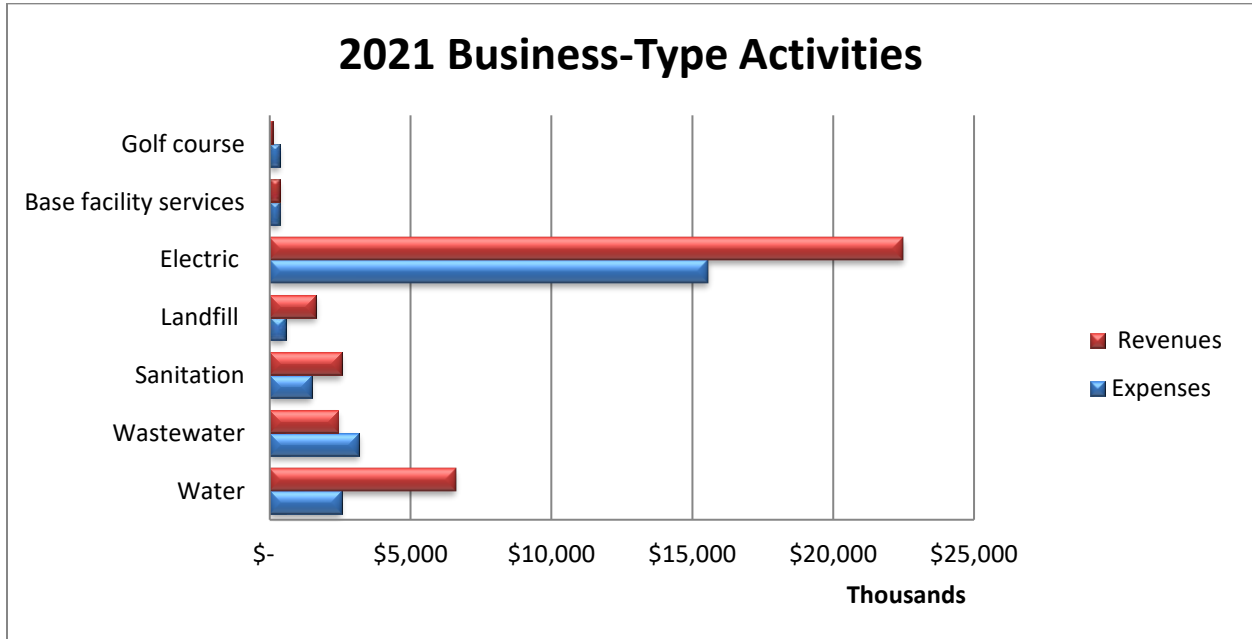


**TOTAL EXPENSES \$17,085,993**

For the year ended June 30, 2021, total expenses for governmental activities were \$17,085,993. Of this amount, public safety and judiciary with \$9,502,385, was the largest operating service department at 56% of the total cost of services for the City government. 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 as a percentage of 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 2021 was \$15,817,486. During the fiscal year, the City approved budget amendments totaling \$1,067,072 for a total budget of \$16,884,558. Total expenditures for the City were \$16,547,875, which is \$336,683 less than the approved budget. The City complied in all material respects the budget laws and regulations.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2021, the City had \$85.9 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			
	2021	2020	2021	2020	2021	2020
Land and CIP	\$ 3,074	\$ 2,157	\$ 21,631	\$ 13,243	\$ 24,705	\$ 15,400
Buildings	18,166	18,069	28,232	28,123	46,398	46,192
Machinery & equipment	13,777	13,112	9,703	8,340	23,480	21,452
Utility property & improvements	101,631	101,632	67,652	67,442	169,283	169,074
<b>Total cost</b>	<b>\$ 136,648</b>	<b>\$ 134,970</b>	<b>\$ 127,218</b>	<b>\$ 117,148</b>	<b>\$ 263,866</b>	<b>\$ 252,118</b>
Accumulated depreciation	71,935	68,361	60,586	59,004	132,521	127,365
<b>Total capital assets, net</b>	<b>\$ 64,713</b>	<b>\$ 66,609</b>	<b>\$ 66,632</b>	<b>\$ 58,144</b>	<b>\$ 131,345</b>	<b>\$ 124,753</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			
	2021	2020	2021	2020	2021	2020
Notes payable	\$ -	\$ -	\$ 47,393	\$ 18,853	\$ 47,393	\$ 18,853
Landfill obligation	-	-	1,558	4,149	1,558	4,149.00
Pension obligation	9,650	7,536	2,400	2,003	12,050	9,539
Premium on debt issuance	-	-	-	-	-	-
less current portion	-	-	(3,516)	-	(3,516)	-
<b>Total long term debt</b>	<b>\$ 9,650</b>	<b>\$ 7,536</b>	<b>\$ 47,835</b>	<b>\$ 25,005</b>	<b>\$ 57,485</b>	<b>\$ 32,541</b>

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

According to the Oklahoma State University, Spears School of Business, *Economic Outlook 2021 Summer Update* "The state and national economies continue to recover from the damage wrought by the COVID-19 pandemic. Parts of the economy that had been most affected saw the greatest increases in activity. The surge in inflation and the current wave of COVID-19 cases...pose risks to the economy." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year.

The *Economic Outlook* stated "the economy is moving towards a new unknown equilibrium of demand, prices, wages, and output. During the adjustment, the economy can simultaneously experience inflation and high unemployment with the combination of strong demand and constraints on supply." The pandemic continues to loom as municipalities move forward providing daily, necessary services to citizens.

#### Fiscal Year 2022 Planning

The City of Altus has approved a budget for the municipal entity that encompasses the current market. For a copy of the most recent budget, please contact City Hall.

**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, 2021**

	<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	\$ 9,932,857	\$ 9,512,501	\$ 19,445,358
Restricted Cash and Cash Equivalents	1,173,951	31,766,282	32,940,233
Investments	4,724,121	5,089,516	9,813,637
Taxes Receivable	1,234,177	-	1,234,177
Accounts Receivable, Net of Allowance	-	7,131,603	7,131,603
Court Fines Receivable	108,171	-	108,171
Grant Receivable	426,649	-	426,649
Other Receivable	140,018	-	140,018
Inventory	32,215	1,545,309	1,577,524
Capital Assets			
Land and Other Nondepreciable Assets	3,074,331	21,630,696	24,705,027
Other Capital Assets, Net of Depreciation	61,639,119	45,001,536	106,640,655
Total Assets	82,485,609	121,677,443	204,163,052
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions and OPEB	3,980,873	1,025,317	5,006,190
	3,980,873	1,025,317	5,006,190
Total Assets and Deferred Outflows of Resources	86,466,482	122,702,760	209,169,242
<b>Liabilities and Deferred Inflows of Resources</b>			
<b>Liabilities</b>			
Accounts Payable	728,414	1,047,458	1,775,872
Accrued Payroll Liabilities	415,569	118,393	533,962
Compensated Absences	424,418	135,447	559,865
Accrued Interest Payable	-	249,944	249,944
Due to Depositors	-	963,506	963,506
Deferred Revenue	237,113	4,000,000	4,237,113
Other Payables	35,256	-	35,256
Long-term Liabilities			
Due within One Year	-	3,516,490	3,516,490
Due in More than One Year	12,773,125	47,834,619	60,607,744
Total Liabilities	14,613,895	57,865,857	72,479,752
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions and OPEB	973,729	87,930	1,061,659
Total Deferred Inflows of Resources	973,729	87,930	1,061,659
Total Liabilities and Deferred Inflows of Resources	15,587,624	57,953,787	73,541,411
<b>Net Position</b>			
Net Investment in Capital Assets	63,985,036	21,897,018	85,882,054
Restricted for			
Capital Projects	5,305,732	33,024,345	38,330,077
Debt Service	-	795,859	795,859
Economic Development	549,296	-	549,296.00
Other Purposes	342,650	102,960.00	445,610.00
Unrestricted	696,144	8,928,791	9,624,935
Total Net Position	\$ 70,878,858	\$ 64,748,973	\$ 135,627,831

City of Altus, Oklahoma  
Statement of Activities  
Year Ended June 30, 2021

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	\$ 4,787,946	\$ 222,016	\$ 1,214,029	\$ 597,657	\$ (2,754,244)	\$ -	\$ (2,754,244)
Public Safety	10,258,542	260,913	2,690	39,087	(9,955,852)	-	(9,955,852)
Public Works	4,658,428	235,092	-	-	(4,423,336)	-	(4,423,336)
Culture, Parks and Recreation	2,015,860	225,434	1,868	-	(1,788,558)	-	(1,788,558)
Airport	1,245,168	278,981	-	518,401	(447,786)	-	(447,786)
Total Governmental Activities	<u>22,965,944</u>	<u>1,222,436</u>	<u>1,218,587</u>	<u>1,155,145</u>	<u>(19,369,776)</u>	<u>-</u>	<u>(19,369,776)</u>
Business-Type Activities							
Water	4,821,145	6,610,355	-	-	-	1,789,210	1,789,210
Wastewater	3,527,741	2,440,165	-	-	-	(1,087,576)	(1,087,576)
Sanitation	2,849,258	4,192,198	-	-	-	1,342,940	1,342,940
Electric	18,538,537	22,481,769	-	-	-	3,943,232	3,943,232
Base facility services	350,623	349,362	-	-	-	(1,261)	(1,261)
Golf course	399,319	105,103	-	-	-	(294,216)	(294,216)
Total Business-Type Activities	<u>30,486,623</u>	<u>36,178,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,692,329</u>	<u>5,692,329</u>
Total Primary Government	<u>\$ 53,452,567</u>	<u>\$ 37,401,388</u>	<u>\$ 1,218,587</u>	<u>\$ 1,155,145</u>	<u>\$ (19,369,776)</u>	<u>\$ 5,692,329</u>	<u>\$ (13,677,447)</u>
General Revenues							
Taxes					13,849,292	-	13,849,292
Investment Income					132,136	108,492	240,628
Miscellaneous					1,174,257	339,485	1,513,742
Change in pension obligation					(301,097)	1,685,812	1,384,715
Transfers –Internal Activity					(3,665,987)	3,665,987	-
Total General Revenues and Transfers					<u>11,188,601</u>	<u>5,799,776</u>	<u>16,988,377</u>
<b>Change in Net Position</b>					<b>(8,181,175)</b>	<b>11,492,105</b>	<b>3,310,930</b>
Net Position, Beginning of Year					77,239,221	51,158,154	128,397,375
Prior Period Adjustment					1,820,812	2,098,714	3,919,526
<b>Net Position, End of Year</b>					<u>\$ 70,878,858</u>	<u>\$ 64,748,973</u>	<u>\$ 135,627,831</u>

