

City of Altus, Oklahoma

Independent Auditor's Reports and Financial Statements

June 30, 2019

City of Altus, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
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, 2019, 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*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, pension and other postemployment information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Altus, Oklahoma's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining schedules, state and federal award information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2020 on our consideration of the City of Altus, Oklahoma's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Altus, Oklahoma's internal control over financial reporting and compliance.

FSW&B CPAs-PLLC

FSW&B CPAs-PLLC

Stillwater, Oklahoma
April 23, 2020

Management's Discussion and Analysis

City of Altus, Oklahoma

Management's Discussion and Analysis

Year Ended June 30, 2019

This management's discussion and analysis of the City of Altus, Oklahoma's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2019, the City's total net position increased by approximately \$8.4 million 5%or from the prior year. This was largely attributable to the Altus Municipal Authority's (AMA's) sewer, sanitation, and electric departments' net operating revenue.
- During the year, the City's expenses for governmental activities were \$22.4 million and were funded by sales tax and use taxes of \$10.5 million, grants and charges for services of \$2.1 million and further funded by miscellaneous income and transfers that totaled \$10.3 million.
- In the City's business-type activities, which is primarily made of up utility operations charges for services exceed expenses by \$6.8 million.
- At June 30, 2019, the General Fund reported an unassigned fund balance of \$1 million, which is a decrease of 54% from the prior year unassigned fund balance which is largely attributable to the funding of the City's emergency fund, which is classified as a committed fund balance in the financial statements.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$0.5 million or 9%, while expenditures were under the final appropriations by \$0.2 million or 1.0%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Altus (the "City") and its component units using the integrated approach as prescribed by GASB Statements NO. 14, 34, 39, and 61. Included in this report are government-wide statements for each of two categories of activities-governmental and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt), deferred inflows and deferred outflows.

About the City

The City of Altus is an incorporated municipality with a population of approximately 19,000 located in Jackson County in southwestern Oklahoma. The City is a Council-Manager form of government and is governed by a nine-member Council and operates under state law, City charter and City ordinances through three branches of government:

- Legislative-the City Council is a nine-member governing body elected by the citizens
- Executive-the City Manager is the Chief Executive Officer and is appointed by the Council
- Judicial-the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services, such as public safety; health and welfare; street and alley maintenance; parks and recreation; and certain utility services, including electric, water, wastewater, and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government, the City of Altus, and its blended component unit, Altus Municipal Authority. The City of Altus provides public safety, health and welfare, streets and highways,

City of Altus, Oklahoma Management's Discussion and Analysis Year Ended June 30, 2019

parks and recreation, and administrative activities. Altus Municipal Authority operates the electric, water, wastewater and sanitation for the services of the City.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of GASB in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels: the City as a whole (a government-wide presentation) and the City's funds (a presentation of the City's major and aggregate nonmajor funds).

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis**-Provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Notes to Financial Statements**-Elaborates on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- **Required Supplementary Information**-Provides other information required by GASB, such as budgetary comparisons, pension and other postemployment benefit (OPEB) information.
- **Other Supplementary Information**-Provides combining schedules, state awards information, and debt service coverage information.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined, or remained steady over the past year?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report in the City's net position and changes in it from the prior year. You can think of the City's net position-the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources-as one way to measure the City's financial condition or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads and the quality of services, to assess the overall health and performance of the City.

As mentioned above, in the statement of net position and the statement of activities, we divide the City into two types of activities:

- **Governmental Activities**-Most of the City's basic services are reported here, including the police, fire, general administrative, streets and parks. Sales taxes, franchise fees, fines and state and federal grants finance most of these activities.
- **Business-Type Activities**-The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's electric, water, wastewater and sanitation activities are reported here.

City of Altus, Oklahoma

Management's Discussion and Analysis

Year Ended June 30, 2019

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other funds.

- **Governmental Funds**-Most of the City's basic services are reported in governmental funds, which focus on how cash flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The difference of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each government fund financial statement.
- **Proprietary Funds**-When the City charges customers for the services it provides-whether to outside customers or to other units of the City-these services are generally reported in proprietary funds, either as enterprise funds or as internal service funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position; state statement of revenues, expenses and changes in net position; and statements of cash flows. In fact, the City's enterprise funds are essentially the same as the business-type activities reported in the government-wide financial statements but provide more detail and additional information, such as cash flows.

A Financial Analysis of the City as a Whole

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$129 million at the close of the most recent fiscal year.