**City of Altus, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Government Funds</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 5,065,526	\$ 2,285,428	\$ 2,581,903	\$ 9,932,857
Investments	2,062,160	2,661,961	-	4,724,121
Taxes Receivable, Net	1,219,006	-	15,171	1,234,177
Court Fines Receivable, Net	108,171	-	-	108,171
Utilities Receivable, Net	54,762	-	43,090	97,852
Grant Receivables	-	-	426,649	426,649
Other Receivables	-	-	42,166	42,166
Inventories	-	-	32,215	32,215
Total Assets	<u>8,509,625</u>	<u>4,947,389</u>	<u>3,141,194</u>	<u>16,598,208</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	61,125	-	450,891	512,016
Accrued Payroll	330,302	-	7,467	337,769
Compensated absences	413,278	-	11,140	424,418
Deferred Revenue	-	-	237,113	237,113
Other Payables	35,256	-	-	35,256
Total Liabilities	<u>839,961</u>	<u>-</u>	<u>706,611</u>	<u>1,546,572</u>
<b>Fund Balances</b>				
Nonspendable	-	-	32,215	32,215
Restricted	-	4,947,389	1,250,289	6,197,678
Committed	6,606,455	-	-	6,606,455
Assigned	135,048	-	1,152,079	1,287,127
Unassigned	928,161	-	-	928,161
Total Fund Balances	<u>7,669,664</u>	<u>4,947,389</u>	<u>2,434,583</u>	<u>15,051,636</u>
Total Liabilities, Deferred Inflow: Resources and Fund Balance	<u>\$ 8,509,625</u>	<u>\$ 4,947,389</u>	<u>\$ 3,141,194</u>	<u>\$ 16,598,208</u>



**City of Altus, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Capital Improvement</b>	<b>Nonmajor Governmental</b>	<b>Total Government</b>
<b>Revenues</b>				
Taxes	\$ 13,416,419	\$ -	\$ 432,873	\$ 13,849,292
Intergovernmental	1,676,899	-	693,401	2,370,300
Charges for Services	291,148	-	475,659	766,807
Fines and Forfeitures	232,538	-	2,875	235,413
Licenses and Permits	119,052	-	-	119,052
Rental	101,164	-	-	101,164
Investment Earnings	60,989	66,444	4,041	131,474
Donations	3,390	-	42	3,432
Miscellaneous	857,573	4,851	-	862,424
Total Revenues	<u>16,759,172</u>	<u>71,295</u>	<u>1,608,891</u>	<u>18,439,358</u>
<b>Expenditures</b>				
Current				
General Government	4,470,401	163,411	-	4,633,812
Public Safety	9,502,385	223,794	-	9,726,179
Public Works	1,242,905	-	697,055	1,939,960
Culture, Parks and Recreation	1,870,302	-	3,500	1,873,802
Airport	-	-	1,028,209	1,028,209
Capital Outlay	-	1,869,637	-	1,869,637
Total Expenditures	<u>17,085,993</u>	<u>2,256,842</u>	<u>1,728,764</u>	<u>21,071,599</u>
<b>Excess (Deficiency) of Revenues Over(Under) Expenditures</b>	<u>(326,821)</u>	<u>(2,185,547)</u>	<u>(119,873)</u>	<u>(2,632,241)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	3,505,741	-	699,695	4,205,436
Transfers Out	(5,297,825)	(1,867,612)	(705,986)	(7,871,423)
Total Other Financing Sources (Uses)	<u>(1,792,084)</u>	<u>(1,867,612)</u>	<u>(6,291)</u>	<u>(3,665,987)</u>
<b>Net Changes in Fund Balances</b>	(2,118,905)	(4,053,159)	(126,164)	(6,298,228)
Fund Balances, Beginning	10,887,820	9,000,548	2,589,290	22,477,658
Prior Period Adjustment	(1,099,251)	-	(28,543)	(1,127,794)
<b>Fund Balances, End of Year</b>	<u>\$ 7,669,664</u>	<u>\$ 4,947,389</u>	<u>\$ 2,434,583</u>	<u>\$ 15,051,636</u>

**City of Altus, Oklahoma**  
**Balance Sheet - Reconciliation to the Statement of Net Position**  
**Governmental Funds**  
**Year Ended June 30, 2021**

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Total Fund Balance, Governmental Funds	\$	15,051,636
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		64,713,450
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:		
Pension and OPEB Related Deferred Outflows		3,980,873
Certain long-term liabilities and related accounts and deferred inflows of resources are due and payable from current financial resources and, therefore, are not reported in the funds:		
Net pension liability		(9,649,823)
OPEB liability		(3,123,302)
Pension and OPEB-related deferred inflows		(973,729)
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		879,753
Net position of governmental activities in the statement of net position	\$	70,878,858

**City of Altus, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2021**

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Net Change in Fund Balances – Total Governmental Funds	\$ (6,298,228)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets</p>	
Capital asset purchases capitalized	1,869,637
Depreciation expense	(3,761,494)
<p>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</p>	
	(301,097)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds</p>	
Change in accrued compensated absences	(2,488)
<p>Capital project funds are used by management to purchase or construct certain capital assets for the City. The net change in fund balances of the Landfill Improvement Fund is included in the in the business-type activities column of the statement of activities.</p>	
	-
<p>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</p>	
	312,495
<p>The inclusion of internal service funds in governmental activities in the statement of activities creates interfund revenues or expenses. Certain balances are recorded as transfer revenue or expense after the consolidation process</p>	
	-
Change in Net Position of Governmental Activities	\$ (8,181,175)

**City of Altus, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Altus Municipal Authority</b>	<b>Internal Service Funds</b>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 9,512,501	\$ 1,173,951
Investments	5,089,516	-
Restricted Cash and Cash Equivalents	31,766,282	-
Deposit with Third Party	-	-
Accounts Receivable, Net	4,116,319	-
Other Receivables	3,015,284	-
Inventories	1,545,309	-
Total Current Assets	<u>55,045,211</u>	<u>1,173,951</u>
<b>Noncurrent Assets</b>		
Land and Construction in Progress	21,630,696	-
Other Capital Assets, Net of Accumulated Depreciation	45,001,536	-
Total Noncurrent Assets	<u>66,632,232</u>	<u>-</u>
Total Assets	<u>121,677,443</u>	<u>1,173,951</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	1,025,317	-
Total Assets and Deferred Outflows of Resources	<u>\$ 122,702,760</u>	<u>\$ 1,173,951</u>
<b>Liabilities and Deferred Inflows of Resources</b>		
<b>Current Liabilities</b>		
Accounts Payable	1,047,458	216,398
Payroll Liabilities	-	77,800
Accrued Payroll	118,393	-
Accrued Interest Payable	249,944	-
Deferred Revenue	4,000,000	-
Contract Obligation Payable	806,490	-
Notes Payable	2,710,000	-
Total Current Liabilities	<u>8,932,285</u>	<u>294,198</u>
<b>Noncurrent Liabilities</b>		
Deposits Subject to Refund	963,506	-
Compensated Absences	135,447	-
Contract Obligation Payable	2,587,815	-
Landfill Closure Liability	1,558,430	-
Notes Payable	41,288,737	-
Net Pension Liability	2,399,637	-
Total Noncurrent Liabilities	<u>48,933,572</u>	<u>-</u>
Total Liabilities	<u>57,865,857</u>	<u>294,198</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows Related to Pensions	87,930	-
Total Deferred Inflows of Resources	<u>87,930</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>57,953,787</u>	<u>294,198</u>
<b>Net Position</b>		
Net Investment in Capital Assets	21,897,018	-
Restricted for Debt Service	795,859	-
Restricted for Capital Projects	29,631,099	-
Restricted for MAPS Projects	3,393,246	-
Restricted for Refunds	102,960	-
Unrestricted	8,928,791	879,753
Total Net Position	<u>\$ 64,748,973</u>	<u>\$ 879,753</u>

**City of Altus, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Altus Municipal Authority</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>		
Water	\$ 6,610,355	\$ -
Wastewater	2,440,165	-
Sanitation	2,547,850	-
Electric	22,481,769	-
Base facility services	349,362	-
Golf course	105,103	-
Landfill	1,644,348	-
Miscellaneous	339,485	311,833
Total Operating Revenues	<u>36,518,437</u>	<u>311,833</u>
<b>Operating Expenses</b>		
General Government	-	2,488
Administration	3,397,748	-
Water	2,549,308	-
Wastewater	3,179,042	-
Sanitation	1,493,684	-
Landfill	565,101	-
Electric	15,560,131	-
Base facility services	350,623	-
Golf course	364,044	-
Depreciation	2,514,451	-
Total Operating Expenses	<u>29,974,132</u>	<u>2,488</u>
<b>Net Operating Income</b>	<u>6,544,305</u>	<u>309,345</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	108,492	662
Change in pension obligation	1,685,812	-
Interest Expense	(512,491)	-
Total Nonoperating Revenues (Expenses)	<u>1,281,813</u>	<u>662</u>
<b>Net Income Before Transfers</b>	7,826,118	310,007
<b>Transfers</b>		
Transfers In	10,417,572	-
Transfers Out	(6,751,585)	-
	<u>3,665,987</u>	<u>-</u>
<b>Change in Net Position</b>	11,492,105	310,007
Net Position, Beginning of Year	51,158,154	653,023
Prior Period Adjustment	2,098,714	(83,277)
<b>Net Position, End of Year</b>	<u>\$ 64,748,973</u>	<u>\$ 879,753</u>

**City of Altus, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2021**

	<b>Altus Municipal Authority</b>	<b>Internal Service Funds</b>
<b>Operating Activities</b>		
Receipts from Customers and Others	\$ 38,737,859	\$ 311,833
Payments to Suppliers	(26,532,629)	94,046
Payments to Employees	(4,417,749)	-
Net Cash Provided by (Used in) Operating Activities	<u>7,787,481</u>	<u>405,879</u>
<b>Noncapital Financing Activities</b>		
Transfers from Other Funds	10,417,572	-
Transfers to Other Funds	(6,751,585)	-
Net Cash Used in Noncapital Financing Activities	<u>3,665,987</u>	<u>-</u>
<b>Capital and Related Financing Activities</b>		
Purchases of Capital Assets	(11,001,571)	-
Change in Contract Obligation	(783,000)	-
Principal Paid on Debt	(2,335,974)	-
Issuance of debt	31,641,797	-
Interest and Fiscal Agent Fees Paid on Debt	(434,340)	-
Net Cash Used in Capital and Related Financing Activities	<u>17,086,912</u>	<u>-</u>
<b>Investing Activities</b>		
Sale of Investments	4,904,976	-
Interest and Dividends	108,492	-
Net Cash Provided by Investing Activities	<u>5,013,468</u>	<u>-</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>33,553,848</b>	<b>405,879</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>8,981,000</b>	<b>768,072</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 42,534,848</u></b>	<b><u>\$ 1,173,951</u></b>
<b>Reconciliation to Statement of Net Position</b>		
Cash and Cash Equivalents	9,512,501	1,173,951
Restricted Cash and Cash Equivalents	31,766,282	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 41,278,783</u>	<u>\$ 1,173,951</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Income	6,544,305	309,345
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities		
Depreciation Expense	2,514,451	-
Changes in Assets and Liabilities		
Accounts Receivable	1,312,924	-
Deferred Outflows	(515,243)	-
Other Receivables	(2,364,091)	-
Inventory	(418,505)	-
Accounts Payable	324,897	141,779
Accrued Payroll Payable	(20,589)	(45,245)
Deferred Inflows	(104,669)	-
Other Accrued Expenses	(130,143)	-
Landfill Closure Liability	756,138	-
Pension and OPEB Liabilities and Related Accounts	396,350	-
Deposits Subject to Refund	(104,669)	-
Accrued Compensated Absences	(403,675)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,787,481</u>	<u>\$ 405,879</u>

## **NOTES TO THE FINANICAL STATEMENTS**

## **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, and Emergency 911 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.
- 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.
  - MAPS II Sales Tax Fund – Accounts for taxes levied by the City capital 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 Fund
  - 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 and Meter Deposit accounts are included with the Authority
- 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 1.75 cent tax is transferred to the MAPS Sales Tax Account of the Authority for the following projects and/or related debt service: 1) 50% is used for (a) city hall construction and senior citizen center, (b) fire station renovation and (c) economic development purposes; and 2) the remaining 50% is used for the construction of a high school, which was approved by the majority of voters in August 2008.

### **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, 2021, the City held the following deposits and investments:

Type	Maturities	Credit Rating	Carrying Value
<b>Deposits</b>			
Demand Deposits	N/A	N/A	\$ 52,378,741
Cash on Hand	N/A	N/A	6,850
Time Deposits	Less than one year	N/A	5,667,045
			<u>58,052,636</u>
<b>Investments</b>			
Money Market Mutual Funds	Less than one year	AAA	4,146,592
Total Deposits and Investments			<u>62,199,228</u>
<b>Reconciliation to Statement of Net Position</b>			
Cash and Cash Equivalents			19,445,358
Restricted Cash and Cash Equivalents			32,940,233
Investments			9,813,637
			<u>\$ 62,199,228</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, 2021, 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, 2021, 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, 2021:

Description	Investments	Investments Measured by Fair Value				Total
	Measured at Cost	Fair Value	Level 1	Level 2	Level 3	
Mutual Fund (s)	\$ -	\$ 4,146,592	\$ 4,146,592	\$ -	\$ -	\$ 4,146,592
Certificates of Deposit Registry	5,667,045	-	-	-	-	5,667,045
Total	\$ 5,667,045	\$ 4,146,592	\$ 4,146,592	\$ -	\$ -	\$ 9,813,637

## 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, 2021, are as follows:

	<u>Restricted Cash and Cash Equivalents</u>
2014 Mountain Park Trustee Account	\$ 498,732
Series 2015 Sales Tax Revenue Note – debt service	341,195
Series 2015 Sales Tax Revenue Note – construction	240,442
Meter deposits	542,582
Capital Improvement	4,712,251
Internal Risk assurance	1,173,951
Series 2020 Sales Tax Revenue Note – construction	25,431,080
	<u>\$ 32,940,233</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, 2021, are as follows:

	<u>Accounts Receivable</u>	<u>Less Allowance for Uncollectable Accounts</u>	<u>Net Accounts Receivable</u>
Governmental activities			
Taxes receivable	\$ 1,234,177	\$ -	\$ 1,234,177
Grants receivable	426,649	-	426,649
Court fines receivable, net	108,171	-	108,171
Other accounts receivable	327,692	(217,238)	110,454
Total governmental activities	<u>\$ 2,096,689</u>	<u>\$ (217,238)</u>	<u>\$ 1,879,451</u>
Business-type activities:			
Utilities	\$ 6,034,202	\$ (2,039,667)	\$ 3,994,535
Grants receivable	2,991,376	-	2,991,376
Other accounts receivable	145,692	-	145,692
Total business-type activities	<u>\$ 9,171,270</u>	<u>\$ (2,039,667)</u>	<u>\$ 7,131,603</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, 2021, capital asset balances changed as follows:

<b>Governmental Activities</b>	<b>Balance, July 1, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance, June 30, 2021</b>
Capital assets not being depreciated:				
Land	\$ 1,244,402	\$ -	\$ -	\$ 1,244,402
Construction in progress	913,314	916,615	-	1,829,929
Total capital assets not being depreciated:	<u>2,157,716</u>	<u>916,615</u>	<u>-</u>	<u>3,074,331</u>
Other capital assets				
Buildings and improvements	18,068,501	97,800	-	18,166,301
Infrastructure	101,631,608	-	-	101,631,608
Machinery and equipment	13,111,860	855,222	(190,454)	13,776,628
Total other capital assets at historical cost:	<u>132,811,969</u>	<u>953,022</u>	<u>(190,454)</u>	<u>133,574,537</u>
Less accumulated depreciation	<u>68,361,268</u>	<u>3,761,494</u>	<u>(187,344)</u>	<u>71,935,418</u>
Other capital assets, net:	<u>64,450,701</u>	<u>(2,808,472)</u>	<u>(3,110)</u>	<u>61,639,119</u>
<b>Governmental activities capital assets, net:</b>	<u>\$ 66,608,417</u>	<u>\$ (1,891,857)</u>	<u>\$ (3,110)</u>	<u>\$ 64,713,450</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:

General government	\$ 95,791
Public safety	532,363
Public works	2,774,323
Culture, parks and recreation	142,058
Airport	216,959
Total:	<u>\$ 3,761,494</u>