City of Altus, Oklahoma Management's Discussion and Analysis Year Ended June 30, 2019

The following table presents the City's net position for the primary government (in thousands):

	Governmental Activities			Business-Type Activities			Total		
	2019	2018	% Increase (Decrease)	2019	2018	% Increase (Decrease)	2019	2018	% Increase (Decrease)
Assets									
Current and Other Assets	\$ 20,457	\$ 17,471	17%	\$ 24,777	\$ 26,069	5%	\$ 45,234	\$ 43,540	4%
Capital Assets, Net	<u>75,019</u>	<u>71,842</u>	4%	<u>55,690</u>	<u>52,121</u>	-7%	130,709	123,963	5%
Total Assets	95,476	89,313	7%	80,467	78,190	-3%	175,943	167,503	5%
Deferred Outflows of Resources									
	<u>2,036</u>	<u>2,677</u>	-24%	<u>1,066</u>	<u>727</u>	-47%	3,102	3,404	-9%
Total Assets and Deferred Outflows of Resources	<u>97,512</u>	<u>91,990</u>	6%	<u>81,533</u>	<u>78,917</u>	-3%	179,045	170,907	5%
Liabilities									
Current Liabilities	816	806	1%	9,015	8,219	-10%	9,831	9,025	9%
Noncurrent Liabilities	<u>15,625</u>	<u>11,953</u>	31%	<u>21,960</u>	<u>20,253</u>	-8%	37,585	32,206	17%
Total Liabilities	16,441	12,759	29%	30,975	28,472	-9%	47,416	41,231	15%
Deferred Inflows of Resources	<u>1,568</u>	<u>1,419</u>	11%	<u>333</u>	<u>216</u>	-54%	1,901	1,635	16%
Total Liabilities and Deferred Inflows of Resources	<u>18,009</u>	<u>14,178</u>	27%	<u>31,308</u>	<u>28,688</u>	-9%	49,317	42,866	15%
Net Position									
Net Investment in Capital Assets	74,148	70,847	5%	33,384	33,976	2%	107,532	104,823	3%
Restricted	4,405	4,903	-10%	8,879	10,036	12%	13,284	14,939	-11%
Unrestricted	<u>950</u>	<u>2,062</u>	-54%	<u>7,960</u>	<u>6,217</u>	-28%	8,910	8,279	8%
Total Position	\$ 79,503	\$ 77,812	2%	\$ 50,223	\$ 50,229	0%	\$ 129,726	\$ 128,041	1%

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$13.2 million, also represents resources that are subject to restrictions from external groups, such as creditors, grantors, laws and regulations of other governments, that place restrictions on how they may be used. The remaining balance, \$8.9 million, of unrestricted net position includes a committed amount of \$5.4 million for emergency reserves that requires certain criteria be met and a vote of at least six member of the City Council to amend or spend these funds, leaving \$0.9 million of unrestricted net position to meet the government's ongoing obligations to citizens and creditors.

The 0.9% decrease in deferred outflows of resources and the 16% increase in deferred inflows of resources are due mainly to changes in estimates related to the City's pension and OPEB plans.

The \$.5 million or 8.1% increase in unrestricted net position is due mainly to increased revenues, which are a result of transfers to the governmental activities from the business-type activities to fund capital improvements and the City's emergency fund.

The \$2.7 million or 3% increase in net investment in capital assets is due mainly to MAPS construction projects.

City of Altus, Oklahoma
Management's Discussion and Analysis
Year Ended June 30, 2019

Changes in Net Position

For the year ended June 30, 2019, net position of the primary government changes as follows (in thousands):