***Business-Type Activities***

	Balance 7/1/2020*	Additions	Disposals	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 1,304,662	\$ -	\$ -	\$ 1,304,662
Construction in progress	11,937,898	8,388,136	-	20,326,034
Total capital assets not being depreciated:	<u>13,242,560</u>	<u>8,388,136</u>	<u>-</u>	<u>21,630,696</u>
Other capital assets:				
Buildings and improvements	28,123,287	108,705	-	28,231,992
Water rights	24,647,726	-	-	24,647,726
Machinery and equipment	8,341,099	1,689,541	(327,790)	9,702,850
Utility property	42,795,352	209,880	-	43,005,232
Total other capital assets at historical cost:	<u>103,907,464</u>	<u>2,008,126</u>	<u>(327,790)</u>	<u>105,587,800</u>
Less accumulated depreciation	58,387,768	2,514,451	(315,955)	60,586,264
Other capital assets, net:	<u>45,519,696</u>	<u>(506,325)</u>	<u>(11,835)</u>	<u>45,001,536</u>
Business-type activities capital assets, net:	<u>\$ 58,762,256</u>	<u>\$ 7,881,811</u>	<u>\$ (11,835)</u>	<u>\$ 66,632,232</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	\$ 1,147,274
Wastewater	146,556
Sanitation	317,241
Electric	658,005
Admin	210,100
Golf	35,275
Total:	<u>\$ 2,514,451</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, 2021, the City's long-term liabilities changed as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June</u> <u>30, 2021</u>	<u>Current Portion</u>
<b>Governmental Activities</b>					
Accrued compensated absences	\$ 1,710,272	\$ -	\$ (1,285,854)	\$ 424,418	\$ -
Net OPEB liability	3,161,918	-	(38,616)	3,123,302	-
Net pension liability	7,535,725	2,114,098	-	9,649,823	-
Claims liability	69,067	-	(69,067)	-	-
Total governmental activities:	<u>12,476,982</u>	<u>2,114,098</u>	<u>(1,393,537)</u>	<u>13,197,543</u>	<u>-</u>
<b>Business-Type Activities</b>					
Notes payable	14,692,989	31,641,797	(2,335,974)	43,998,813	2,710,000
Contract obligations payable	4,177,305	-	(783,000)	3,394,305	806,490
Accrued compensated absences	599,025	-	(463,578)	135,447	-
Net pension liability	2,003,287	-	396,350	2,399,637	-
Landfill closure liability	4,148,852	-	(2,590,422)	1,558,430	-
Deposits subject to refund	980,289	60,906	(77,689)	963,506	-
Total business-type activities:	<u>26,601,747</u>	<u>31,702,703</u>	<u>(5,854,313)</u>	<u>52,450,138</u>	<u>3,516,490</u>
Total long-term debt	<u>\$ 39,078,729</u>	<u>\$ 33,816,801</u>	<u>\$ (7,247,850)</u>	<u>\$ 65,647,680</u>	<u>\$ 3,516,490</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, 2021, the long-term debt from proprietary fund resources consisted of the following:

\$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. \$ 525,057

\$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. \$ 2,295,000

\$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. \$ 10,008,756

\$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". \$ 31,170,000

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Total Notes Payable, proprietary fund \$ 43,998,737

## 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. \$ 3,394,305

Total Contract Obligations Payable: \$ 3,394,305

## Debt Service Requirements to Maturity

For the Year Ended June 30,	Business-Type Activities			
	Note Payable		Contract Obligation Payable	
	Prin	Int	Prin	Int
2022	2,710,000	401,597	806,490	104,145
2023	3,110,000	371,617	833,895	77,598
2024	3,160,000	317,458	861,300	50,222
2025	2,957,000	258,712	892,620	21,888
2026	3,885,000	216,878	-	-
2027-2031	19,803,357	475,132	-	-
2032-2036	8,373,456	87,573	-	-
	<u>\$ 43,998,813</u>	<u>\$ 2,128,967</u>	<u>\$ 3,394,305</u>	<u>\$ 253,854</u>

## 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 \$1,558,430 reported as accrued landfill closure cost liability at June 30, 2021, 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 \$2,961,017 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 2021. At June 30, 2021, the landfill had a remaining estimated useful life of 2.9 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.

## 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	\$ 9,050,520	\$ 126,510	1%	\$ 524,981	Until 2036
2015A Utility Rev Note	Revenues of the electric system	22,481,769	676,206	3%	2,295,000	Until 2024
2017 OWRB CW	Revenues of water and wastewater systems	9,050,520	71,326	1%	10,008,756	Until 2032
2020 MAPS II	2.125% sales tax	1,069,571	-	0%	31,170,000	Until 2033



## **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 \$6,606,455.

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, 2021, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
<i>GENERAL FUND</i>		
MUNICIPAL AUTHORITY	\$ 5,362,927	\$ 5,066,946
NON-MAJOR FUNDS	9,343	-
<i>CAPITAL IMPROVEMENT</i>		
PUBLIC WORKS AUTHORITY	-	3,900,660
<i>NON-MAJOR FUNDS</i>		
GENERAL FUND	699,695	709,038
<b>BUSINESS-TYPE ACTIVITIES</b>		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	5,066,946	5,362,927
CAPITAL IMPROVEMENT	3,900,660	-
	<u>\$ 15,039,571</u>	<u>\$ 15,039,571</u>

**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:

	Governmental Activities	Business-Type Activities	Plan Total
<b>Pension Expense</b>			
Employee Retirement System	\$ 696,251	\$ 593,103	\$ 1,289,354
Police	788,485	-	788,485
Firefighters	1,189,755	-	1,189,755
	<u>\$ 2,674,491</u>	<u>\$ 593,103</u>	<u>\$ 3,267,594</u>
<b>Net Pension Liability (Asset)</b>			
Employee Retirement System	\$ 2,816,965	\$ 2,399,637	\$ 5,216,602
Police	670,775	-	670,775
Firefighters	6,162,083	-	6,162,083
	<u>\$ 9,649,823</u>	<u>\$ 2,399,637</u>	<u>\$ 12,049,460</u>
<b>Deferred Outflows of Resources</b>			
Employee Retirement System	\$ 1,203,633	\$ 1,025,317	\$ 2,228,950
Police	1,309,334	-	1,309,334
Firefighters	1,467,906	-	1,467,906
	<u>\$ 3,980,873</u>	<u>\$ 1,025,317</u>	<u>\$ 5,006,190</u>
<b>Deferred Inflows of Resources</b>			
Employee Retirement System	\$ 103,223	\$ 87,930	\$ 191,153
Police	338,099	-	338,099
Firefighters	532,407	-	532,407
	<u>\$ 973,729</u>	<u>\$ 87,930</u>	<u>\$ 1,061,659</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 \$245,666 during the year ended June 30, 2021. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$518,169; 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, 2021, the City reported a net pension liability of \$6,162,083 for its proportionate share of the total OFPRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. Based upon this information, the City's proportion was 0.500204%.

For the year ended June 30, 2021, the City recognized pension expense of \$1,189,755. At June 30, 2021, 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	\$ 785,360	\$ 82,680
Change of assumption	-	104,423
Net difference between projected and actual earnings on pension plan investments	-	345,304
Change in proportion	435,880	-
City contributions subsequent to the measurement date	246,666	
	<u>\$ 1,467,906</u>	<u>\$ 532,407</u>

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,	
2021	\$ 130,900
2022	254,287
2023	189,038
2024	114,608
	<u>\$ 688,833</u>

## Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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, 2020, 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	Long-Term Expected Real
	Allocation	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%)
Employers’ Net Pension Liability	\$ 8,002,595	\$ 6,162,083	\$ 4,622,195

**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 \$275,728 during the year ended June 30, 2021. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$180,484 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, 2021, the City reported a net pension liability of \$670,775 for its proportionate share of the total OPPRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.005841%.

For the year ended June 30, 2021, the City recognized pension expense of \$788,485. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the OPPRS pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 17,353	\$ 182,165
Change of assumption	68,908	-
Net difference between projected and actual earnings on pension plan investments	947,344	155,935
City contributions subsequent to the measurement date	275,728	-
	<u>\$ 1,309,333</u>	<u>\$ 338,100</u>



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,	
2021	\$ 97,191
2022	201,204
2023	259,033
2024	150,591
2025	(12,514)
	<u>\$ 695,505</u>

### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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, 2020, 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, 2020, 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%)
Employers' Net Pension Liability/(asset) \$	2,369,576	670,775	(766,064)

#### **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, 2020)**

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	146
Deferred Vested Former Employees	9
Retirees or Retiree Beneficiaries	82
	<hr/> 237

**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 13.69% of covered payroll as of July 1, 2021. For the year ended June 30, 2021, the City recognized \$881,580 of employer contributions to the plan, which is the City's contributed rate amount based on covered payroll of \$6,067,663. Employees' contributions were 4% of covered payroll as of July 1, 2021.

## 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, 2020, are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
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 ACW1	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			
	<u>5%</u>	<u>4.60%</u>	<u>0.23%</u>
Total	100%		
Average Real Return			4.75%
Inflation			<u>2.75%</u>
Long-Term Expected Return			<u><u>7.50%</u></u>

### Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2020, which is also the measurement date. There were also no changes between the measurement date of July 1, 2020, and the City's report ending date of June 30, 2021, 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:	\$ 25,525,753	\$ 21,345,976	\$ 4,179,777
<b>Changes for the Year</b>			
Service Cost	568,273	-	568,273
Interest	1,836,038	-	1,836,038
Difference Between Expected and Actual Experience	437,859	-	437,859
Assumption Changes	-	-	-
Employer Contributions	-	746,348	(746,348)
Employee Contributions	-	244,527	(244,527)
Net Investment Income	-	858,172	(858,172)
Benefit Payments	(2,128,980)	(2,128,980)	-
Benefit Changes Due to Plan Amendments	-	-	-
Plan Administrative Expenses	-	(43,702)	43,702
Net Changes	713,190	(323,635)	1,036,825
Balance, End of Year:	\$ 26,238,943	\$ 21,022,341	\$ 5,216,602

#### **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	\$ 8,120,886	\$ 5,216,602	\$ 2,776,595

The City reported \$1,289,354 in pension expense for the year ended June 30, 2021. At June 30, 2021, 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	\$ 399,617	\$ 14,918
Plan Differences		
Changes in Assumptions	308,553	-
Investment (gains)/losses	639,200	176,235
City Contributions Subsequent to the Measurement Date	881,580	-
	<u>\$ 2,228,950</u>	<u>\$ 191,153</u>

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,	
2022	\$ 252,706
2023	380,738
2024	318,502
2025	204,271
2026	-
	\$ 1,156,217

***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, 2021, for the employees and employer were \$0, and \$10,868, respectively, on a covered payroll of \$134,769.