	Governmental Activities			Business-Type Activities			Total		
	2019	2018	% Increase (Decrease)	2019	2018	% Increase (Decrease)	2019	2018	% Increase (Decrease)
Revenues									
Charges for Services	\$ 1,372	\$ 1,223	-12%	\$ 35,988	\$ 36,574	-2%	\$ 37,360	\$ 37,797	-1%
Operating Grants & Contributions	764	1,406	46%	156	161	-3%	920	1,567	-41%
Taxes	10,554	11,126	5%	-	-	0%	10,554	11,126	-5%
Investment Income	147	36	-308%	168	126	33%	315	162	94%
Miscellaneous	966	772	-25%	521	677	-23%	1,487	1,449	3%
Total Revenues	13,803	14,563	5%	36,833	37,538	-2%	50,636	52,101	-3%
Expenses									
General Government	4,010	3,627	-11%	-	-	-	4,010	3,627	11%
Public Safety	10,085	8,738	-15%	-	-	-	10,085	8,738	15%
Public Works	4,871	4,560	-7%	-	-	-	4,871	4,560	7%
Culture, Parks & Recreation	2,686	2,071	-30%	-	-	-	2,686	2,071	30%
Airport	766	841	9%	-	-	-	766	841	-9%
Interest on Long-Term Debt	-	22	100%	-	-	-	-	22	-100%
Water	-	-	-	4,235	5,458	-22%	4,235	5,458	-22%
Wastewater	-	-	-	2,370	1,173	102%	2,370	1,173	102%
Sanitation	-	-	-	4,851	2,270	114%	4,851	2,270	114%
Electric	-	-	-	17,660	19,655	-10%	17,660	19,655	-10%
Education	-	-	-	-	628	-100%	-	628	-100%
Total Expenses	22,418	19,859	-13%	29,116	29,184	0%	51,534	49,043	5%
Excess (Deficiency) of Revenues									
Over (Under) Expenses Before	-	-	-	-	-	-	-	-	-
Special Items & Transfers	(8,615)	(5,296)	-63%	7,717	8,354	-8%	(898)	3,058	-129%
Special Items	-	-	-	-	-	0%	-	-	0%
Transfers	10,306	12,503	18%	(7,028)	(12,503)	-44%	3,278	-	100%
Changes in Net Position	1,691	7,207	77%	689	(4,149)	-117%	2,380	3,058	-22%
Net Position, Beginning of Year	77,812	70,605	-10%	49,535	54,378	-9%	127,347	124,983	2%
Net Position, End of Year	\$ 79,503	\$ 77,812	-2%	\$ 50,224	\$ 54,378	-8%	\$ 129,727	\$ 128,041	1%

Explanations for changes in excess of 20% and \$500,000 are as follows:

Governmental Activities

- Investment income increased 94% mainly due to increase in return on investments.

Business-Type Activities

- Miscellaneous revenues decreased due to a payment in prior year for reimbursement of water line reimbursement payment not received in current year.
- Transfers out decreased by 44% due to reclassification of MAPS funds for the construction of fire station and senior center in prior year and to capital improvement and emergency funds.

City of Altus, Oklahoma
Management's Discussion and Analysis
Year Ended June 30, 2019

Governmental Activities

The statement of activities format is significantly different from a typical statement of revenues, expenditures and changes in fund balances. Expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net revenue (expense). The reason for this format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose:

The following table presents the City's net revenue (expense) of governmental Activities (in thousands):

	Total Expense of Services			Net Revenue (Expense) of Service		
	2019	2018	% Increase (Decrease)	2019	2018	% Increase (Decrease)
General Government	\$ 4,011	\$ 3,627	11%	\$ (3,748)	\$ (3,310)	13%
Public Safety	10,084	8,738	15%	(9,554)	(7,632)	25%
Public Works	4,871	4,560	7%	(4,871)	(4,392)	11%
Culture, Parks & Recreation	2,686	2,071	30%	(2,356)	(1,639)	44%
Airport	766	841	-9%	(518)	(235)	120%
Interest on Long-Term Debt	-	22	-100%	-	(21)	-100%
Total Revenues	\$ 22,418	\$ 19,859	13%	\$ (21,047)	\$ (17,229)	22%

Business-Type Activities

The following table present the City's net revenue (expense) of business-type activities (in thousands):

	Total Expense of Services			Net Revenue (Expense) of Service		
	2019	2018	% Increase (Decrease)	2019	2018	% Increase (Decrease)
Water	\$ 4,235	\$ 5,459	-22%	1,465	\$ 1,129	30%
Wastewater	2,370	1,173	102%	(138)	1,260	-111%
Sanitation	4,851	2,271	114%	(813)	1,262	-164%
Electric	17,660	19,654	-10%	6,514	4,527	44%
Educaton	-	628	-100%	0	(628)	-100%
Total Revenues	\$ 29,116	\$ 29,185	0%	\$ 7,028	\$ 7,550	-7%

Explanations for changes in excess of 20% and \$500,000 are explained previously, in addition to the following:

- Wastewater expenses increased 102% and net revenue decreased 111% primarily due to the write off of uncollectible accounts.
- Sanitation expenses increased 114% and net revenue decreased by 164% primarily due to the write off of uncollectible accounts.

City of Altus, Oklahoma

Management's Discussion and Analysis

Year Ended June 30, 2019

A Financial Analysis of the City's Funds

As the City completed its 2019 fiscal year, the governmental funds reported in a combined fund balance of \$19.2 million or a 16% increase mainly due to transfers into the capital improvement and emergency funds. The enterprise funds reported combined net position of \$50.2 million or a 0% decrease from 2018 mainly due to the use of transfer of restricted net position for MAPS projects and the emergency fund.

Other fund highlights include:

- At June 30, 2019 the General Fund reported an unassigned fund balance of \$2.9 million, which is an increase of 26% from the prior year unassigned fund balance. The increase is primarily due to the city council's commitment of fund balance totaling to be used as emergency funds.
- For the year ended June 30, 2019, the General Fund's total fund balance increased by approximately \$0.3 million or .8%.
- The Capital Improvement Fund's total fund balance increased by approximately \$1.6 million or 25% due to transfers in from the Altus Municipal Authority Fund for MAPS projects activity.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections of .002% or \$17,613 and an increase in expenditures appropriations of .002% or \$17,613. Actual revenues were above estimated by \$0.5 million or 7.1%, while expenditures were under final appropriations by \$0.07 million or .5%.

Capital Asset and Debt Administration

Capital Assets

At the end of June 30, 2019, the City had \$130.7 million invested in capital assets, net of accumulated depreciation, including police and fire equipment, buildings, park facilities, streets and water and wastewater lines. This represents a net increase of approximately \$6.7 million over 2018. This significant increase resulted from MAPS construction projects.

The following table presents a summary of the City's capital assets, net of accumulated depreciation (in thousands):

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,244	\$ 1,244	\$ 1,305	\$ 1,305	\$ 2,549	\$ 2,549
Building & Improvements	14,166	5,980	22,304	17,011	36,470	22,991
Infrastructure	51,275	53,872	-	-	51,275	53,872
Machinery & Equipment	3,814	3,128	3,008	3,285	6,822	6,413
Water Rights	-	-	8,064	8,681	8,064	8,681
Utility Property	-	-	13,921	14,548	13,921	14,548
Construction In Progress	4,518	7,618	7,088	7,291	11,606	14,909
Total	75,017	\$ 71,842	55,690	\$ 52,121	\$ 130,707	\$ 123,963

See Note 4 to the financial statements for more detail information on the City's capital assets and changes therein.

City of Altus, Oklahoma
Management's Discussion and Analysis
Year Ended June 30, 2019

Long-Term Debt

At June 30, 2019, the City had \$20.4 million in total debt outstanding, which presents an approximate \$1.1 million or 6% increase from 2018. The increase results mainly from new debt issued.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	
Notes Payable	\$ 851	\$ 994	\$ 14,676	\$ 12,654	\$ 15,527	\$ 13,648	14%
Contract Obligations Payable		-	4,933	5,665	4,933	5,665	-13%
Total	\$ 851	\$ 994	\$ 19,609	\$ 18,319	\$ 20,460	\$ 19,313	6%

See Note 5 to the financial statements for more detailed information on the City's long-term debt and changes therein.

The Economic Outlook

The City and the Altus Municipal Authority developed the fiscal year 2019-2020 budget with defined goals and conservative revenue projections. The adopted fiscal year 2020 budget, including all funds and transfers, is \$88,879,173. The goal for fiscal year 2019-2020 is to have the revenues exceed the expenditures.

Contacting the City's Financial Management

This report is designed to provide the City's citizens, taxpayers, customers, and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's chief fiscal officer at 509 South Main, Altus, Oklahoma 73521 or the website at www.altusok.gov.

Basic Financials

City of Altus, Oklahoma
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and Cash Equivalents	\$ 14,450,322	\$ 6,792,002	\$ 21,242,324
Investments	-	8,706,849	8,706,849
Restricted Cash and Cash Equivalents	-	2,132,916	2,132,916
Deposit with Third Party	-	639,396	639,396
Accrued Interest Receivable	4,042,483	-	4,042,483
Accounts Receivable, Net of Allowance	504,283	4,759,580	5,263,863
Taxes Receivable	9,067	-	9,067
Court Fines Receivable, Net of Allowance	56,093	-	56,093
Due from Other Governments	1,375,757	20,932	1,396,689
Internal Balances	-	-	-
Inventory	19,358	1,724,948	1,744,306
Capital Assets	-	-	-
Land and Other Nondepreciable Assets	5,762,537	1,304,662	7,067,199
Other Capital Assets, Net of Depreciation	<u>69,256,915</u>	<u>54,385,446</u>	<u>123,642,361</u>
Total Assets	<u>95,476,815</u>	<u>80,466,731</u>	<u>175,943,546</u>
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	<u>2,035,965</u>	<u>1,065,880</u>	<u>3,101,845</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 97,512,780</u>	<u>\$ 81,532,611</u>	<u>\$ 179,045,391</u>