**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	<u>97</u>
	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 that date.

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***

**Changes in the total OPEB liability are:**

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>\$ 2,857,819</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, 2021, the City recognized OPEB expense of \$48,745. At June 30, 2021, the City reported deferred inflows of resources related to OPEB from the following source:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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>\$ (33,017)</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. The estimated liability at June 30, 2021 is \$373,753.

### ***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 2020, 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.

## **Note 12: Prior Period Adjustments**

The financial statements reflect a prior period adjustment of \$1,820,812 and \$2,098,714 in the Governmental and Business-type activities, respectively. Governmental funds were adjusted to clean up stale outstanding cash balances, compensated absence accrual, and write off uncollectable receivable balances. Business-type activities were adjusted to reflect the change in landfill liability calculation, stale outstanding cash balances, and valuation of fixed assets held by the City.

## **Note 13: Change in Presentation**

Effective July 1, 2021 the City changed its accounting policy to recognize compensated absences as long term liabilities. Previously a portion of compensated absences were estimated and recorded as a current liability. Additionally, the financial statements reflect a change in the presentation of the landfill liability.

The City recognizes the liability for landfill closure over the life of the landfill asset as determined by the Oklahoma Department of Environmental Quality. Previously the total closure liability was recorded on the financial statements.

\* \* \* \* \*

## **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, 2021**

	Budgeted Amounts			Actual Amounts	Variance With Final Budget
	Original	Amendments	Final	(Budgetary) Basis	
<b>Budgetary Fund Balance, Beginning of Year</b>	\$ 566,708	\$ -	566,708	11,232,374	\$ 10,665,666
Resources (Inflows)					
Taxes	10,276,600	-	10,276,600	13,416,419	3,139,819
Intergovernmental	-	200,000	200,000	1,676,899	1,476,899
Charges for Services	421,500	-	421,500	291,148	(130,352)
Fines and Forfeitures	214,750	-	214,750	232,538	17,788
Licenses and Permits	50,550	-	50,550	119,052	68,502
Investment Income	-	-	-	60,989	60,989
Miscellaneous	496,200	-	496,200	962,127	465,927
Total Resources (Inflows)	11,459,600	200,000	11,659,600	16,759,172	5,099,572
Amounts Available for Appropriations	12,026,308	200,000	12,226,308	27,991,546	15,765,238
Charges to Appropriations (Outflows)					
General Government					
City Council	50,000	-	50,000	2,950	47,050
Administrative Services	744,213	795,072	1,539,285	2,030,242	(490,957)
Law	233,035	-	233,035	180,913	52,122
Municipal Court	166,947	-	166,947	176,606	(9,659)
Cemetery	237,483	-	237,483	247,728	(10,245)
Planning	443,293	-	443,293	427,754	15,539
Information Services	533,166	-	533,166	389,400	143,766
Finance	534,068	-	534,068	482,023	52,045
Human Resources	240,830	-	240,830	235,948	4,882
City Clerk – Treasurer	208,001	-	208,001	213,707	(5,706)
Public safety					
Code Enforcement	108,897	-	108,897	75,631	33,266
Police	4,464,141	212,000	4,676,141	4,964,021	(287,880)
Police – Animal Control	408,953	30,000	438,953	352,176	86,777
Fire	3,037,225	-	3,037,225	3,074,205	(36,980)
Emergency Services	181,320	-	181,320	140,715	40,605
Public Works					
Street	884,263	30,000	914,263	995,177	(80,914)
Building Maintenance	441,204	-	441,204	378,882	62,322
Fleet Maintenance	347,805	-	347,805	309,495	38,310
Culture, Parks and Recreation					
Parks and Recreation	2,059,618	-	2,059,618	1,487,370	572,248
Pool	493,024	-	493,024	382,932	110,092
Total Charges to Appropriations (Outflows)	15,817,486	1,067,072	16,884,558	16,547,875	336,683
<b>Other Financing Sources (Uses)</b>					
Transfers In	8,000,000	-	8,000,000	3,505,741	(4,494,259)
Transfers Out	(4,208,822)	-	(4,208,822)	(5,297,825)	(1,089,003)
Total Other Financing Sources (Uses)	3,791,178	-	3,791,178	(1,800,724)	(5,583,262)
<b>Budgetary Fund Balance, End of Year</b>	\$ -		\$ (867,072)	\$ 9,642,947	\$ (1,263,700)

**ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

Revenue and transfer accruals	(1,973,283)
<b>Fund balance at end of year (GAAP basis)</b>	<u>\$ 7,669,664</u>

**City of Altus, Oklahoma**  
**Notes to Budgetary Comparison Schedule – General Fund**  
**Year Ended June 30, 2021**

*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 fiscal year.
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, 2021, 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 –**  
**Oklahoma Firefighters Pension & Retirement System**

	2021*	2020*	2019*	2018*	2017*	2016*
City's Proportion of the Net Pension Liability	0.500204%	0.507183%	0.511532%	0.492285%	0.575002%	0.585682%
City's Proportionate Share of the Net Pension Liability	\$6,162,083	\$5,359,235	\$6,433,656	\$6,014,319	\$6,103,124	\$6,022,844
City's Covered-Employee Payroll	\$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	350%	332%	441%	420%	395%	411%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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**  
**Oklahoma Firefighters Pension & Retirement System**

	2021*	2020*	2019*	2018*	2017*	2016*
Statutorily Required Contribution	\$ 275,728	\$ 198,003	\$ 205,911	\$ 204,092	\$ 200,454	\$ 221,668
Contributions in Relation to the Statutorily Required Contribution	275,728	198,003	205,911	204,092	200,454	221,668
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 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	15.65%	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)**  
**Oklahoma Police Pension & Retirement System**

	2021*	2020*	2019*	2018*	2017*	2016*
City's Proportion of the Net Pension Liability	0.584100%	0.581500%	0.622100%	0.579000%	0.600400%	0.585682%
City's Proportionate Share of the Net Pension Liability	\$ 670,775	\$ (37,125)	\$ 47,398	\$ 886,739	\$ 24,480	\$ (214,564)
City's Covered-Employee Payroll	\$ 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	32%	-2%	3%	50%	1%	-13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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**  
**Oklahoma Police Pension & Retirement System**

	2021*	2020*	2019*	2018*	2017*	2016*
Statutorily Required Contribution	\$ 275,728	\$ 245,842	\$ 247,349	\$ 241,008	\$ 231,383	\$ 220,570
Contributions in Relation to the Statutorily Required Contribution	275,728	245,842	247,349	241,008	231,383	220,570
Contribution deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 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	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**  
**Oklahoma Municipal Retirement Fund**

	2021*	2020*	2019**	2018**	2017**	2016**	2015**
Total Pension Liability							
Service Cost	568,273	558,136	\$ 501,990	\$ 552,041	\$ 481,258	\$ 483,967	\$ 440,674
Interest	1,836,038	1,757,793	1,733,806	1,635,659	1,602,907	1,609,715	1,578,994
Differences between Expected and Actual Experience	437,859	62,476	(47,349)	379,928	(185,051)	(663,485)	-
Benefit Changes due to Plan Amendments	-	-	-	585,286	-	-	-
Assumption Changes	-	506,591	-	535,786	-	-	-
Benefit Payments, including Refunds of Members Contributions	(2,128,980)	(1,564,676)	(2,161,767)	(1,207,910)	(1,735,260)	(1,308,780)	(1,061,024)
Net Change in Total Pension Liability	713,190	1,320,320	26,680	2,480,790	163,854	121,417	958,644
Total Pension Liability – Beginning	25,525,753	24,205,433	24,178,753	21,697,963	21,534,109	21,412,692	20,454,048
Total Pension Liability – Ending (a)	26,238,943	25,525,753	24,205,433	24,178,753	21,697,963	21,534,109	21,412,692
Plan Fiduciary Net Position							
Contributions – Employer	746,348	796,724	710,312	703,894	694,586	628,869	627,063
Contributions – Member	244,527	224,053	203,972	203,438	200,692	181,678	192,278
Net Investment Income	858,172	1,386,351	1,491,090	2,269,790	152,627	530,947	2,728,622
Benefit Payments, including Refunds of Members Contributions	(2,128,980)	(1,564,676)	(2,161,767)	(1,207,910)	(1,735,260)	(1,308,780)	(1,061,024)
Administrative Expense	(43,702)	(41,949)	(41,694)	(40,904)	(37,277)	(39,417)	(40,333)
Net Change in Plan Fiduciary Net Position	(323,635)	800,503	201,913	1,928,308	(724,632)	(6,703)	2,446,606
Plan Fiduciary Net Position – Beginning	21,345,976	20,545,473	20,343,560	18,415,252	19,139,884	19,146,587	16,699,981
Plan Fiduciary Net Position – Ending (b)	\$ 21,022,341	\$ 21,345,976	\$ 20,545,473	\$ 20,343,560	\$ 18,415,252	\$ 19,139,884	\$ 19,146,587
Net Pension Liability – Ending (a)-(b)	\$ 5,216,602	\$ 4,179,777	\$ 3,659,960	\$ 3,835,193	\$ 3,282,711	\$ 2,394,225	\$ 2,266,105
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.12%	83.63%	84.88%	84.14%	84.87%	88.88%	89.42%
Covered-Employee Payroll	\$ 6,067,663	\$ 5,380,354	\$ 5,397,875	\$ 4,700,997	\$ 5,125,738	\$ 4,622,461	\$ 4,713,305
Net Pension Liability as a Percentage of Covered-Employee Payroll	85.97%	77.69%	67.80%	63.40%	64.04%	51.80%	48.08%

**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

\*\* Restated from prior year

## City of Altus, Oklahoma Schedule of Employer Contributions Oklahoma Municipal Retirement Fund

	2021*	2020*	2019*	2018*	2017*	2016*
Actuarially Determined Contributions	\$ 881,580	\$ 519,817	\$ 581,362	\$ 603,792	\$ 673,617	\$ 626,091
Contributions in Relation to the Actuarially Determined Contributions	881,580	746,348	709,213	703,408	721,073	626,091
Contribution Excess	<u>\$ -</u>	<u>\$ (226,531)</u>	<u>\$ (127,851)</u>	<u>\$ (99,616)</u>	<u>\$ (47,456)</u>	<u>\$ -</u>
Covered-Employee Payroll	<u>\$ 6,067,663</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>14.53%</u>	<u>12.78%</u>	<u>13.83%</u>	<u>13.84%</u>	<u>13.93%</u>	<u>13.84%</u>

Latest valuation date: July 1, 2020

Actuarially determined contribution rate is calculated as of July 1, 2020

Fiscal year 2019–2020 actuarially determined contributions are set at a rate of 17.72%, 4% for employee and 13.69% for employers

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal

Amortization method: Level percent of payroll, closed

Remaining amortization period: 30 years

Asset valuation method: Actuarial

Smoothing period: 5 years

Recognition method: Non-asymptotic

Corridor: 70% to 130%

Salary increases: 4.50% to 7.50% (varies by attained age)

Investment rate of return: 7.50%

### *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**

	2021**	2019	2018
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	(353,649)	(328,272)	(70,869)
Net Change in Total OPEB Liability	(304,099)	(167,630)	(73,482)
City's total OPEB Liability, Beginning	3,161,918	3,574,897 *	1,259,511
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.

Changes in Assumptions - The mortality table improvement scale changed from MP-2015 to MP-2017.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\* For the July 1, 2019 valuation for the OPEB Liability, the City changed actuaries because the July 1, 2018 report was prepared incorrectly by the former actuary. The current actuary made a \$2,388,898 adjustment to the beginning balance for their recalculation using the correct assumptions and discount rate.

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

CITY OF ALTUS, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title		Assistance Listing Number	Program or Award Amount	Federal Expenditures
<b><u>U.S. Department of Commerce:</u></b>				
CDBG-CV	18110 CDBGCR 20	14.228	904,279	334,099
<b>Sub-total U.S. Department of Commerce</b>			904,279	334,099
<b><u>U.S. Bureau of Reclamation:</u></b>				
Bureau of Reclamation - ASAP - Reservoir	R16AP00146	15.514	293,439	50,057
<b>Sub-total U.S. Bureau of Reclamation</b>			293,439	50,057
<b><u>U.S. Department of Transportation:</u></b>				
Federal Aviation Administration - Airport Improvement Program				
FAA - Runway Rehab	3-40-0002-014-2017	20.106	235,952	8,000
FAA - Construct T-Hangars	3-40-0002-015-2020	20.106	559,368	434,650
Coronavirus State and Local Fiscal Recovery Funds	3-40-0002-018-2020	20.106	30,000	30,000
<b>Sub-total U.S. Department of Transportation</b>			825,320	472,650
<b><u>U.S. Department of Treasury:</u></b>				
<b><u>Passed through the Oklahoma Department of Treasury:</u></b>				
Coronavirus State and Local Fiscal Recovery Funds	SA-0224	21.027	1,413,497	1,413,497
Coronavirus PPE	SUP-EMPG EMT-2020	94.042	13,888	-
<b>Sub-total U.S. Department of Treasury</b>			1,427,385	1,413,497
<b><u>U.S. Department of Justice:</u></b>				
District Attorneys Council				
JAG LLE 2020	JAG-LLE-2020-ALTUS CI-00012	16.738	5,000	5,000
PD CESF	2020-VD-BX-00	16.034	55,719	55,719
<b>Sub-total U.S. Department of Justice</b>			60,719	60,719
<b><u>U.S. Department of Homeland Security:</u></b>				
Department of Emergency Management				
FEMA DR 4438	FEMA-4438-DR-OK	97.036	97,600	15,149
FEMA DR 911-2019	E911-2019	20.615	180,132	144,105
EMPG 2019	2019-EMPG	97.042	40,000	40,000
EMPG 2020	2020-EMPG	97.042	40,000	38,000
<b>Sub-total U.S. Department of Homeland Security</b>			357,732	237,254
<b>Total of Expenditures of Federal Awards</b>			\$ 3,868,873	\$ 2,568,276

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, 2021

	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	Economic Development Construction Fund	Landfill Improvement Fund	Cemetery Perpetual Care Fund	Military Capital Project Fund	MAPS II Sales Tax Fund		
<b>Assets</b>												
Cash and Cash Equivalents	\$ 245,789	\$ 27,963	\$ 562,333	\$ 233,979	\$ 334,621	\$ 549,296	\$ 509,706	\$ 38,042	\$ 598,639	\$ (518,465)	\$ 2,581,903	
Receivable from Other Government	-	-	-	-	15,171	-	-	-	-	-	15,171	
Utilities Receivable, Net	-	-	-	-	-	-	43,090	-	-	-	43,090	
Grant Receivables	-	-	426,649	-	-	-	-	-	-	-	426,649	
Other Receivables	-	-	12,602	29,394	170	-	-	-	-	-	42,166	
Inventories	-	-	32,215	-	-	-	-	-	-	-	32,215	
<b>Total Assets</b>	<b>\$ 245,789</b>	<b>\$ 27,963</b>	<b>\$ 1,033,799</b>	<b>\$ 263,373</b>	<b>\$ 349,962</b>	<b>\$ 549,296</b>	<b>\$ 552,796</b>	<b>\$ 38,042</b>	<b>\$ 598,639</b>	<b>\$ (518,465)</b>	<b>\$ 3,141,194</b>	
<b>Liabilities and Fund Balance</b>												
<b>Liabilities</b>												
Accounts Payable	\$ -	\$ -	\$ 408,295	\$ 5,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,514	\$ 450,891	
Accrued Payroll	-	-	7,467	-	-	-	-	-	-	-	7,467	
Compensated absences	-	-	11,140	-	-	-	-	-	-	-	11,140	
Deferred Revenue	-	-	-	-	-	-	-	-	237,113	-	237,113	
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>426,902</b>	<b>5,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237,113</b>	<b>37,514</b>	<b>706,611</b>	
<b>Fund Balances</b>												
Nonspendable	-	-	32,215	-	-	-	-	-	-	-	32,215	
Restricted	-	27,963	18,354	258,291	-	549,296	552,796	38,042	361,526	(555,979)	1,250,289	
Assigned	245,789	-	556,328	-	349,962	-	-	-	-	-	1,152,079	
<b>Total Fund Balances</b>	<b>245,789</b>	<b>27,963</b>	<b>606,897</b>	<b>258,291</b>	<b>349,962</b>	<b>549,296</b>	<b>552,796</b>	<b>38,042</b>	<b>361,526</b>	<b>(555,979)</b>	<b>2,434,583</b>	
<b>Total Liabilities and Fund Bal</b>	<b>\$ 245,789</b>	<b>\$ 27,963</b>	<b>\$ 1,033,799</b>	<b>\$ 263,373</b>	<b>\$ 349,962</b>	<b>\$ 549,296</b>	<b>\$ 552,796</b>	<b>\$ 38,042</b>	<b>\$ 598,639</b>	<b>\$ (518,465)</b>	<b>\$ 3,141,194</b>	



City of Altus, Oklahoma  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-Major Governmental Funds  
Year Ended June 30, 2021