City of Altus, Oklahoma
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities and Deferred Inflows of Resources			
Liabilities			
Accounts Payable	\$ 109,160	\$ 3,787,547	\$ 3,896,707
Accrued Payroll Liabilities	222,930	72,487	295,417
Accrued Interest Payable	-	202,429	202,429
Due to Depositors	-	-	-
Payable to Other Governments	-	-	-
Other Payables	186,027	308,453	494,480
Long-term Liabilities	-	-	-
Due within One Year	297,826	4,643,764	4,941,590
Due in more than One Year	15,625,387	21,960,620	37,586,007
Total Liabilities	<u>16,441,330</u>	<u>30,975,300</u>	<u>47,416,630</u>
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	1,568,370	-	1,568,370
Deferred Inflows Related to OPEB	-	-	-
Deferred Inflows	-	333,520	333,520
Total Deferred Inflows of Resources	<u>1,568,370</u>	<u>333,520</u>	<u>1,901,890</u>
Total Liabilities and Deferred Inflows of Resources	<u>18,009,700</u>	<u>31,308,820</u>	<u>49,318,520</u>
Net Position			
Net Investment in Capital Assets	74,147,536	33,384,260	107,531,796
Restricted for			
Capital Projects	581,047	3,817,660	4,398,707
Debt Service	-	1,185,764	1,185,764
Economic Development	95,265	-	95,265
MAPS Projects	3,758,640	3,875,495	7,634,135
Other Purposes	-	-	-
Unrestricted	<u>920,592</u>	<u>7,960,612</u>	<u>8,881,204</u>
Total Net Position	<u>\$ 79,503,080</u>	<u>\$ 50,223,791</u>	<u>\$ 129,726,871</u>

City of Altus, Oklahoma
Statement of Activities
June 30, 2019

Functions/Programs	Program Revenue				Net Revenue (Expense) and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General Government	\$ 4,010,898	\$ 262,970	\$ -	\$ -	\$ (3,747,928)	\$ -	\$ (3,747,928)
Public Safety	10,084,802	530,894	23,386	#	(9,530,522)	#	(9,530,522)
Public Works	4,870,871	-	169,043	#	(4,701,828)	#	(4,701,828)
Culture, Parks and Recreation	2,685,836	329,289	-	#	(2,356,547)	#	(2,356,547)
Airport	766,423	248,329	571,699	#	53,605	#	53,605
Interest on Long-Term Debt	-	-	-	-	-	-	-
Total Governmental Activities	<u>22,418,830</u>	<u>1,371,482</u>	<u>764,128</u>	<u>-</u>	<u>(20,283,220)</u>	<u>-</u>	<u>(20,283,220)</u>
Business-Type Activities							
Water	4,235,076	5,544,874	156,000	-	-	1,465,798	1,465,798
Wastewater	2,370,631	2,231,918	-	-	-	(138,713)	(138,713)
Sanitation	4,851,123	4,038,264	-	-	-	(812,859)	(812,859)
Electric	17,660,072	24,173,171	-	-	-	6,513,099	6,513,099
Total Business-Type Activities	<u>29,116,902</u>	<u>35,988,227</u>	<u>156,000</u>	<u>-</u>	<u>-</u>	<u>7,027,325</u>	<u>7,027,325</u>
Total Primary Government	<u>\$ 51,535,732</u>	<u>\$ 37,359,709</u>	<u>\$ 920,128</u>	<u>\$ -</u>	<u>\$ (20,283,220)</u>	<u>\$ 7,027,325</u>	<u>\$ (13,255,895)</u>
General Revenues							
Taxes							
Sales and Use Taxes					10,261,612	-	10,261,612
Franchise and Public Service Taxes					291,792	-	291,792
Hotel/Motel Taxes					-	-	-
Intergovernmental, Unrestricted					-	-	-
Investment Income					147,348	167,942	315,290
Miscellaneous					967,787	521,483	1,489,270
Transfers – Internal Activity					<u>10,306,108</u>	<u>(7,028,083)</u>	<u>3,278,025</u>
Total General Revenues and Transfers					<u>21,974,647</u>	<u>(6,338,658)</u>	<u>15,635,989</u>
Change in Net Position					<u>1,691,427</u>	<u>688,667</u>	<u>2,380,094</u>
Net Position, Beginning of Year					<u>77,811,653</u>	<u>49,535,124</u>	<u>127,346,777</u>
Net Position, End of Year					<u>\$ 79,503,080</u>	<u>\$ 50,223,791</u>	<u>\$ 129,726,871</u>

City of Altus, Oklahoma
Balance Sheet-Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Government Funds</u>
Assets				
Cash and Cash Equivalents	\$ 3,431,664	\$ 8,310,291	\$ 2,185,269	\$ 13,927,224
Interest Receivable	4,042,373	-	110	4,042,483
Receivable from Other Governments	1,357,598	-	18,159	1,375,757
Due from Other Funds	-	-	-	-
Taxes Receivable, Net	9,066	-	-	9,066
Court Fines Receivable, Net	56,093	-	-	56,093
Utilities Receivable, Net	-	-	18,914	18,914
Other Receivables	122,061	14,937	72,603	209,601
Inventories	-	-	19,358	19,358
Total Assets	<u>9,018,855</u>	<u>8,325,228</u>	<u>2,314,413</u>	<u>19,658,496</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	75,619	31,090	2,451	109,160
Accrued Payroll	219,151	-	3,779	222,930
Due to Other Funds	78,668	-	-	78,668
Accrued Interest Payable	-	-	-	-
Other Payables	11,186	-	-	11,186
Total Liabilities	<u>384,624</u>	<u>31,090</u>	<u>6,230</u>	<u>421,944</u>
Fund Balances				
Nonspendable	-	-	19,358	19,358
Restricted	-	8,294,138	778,512	9,072,650
Committed	5,465,054	-	-	5,465,054
Assigned	194,582	-	1,510,313	1,704,895
Unassigned	2,974,595	-	-	2,974,595
Total Fund Balances	<u>8,634,231</u>	<u>8,294,138</u>	<u>2,308,183</u>	<u>19,236,552</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,018,855</u>	<u>\$ 8,325,228</u>	<u>\$ 2,314,413</u>	<u>\$ 19,658,496</u>

City of Altus, Oklahoma
Statement of Revenues, Expenditures, and Changes in
Fund Balance-Governmental Funds
Year Ended June 30, 2019

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Government Funds</u>
Revenues				
Taxes	\$ 10,114,720	\$ -	\$ 438,684	\$ 10,553,404
Intergovernmental	1,097,432	400,000	596,420	2,093,852
Charges for services	251,446	-	454,688	706,134
Fines and forfeitures	253,740	-	-	253,740
Licenses and permits	114,036	-	-	114,036
Investment earnings	83,736	59,723	3,889	147,348
Miscellaneous	223,729	27,271	879	251,879
Total revenues	12,138,839	486,994	1,494,560	14,120,393
Expenditures				
Current				
General government	2,899,862	-	260,812	3,160,674
Public safety	8,213,493	-	51,020	8,264,513
Public works	1,527,681	-	1,295	1,528,976
Culture, parks and recreation	1,996,256	-	-	1,996,256
Airport	-	-	548,292	548,292
Capital outlay	177,631	1,738,142	790,118	2,705,891
Total expenditures	14,814,923	1,738,142	1,651,537	18,204,602
Deficiency of Revenues Under Expenditures	(2,676,084)	(1,251,148)	(156,977)	(4,084,209)
Other Financing Sources (Uses)				
Insurance recoveries	-	53,852	-	53,852
Sale of Property	-	33,014	-	33,014
Transfers in	9,350,000	2,816,332	450,000	12,616,332
Transfers out	(10,429,996)	-	-	(10,429,996)
Total other financing sources (uses)	(1,079,996)	2,903,198	450,000	2,273,202
Net Changes in Fund Balances	(3,756,080)	1,652,050	293,023	(1,811,007)
Fund Balances, Beginning of Year	7,981,310	6,642,088	1,951,102	16,574,500
Prior Period Adjustment	4,409,001	-	64,058	4,473,059
Fund Balance, July 1, 2018	12,390,311	6,642,088	2,015,160	21,047,559
Fund Balances, End of Year	<u>\$ 8,634,231</u>	<u>\$ 8,294,138</u>	<u>\$ 2,308,183</u>	<u>\$ 19,236,552</u>

City of Altus, Oklahoma
Reconciliation of the Balance Sheet-Governmental Funds
to the Statement of Net Position
June 30, 2019