	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	Economic Development Construction	Landfill Improvement Fund	Cemetery Perpetual Care Fund	Military Capital Projects Fund	MAPS II Sales Tax Fund	
<b>Revenues</b>											
Taxes	\$ -	\$ -	\$ -	\$ 267,002	165,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 432,873
Intergovernmental	-	-	518,401	-	-	-	-	-	175,000	-	693,401
Charges for Services	-	-	278,981	-	-	-	195,692	986	-	-	475,659
Fines and forfeitures	-	2,875	-	-	-	-	-	-	-	-	2,875
Investment Earnings	62	-	316	139	104	2,578	291	-	351	200	4,041
Donations	-	17	-	-	-	-	-	25	-	-	42
<b>Total Revenues</b>	<u>\$ 62</u>	<u>\$ 2,892</u>	<u>\$ 797,698</u>	<u>\$ 267,141</u>	<u>\$ 165,975</u>	<u>\$ 2,578</u>	<u>\$ 195,983</u>	<u>\$ 1,011</u>	<u>\$ 175,351</u>	<u>\$ 200</u>	<u>\$ 1,608,891</u>
<b>Expenditures</b>											
<b>Current</b>											
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works	-	-	-	192,350	181,829	-	8,027	-	243,173	71,676	697,055
Culture, Parks and Recreation	3,500	-	-	-	-	-	-	-	-	-	3,500
Airport	-	-	1,028,209	-	-	-	-	-	-	-	1,028,209
<b>Total Expenditures</b>	<u>3,500</u>	<u>-</u>	<u>1,028,209</u>	<u>192,350</u>	<u>181,829</u>	<u>-</u>	<u>8,027</u>	<u>-</u>	<u>243,173</u>	<u>71,676</u>	<u>1,728,764</u>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<u>(3,438)</u>	<u>2,892</u>	<u>(230,511)</u>	<u>74,791</u>	<u>(15,854)</u>	<u>2,578</u>	<u>187,956</u>	<u>1,011</u>	<u>(67,822)</u>	<u>(71,476)</u>	<u>(119,873)</u>
<b>Other Financing Sources</b>											
Transfers In	185,108	-	305,000	-	-	-	-	-	-	209,587	699,695
Transfers Out	-	-	(14,948)	-	(14,164)	-	17,216	-	-	(694,090)	(705,986)
<b>Total Other Financing Sources (U</b>	<u>185,108</u>	<u>-</u>	<u>290,052</u>	<u>-</u>	<u>(14,164)</u>	<u>-</u>	<u>17,216</u>	<u>-</u>	<u>-</u>	<u>(484,503)</u>	<u>(6,291)</u>
<b>Net Changes in Fund Balance</b>	<u>181,670</u>	<u>2,892</u>	<u>59,541</u>	<u>74,791</u>	<u>(30,018)</u>	<u>2,578</u>	<u>205,172</u>	<u>1,011</u>	<u>(67,822)</u>	<u>(555,979)</u>	<u>(126,164)</u>
<b>Beginning Fund Balances</b>	64,119	25,071	558,244	183,500	397,635	546,718	347,624	37,031	429,348	-	2,589,290
Prior Period Adjustment	-	-	(10,888)	-	(17,655)	-	-	-	-	-	(28,543)
<b>Fund Balances, End of Year</b>	<u>\$ 245,789</u>	<u>\$ 27,963</u>	<u>\$ 606,897</u>	<u>\$ 258,291</u>	<u>\$ 349,962</u>	<u>\$ 549,296</u>	<u>\$ 552,796</u>	<u>\$ 38,042</u>	<u>\$ 361,526</u>	<u>\$ (555,979)</u>	<u>\$ 2,434,583</u>

**City of Altus, Oklahoma  
Combining Balance Sheet  
General Fund Accounts  
June 30, 2021**

	<b>General Fund</b>	<b>Emergency Fund</b>	<b>Park Development Fund</b>	<b>Emergency 911 Fund</b>	<b>Total General Fund Accounts</b>
<b>Assets</b>					
Cash and Cash Equivalents	359,663	\$ 4,544,295	\$ 24,489	\$ 137,079	\$ 5,065,526
Investments	-	2,062,160	-	-	2,062,160
Receivable from Other Governments	1,219,006	-	-	-	1,219,006
Court Fines Receivable, Net	108,171	-	-	-	108,171
Other Receivables	54,762	-	-	-	54,762
<b>Total Assets</b>	<b>\$ 1,741,602</b>	<b>\$ 6,606,455</b>	<b>\$ 24,489</b>	<b>\$ 137,079</b>	<b>\$ 8,509,625</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable	61,100	-	-	25	61,125
Accrued Payroll	303,807	-	-	26,495	330,302
Compensated absences	413,278	-	-	-	413,278
Municipal bonds payable	35,256	-	-	-	35,256
<b>Total Liabilities</b>	<b>813,441</b>	<b>-</b>	<b>-</b>	<b>26,520</b>	<b>839,961</b>
<b>Fund Balances</b>					
Committed	-	6,606,455	-	-	6,606,455
Assigned	-	-	24,489	110,559	135,048
Unassigned	928,161	-	-	-	928,161
<b>Total Fund Balances</b>	<b>928,161</b>	<b>6,606,455</b>	<b>24,489</b>	<b>110,559</b>	<b>7,669,664</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,741,602</b>	<b>\$ 6,606,455</b>	<b>\$ 24,489</b>	<b>\$ 137,079</b>	<b>\$ 8,509,625</b>

**City of Altus, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund Accounts**  
**Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Emergency Fund</b>	<b>Park Development Fund</b>	<b>Emergency 911 Fund</b>	<b>Total General Fund Accounts</b>
<b>Revenues</b>					
Taxes	\$ 13,263,460	\$ -	\$ -	152,959	\$ 13,416,419
Intergovernmental	1,676,899	-	-	-	1,676,899
Charges for Services	291,148	-	-	-	291,148
Fines and Forfeitures	232,538	-	-	-	232,538
Licenses and Permits	119,052	-	-	-	119,052
Rental	101,164	-	-	-	101,164
Investment Earnings	9,040	51,811	16	122	60,989
Donations	3,390	-	-	-	3,390
Miscellaneous	857,573	-	-	-	857,573
<b>Total Revenues</b>	<b>16,554,264</b>	<b>51,811</b>	<b>16</b>	<b>153,081</b>	<b>16,759,172</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government	4,470,401	-	-	-	4,470,401
Public Safety	8,964,268	-	-	538,117	9,502,385
Public Works	1,242,905	-	-	-	1,242,905
Culture, Parks and Recreation	1,870,302	-	-	-	1,870,302
Capital Outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>16,547,876</b>	<b>-</b>	<b>-</b>	<b>538,117</b>	<b>17,085,993</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>6,388</b>	<b>51,811</b>	<b>16</b>	<b>(385,036)</b>	<b>(326,821)</b>
<b>Other Financing Sources</b>					
Transfers In	3,219,741	-	-	286,000	3,505,741
Transfers Out	(5,066,945)	(230,880)	-	-	(5,297,825)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,847,204)</b>	<b>(230,880)</b>	<b>-</b>	<b>286,000</b>	<b>(1,792,084)</b>
<b>Net Changes in Fund Balance</b>	<b>(1,840,816)</b>	<b>(179,069)</b>	<b>16</b>	<b>(99,036)</b>	<b>(2,118,905)</b>
<b>Beginning Fund Balances</b>	<b>4,047,117</b>	<b>6,591,525</b>	<b>24,473</b>	<b>224,705</b>	<b>10,887,820</b>
Prior Period Adjustment	(1,278,140)	193,999	-	(15,110)	(1,099,251)
<b>Fund Balances, end of year</b>	<b>\$ 928,161</b>	<b>\$ 6,606,455</b>	<b>\$ 24,489</b>	<b>\$ 110,559</b>	<b>\$ 7,669,664</b>

City of Altus, Oklahoma  
Combining Statement of Net Position  
Enterprise Fund Accounts  
June 30, 2021

	Altus Municipal Authority	Water Treatment Plant Account	MAPS Sales Tax Account	Capital Improvement Fund	Meter Deposit Account	DARTA	Total
<b>Assets and Deferred Outflows of Resources</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	\$ 7,246,597	\$ 2,265,904	\$ -	\$ -	\$ -	\$ -	\$ 9,512,501
Restricted Cash and Cash Equivalents	26,467,381	-	3,739,995	1,008,624	542,582	7,700	31,766,282
Investments	3,608,844	956,788	-	-	523,884	-	5,089,516
Deposit with Third Party	-	-	-	-	-	-	-
Accounts Receivable, Net	4,116,319	-	-	-	-	-	4,116,319
Other Receivables	23,908	-	-	2,991,376	-	-	3,015,284
Inventories	1,545,309	-	-	-	-	-	1,545,309
Total Current Assets	43,008,358	3,222,692	3,739,995	4,000,000	1,066,466	7,700	55,045,211
<b>Noncurrent Assets</b>							
Land and Construction in Progress	20,894,219	736,477	-	-	-	-	21,630,696
Other Capital Assets, Net of Accumulated Depreciation	45,001,536	-	-	-	-	-	45,001,536
Total Noncurrent Assets	65,895,755	736,477	-	-	-	-	66,632,232
Total Assets	108,904,113	3,959,169	3,739,995	4,000,000	1,066,466	7,700	121,677,443
<b>Deferred Outflows of Resources</b>							
Deferred Outflows Related to Pensions	1,025,317	-	-	-	-	-	1,025,317
Total Assets and Deferred Out	109,929,430	3,959,169	3,739,995	4,000,000	1,066,466	7,700	122,702,760
<b>Liabilities and Deferred Inflows of Resources</b>							
<b>Current Liabilities</b>							
Accounts Payable	693,417	7,292	346,749	-	-	-	1,047,458
Accrued Payroll	118,393	-	-	-	-	-	118,393
Accrued Interest Payable	249,944	-	-	-	-	-	249,944
Deferred Revenues	-	-	-	4,000,000	-	-	4,000,000
Contract Obligation Payable	806,490	-	-	-	-	-	806,490
Current Portion Notes Payable	2,710,000	-	-	-	-	-	2,710,000
Total Current Liabilities	4,578,244	7,292	346,749	4,000,000	-	-	8,932,285
<b>Noncurrent Liabilities</b>							
Deposits Subject to Refund	-	-	-	-	963,506	-	963,506
Compensated Absences	135,447	-	-	-	-	-	135,447
Contract Obligation Payable	2,587,815	-	-	-	-	-	2,587,815
Landfill Closure Liability	1,558,430	-	-	-	-	-	1,558,430
Notes Payable	41,288,737	-	-	-	-	-	41,288,737
Net Pension Liability	2,399,637	-	-	-	-	-	2,399,637
Total Noncurrent Liabilities	47,970,066	-	-	-	963,506	-	48,933,572
Total Liabilities	52,548,310	7,292	346,749	4,000,000	963,506	-	57,865,857
<b>Deferred Inflows of Resources</b>							
Deferred Inflows Related to Pensions	87,930	-	-	-	-	-	87,930
Total Deferred Inflows of Resources	87,930	-	-	-	-	-	87,930
Total Liabilities and Deferred Inflows	52,636,240	7,292	346,749	4,000,000	963,506	-	57,953,787
<b>Net Position</b>							
Net Investment in Capital Assets	21,897,018	-	-	-	-	-	21,897,018
Restricted for:							
Debt Service	795,859	-	-	-	-	-	795,859
Capital Projects	25,671,522	3,951,877	-	-	-	7,700	29,631,099
MAPS Projects	-	-	3,393,246	-	-	-	3,393,246
Refunds	-	-	-	-	102,960	-	102,960
Unrestricted	8,928,791	-	-	-	-	-	8,928,791
Total Net Position	\$ 57,293,190	\$ 3,951,877	\$ 3,393,246	\$ -	\$ 102,960	\$ 7,700	\$ 64,748,973