Total Fund Balance, Governmental Funds	\$	19,236,552
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		75,019,452
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		
Grants receivable		-
Court fines receivable		-
Pension-related deferred outflows		2,035,965
Certain long-term liabilities and related accounts and deferred inflows of resources are not due and payable from current financial resources and, therefore, are not reported in the funds		
Notes payable		(871,000)
Accrued compensated absences		(1,462,483)
Net pension liability		(10,774,034)
OPEB liability		(2,253,488)
Pension-related deferred inflows		(1,568,370)
OPEB-related deferred inflows		-
Capital project funds are used by management to purchase or construct certain capital assets for the City. The assets and liabilities of the Landfill Improvement Fund are included in business-type activities in the statement of net position		(405,856)
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of certain of these internal service funds are reported in governmental activities in the statement of net position		587,994
The inclusion of internal service funds in governmental activities in the statement of net position creates interfund assets or liabilities. Certain balances are due to or from business-type activities after the consolidation process		<u>(41,652)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>79,503,080</u>

City of Altus, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances-Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net Change in Fund Balances – Total Governmental Funds	\$	(1,811,007)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets		
Capital asset purchases capitalized		2,705,891
Depreciation expense		(3,591,128)
Net capital asset contributed from business-type activities		3,718,786
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Change in unavailable revenue		590,199
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		
		104,530
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		
Principal payments on long-term debt		142,636
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		
Change in accrued compensated absences		(91,939)
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 business-type activities column of the statement of activities		
		(182,945)
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		
		148,056
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		
		(41,652)
Change in Net Position of Governmental Activities	\$	<u>1,691,427</u>

City of Altus, Oklahoma
Statement of Net Position-Proprietary Funds
June 30, 2019

	Altus Municipal Authority	Internal Service Funds
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and Cash Equivalents	\$ 6,792,002	\$ 523,098
Investments	8,706,849	-
Restricted Cash and Cash Equivalents	2,132,916	-
Deposit with Third Party	639,396	-
Due from Other Funds	79,144	-
Accounts Receivable, Net	4,398,697	-
Receivables from Other Governments	20,932	-
Other Receivables	337,230	275,768
Inventories	1,724,948	-
Total Current Assets	24,832,114	798,866
Noncurrent Assets		
Land and Construction in Progress	8,392,254	-
Other Capital Assets, Net of Accumulated Depreciation	47,297,854	-
Total Noncurrent Assets	55,690,108	-
Total Assets	80,522,222	798,866
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	1,065,880	-
Total Assets and Deferred Outflows of Resources	81,588,102	798,866

City of Altus, Oklahoma
Statement of Net Position-Proprietary Funds
June 30, 2019

	Altus Municipal Authority	Internal Service Funds
Liabilities and Deferred Inflows of Resources		
Current Liabilities		
Accounts Payable	3,787,547	-
Accrued Payroll	72,487	-
Accrued Interest Payable	202,429	-
Due to Other Funds	502,999	-
Payable to Other Governments	-	-
Other Accrued Expenses	308,453	142,136
Deposits Subject to Refund	180,930	-
Compensated Absences	60,791	-
Contract Obligation Payable	755,595	-
Claims Liability	-	-
Notes Payable	3,646,448	32,705
Total Current Liabilities	9,517,679	174,841
Noncurrent Liabilities		
Deposits Subject to Refund	695,803	-
Compensated Absences	547,122	-
Contract Obligation Payable	4,177,305	-
Landfill Closure Liability	3,212,249	-
Claims Liability	-	36,362
Notes Payable	11,605,983	-
Net Pension Liability	1,722,158	-
Total Noncurrent Liabilities	21,960,620	36,362
Total Liabilities	31,478,299	211,203
Derred Inflows of Resources		
Deferred Inflows Related to Pensions		
Deferred Revenue		
Total Deferred Inflows of Resources	333,520	
Total Liabilities and Deferred Inflows of Resources	31,811,819	211,203

City of Altus, Oklahoma
Statement of Net Position-Proprietary Funds
June 30, 2019

Net Position	<u>Altus Municipal Authority</u>	<u>Internal Service Funds</u>
Net Investment in Capital Assets	33,384,260	-
Restricted for Debt Service	1,185,764	-
Restricted for Capital Projects	3,817,660	-
Restricted for MAPS Projects	3,875,495	-
Unrestricted	<u>7,513,104</u>	<u>587,664</u>
Total Net Position	<u>\$ 49,776,283</u>	<u>\$ 587,664</u>
 Capitall project funds are used by management to purchase or construct certain capital assets for the City. The assets and liabilities of the Landfill Improvement Fund are included in business-type activities in the statement of net position	 405,856	
 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	 41,652	
 Total Net Position per the Government-Wide Statement of Net Position	 <u><u>\$ 50,223,791</u></u>	

City of Altus, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position-
Proprietary Funds
Year Ended June 30, 2019