**City of Altus, Oklahoma**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Enterprise Fund Accounts**  
**June 30, 2021**

	<u>Altus Municipal Authority</u>	<u>Water Treatment Plant Account</u>	<u>MAPS Sales Tax Account</u>	<u>Capital Improvement Fund</u>	<u>Meter Deposit Account</u>	<u>DARTA</u>	<u>Total</u>
<b>Operating Revenues</b>							
Water	\$ 6,610,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,610,355
Wastewater	2,440,165	-	-	-	-	-	2,440,165
Sanitation	2,547,850	-	-	-	-	-	2,547,850
Electric	22,481,769	-	-	-	-	-	22,481,769
Base facility services	349,362	-	-	-	-	-	349,362
Golf course	105,103	-	-	-	-	-	105,103
Landfill	1,644,348	-	-	-	-	-	1,644,348
Miscellaneous	31,748	-	6,598	-	-	7,700	46,046
<b>Total Operating Revenues</b>	<u>36,210,700</u>	<u>-</u>	<u>6,598</u>	<u>-</u>	<u>-</u>	<u>7,700</u>	<u>36,224,998</u>
<b>Operating Expenses</b>							
Administration	2,805,004	164,536	428,208	-	-	-	3,397,748
Water	2,549,308	-	-	-	-	-	2,549,308
Wastewater	3,179,042	-	-	-	-	-	3,179,042
Sanitation	1,493,684	-	-	-	-	-	1,493,684
Landfill	565,101	-	-	-	-	-	565,101
Electric	15,560,131	-	-	-	-	-	15,560,131
Base facility services	350,623	-	-	-	-	-	350,623
Golf course	364,044	-	-	-	-	-	364,044
Depreciation and Amortization	2,514,451	-	-	-	-	-	2,514,451
<b>Total Operating Expenses</b>	<u>29,381,388</u>	<u>164,536</u>	<u>428,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,974,132</u>
<b>Net Operating Income</b>	<u>6,829,312</u>	<u>(164,536)</u>	<u>(421,610)</u>	<u>-</u>	<u>-</u>	<u>7,700</u>	<u>6,250,866</u>
<b>Nonoperating Revenues (Expenses)</b>							
Interest Income	61,367	39,590	3,064	-	4,471	-	108,492
Intergovernmental	293,439	-	-	-	-	-	293,439
Change in pension obligation	1,685,812	-	-	-	-	-	1,685,812
Interest Expense	(512,491)	-	-	-	-	-	(512,491)
<b>Total Nonoperating Revenues (Exp)</b>	<u>1,528,127</u>	<u>39,590</u>	<u>3,064</u>	<u>-</u>	<u>4,471</u>	<u>-</u>	<u>1,575,252</u>
<b>Net income before transfers</b>	<u>8,357,439</u>	<u>(124,946)</u>	<u>(418,546)</u>	<u>-</u>	<u>4,471</u>	<u>7,700</u>	<u>7,826,118</u>
<b>Transfers</b>							
Transfers In	5,647,186	-	4,647,770	61,308	61,308	-	10,417,572
Transfers Out	(4,187,943)	-	(2,502,334)	(61,308)	-	-	(6,751,585)
	<u>1,459,243</u>	<u>-</u>	<u>2,145,436</u>	<u>-</u>	<u>61,308</u>	<u>-</u>	<u>3,665,987</u>
<b>Change in Net Position</b>	<u>9,816,682</u>	<u>(124,946)</u>	<u>1,726,890</u>	<u>-</u>	<u>65,779</u>	<u>7,700</u>	<u>11,492,105</u>
Net Position, Beginning of Year	44,625,404	4,614,887	1,940,868	-	(23,005)	-	51,158,154
Prior Period Adjustment	2,851,104	(538,064)	(274,512)	-	60,186	-	2,098,714
<b>Net Position, End of Year</b>	<u>\$ 57,293,190</u>	<u>\$ 3,951,877</u>	<u>\$ 3,393,246</u>	<u>\$ -</u>	<u>\$ 102,960</u>	<u>\$ 7,700</u>	<u>\$ 64,748,973</u>

**City of Altus, Oklahoma**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2021**

	<b>Workers' Compensation Fund</b>	<b>Assurance Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 703	\$ 1,173,248	\$ 1,173,951
Total Assets	703	1,173,248	1,173,951
<b>Liabilities and Net Position</b>			
<b>Current Liabilities</b>			
Accounts Payable	-	216,398	216,398
Payroll Liability	-	77,800	77,800
Total Liabilities	-	294,198	294,198
<b>Net Position</b>			
Unrestricted	703	879,050	879,753
Total Net Position	\$ 703	\$ 879,050	\$ 879,753

**City of Altus, Oklahoma**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Fund**  
**Year Ended June 30, 2021**

	<b>Workers' Compensation Fund</b>	<b>Assurance Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Miscellaneous	\$ 69,067	\$ 242,766	\$ 311,833
Total Operating Revenues	69,067	242,766	311,833
<b>Operating Expenses</b>			
General Government	-	2,488	2,488
Total Operating Expenses	-	2,488	2,488
<b>Operating Income (Loss)</b>	<b>69,067</b>	<b>240,278</b>	<b>309,345</b>
<b>Nonoperating Revenues</b>			
Interest Income	-	662	662
Total Nonoperating Revenues	-	662	662
<b>Change in Net Position</b>	<b>69,067</b>	<b>240,940</b>	<b>310,007</b>
Net Position, Beginning of Year	(68,364)	721,387	653,023
Prior Period Adjustment	-	(83,277)	(83,277)
<b>Net Position, End of Year</b>	<b>\$ 703</b>	<b>\$ 879,050</b>	<b>\$ 879,753</b>

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

To the City Commission  
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 the City of Altus, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Altus, Oklahoma's basic financial statements, and have issued our report thereon dated June 14, 2022.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



## **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

June 14, 2022

CITY OF ALTUS, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title		Assistance Listing Number	Program or Award Amount	Federal Expenditures
<b><u>U.S. Department of Commerce:</u></b>				
CDBG-CV	18110 CDBGCR 20	14.228	904,279	334,099
<b>Sub-total U.S. Department of Commerce</b>			904,279	334,099
<b><u>U.S. Bureau of Reclamation:</u></b>				
Bureau of Reclamation - ASAP - Reservoir	R16AP00146	15.514	293,439	50,057
<b>Sub-total U.S. Bureau of Reclamation</b>			293,439	50,057
<b><u>U.S. Department of Transportation:</u></b>				
Federal Aviation Administration - Airport Improvement Program				
FAA - Runway Rehab	3-40-0002-014-2017	20.106	235,952	8,000
FAA - Construct T-Hangars	3-40-0002-015-2020	20.106	559,368	434,650
Coronavirus State and Local Fiscal Recovery Funds	3-40-0002-018-2020	20.106	30,000	30,000
<b>Sub-total U.S. Department of Transportation</b>			825,320	472,650
<b><u>U.S. Department of Treasury:</u></b>				
<b><u>Passed through the Oklahoma Department of Treasury:</u></b>				
Coronavirus State and Local Fiscal Recovery Funds	SA-0224	21.027	1,413,497	1,413,497
Coronavirus PPE	SUP-EMPG EMT-2020	94.042	13,888	-
<b>Sub-total U.S. Department of Treasury</b>			1,427,385	1,413,497
<b><u>U.S. Department of Justice:</u></b>				
District Attorneys Council				
JAG LLE 2020	JAG-LLE-2020-ALTUS CI-00012	16.738	5,000	5,000
PD CESF	2020-VD-BX-00	16.034	55,719	55,719
<b>Sub-total U.S. Department of Justice</b>			60,719	60,719
<b><u>U.S. Department of Homeland Security:</u></b>				
Department of Emergency Management				
FEMA DR 4438	FEMA-4438-DR-OK	97.036	97,600	15,149
FEMA DR 911-2019	E911-2019	20.615	180,132	144,105
EMPG 2019	2019-EMPG	97.042	40,000	40,000
EMPG 2020	2020-EMPG	97.042	40,000	38,000
<b>Sub-total U.S. Department of Homeland Security</b>			357,732	237,254
<b>Total of Expenditures of Federal Awards</b>			\$ 3,868,873	\$ 2,568,276

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ending June 30, 2021**

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

***Financial Statements***

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

***Federal Awards***

Internal control over major programs:

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:

**Federal Assistance Listing**

21.027

**Name of Federal Program or Cluster**

Corona Virus Stat and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

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

There were no current year financial statement findings.

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

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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



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**

We have audited the City of Altus, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Altus, Oklahoma's major federal programs for the year ended June 30, 2021. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Altus, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Altus, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Altus, Oklahoma's compliance.

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

In our opinion, the 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, 2021.

**Report on Internal Control over Compliance**

Management of the City of Altus, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Altus, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Altus, Oklahoma's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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  
June 14, 2022