	Altus Municipal Authority	Internal Service Funds
Operating Revenues		
Water	\$ 5,700,874	\$ 154,834
Wastewater	2,231,918	-
Sanitation	4,038,264	-
Electric	24,173,171	-
Miscellaneous	858,909	-
Total Operating Revenues	37,003,136	154,834
Operating Expenses		
General Government	-	6,778
Administration	3,352,273	-
Water	3,023,494	-
Wastewater	1,159,051	-
Sanitation	1,668,823	-
Landfill Operations (see Note 5)	759,141	-
Electric Services	16,448,493	-
Depreciation	2,705,627	-
Total Operating Expenses	29,116,902	6,778
Operating Income	7,886,234	148,056
Nonoperating Revenues (Expenses)		
Interest and Investment Revenue	167,942	-
Miscellaneous Revenue	-	-
Payments to School – MAPS	(214,345)	-
Interest Expense	(347,678)	-
Total Nonoperating Revenues (Expenses)	(394,081)	-

City of Altus, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position-
Proprietary Funds
Year Ended June 30, 2019

	Altus Municipal Authority	Internal Service Funds
Income Before Capital Contributions and Transfers	7,492,153	148,056
Capital Contributions	-	-
Transfers		
Transfers In	8,923,594	-
Transfers Out	(15,951,677)	-
	(7,028,083)	-
Change in Net Position	464,070	148,056
Net Position, Beginning of Year	49,312,213	439,608
Net Position, End of Year	49,776,283	587,664
Change in Net Position per Above	464,070	
Capital project funds are used by management to purchase or construct certain capital assets for the City. The assets and liabilities of the Landfill Improvement Fund are included in business-type activities in the statement of net position	182,945	
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		
Change in business-type activities in net position per government-wide financial statements	41,652	
	688,667	

City of Altus, Oklahoma
Statement of Cash Flows-Proprietary Fund
Year Ended June 30, 2019

	Altus Municipal Authority	Internal Service Funds
Operating Activities		
Receipts from Customers and Others	\$ 31,745,530	
Payments to Suppliers	(18,963,301)	81,002
Payments to Employees	(4,575,165)	-
Receipts of Customer Meter Deposits	4,873	-
Refunds of Customer Meter Deposits	(9,143)	-
Other Receipts/Payments		-
Interfund Receipts/Payments		-
	<u>8,202,794</u>	<u>81,002</u>
Net Cash Provided by (used in) Operating Activities		
Noncapital Financing Activities		
Transfers from Other Funds	8,923,594	-
Transfers to Other Funds	(15,951,677)	-
	<u>(7,028,083)</u>	<u>-</u>
Net Cash used in Noncapital Financing Activities		
Capital and Related Financing Activities		
Purchases of Capital Assets	(4,244,269)	-
Proceeds from Capital Grant	-	-
Proceeds from Sale of Capital Assets	-	-
Proceeds from Debt	6,622,983	-
Principal Paid on Debt	(2,598,755)	-
Interest and Fiscal Agent Fees Paid on Debt	(876,001)	-
	<u>(1,096,042)</u>	<u>-</u>
Net Cash Used in Capital and Related Financing Activities		
Investing Activities		
Sale of Investments	791,880	-
Purchase of Investments	-	-
Deposit with Third Party	-	-
Interest and Dividends	167,942	-
	<u>959,822</u>	<u>-</u>
Net Cash Provided by Investing Activities		
Net Decrease in Cash and Cash Equivalents	1,038,491	81,002
Cash and Cash Equivalents, Beginning of Year	<u>7,886,427</u>	<u>442,096</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,924,918</u>	<u>\$ 523,098</u>

City of Altus, Oklahoma
Statement of Cash Flows-Proprietary Fund
Year Ended June 30, 2019

Cash and Cash Equivalents	6,792,002	523,098
Restricted Cash and Cash Equivalents – Current	<u>2,132,916</u>	<u>-</u>
Total Cash and Cash Equivalents, End of Year	<u>\$ 8,924,918</u>	<u>\$ 523,098</u>

Reconciliation of Operating Income to Net Cash Provided by

(Used in) Operating Activities

Operating Income	7,886,234	148,056
Adjustments to Reconcile Operating Income to Net Cash Provided		
by (used in) Operating Activities		
Depreciation Expense	2,705,627	-
Payments to School District – MAPS	(214,345)	-
Miscellaneous Revenue	170,154	-
Changes in Assets and Liabilities		
Due from Other Funds	1,782,768	(15,222)
Due to Other Funds	(1,692,891)	-
Accounts Receivable	(2,295,939)	(20,183)
Due from Other Governments	-	-
Other Receivables	337,230	-
Inventory	334,387	-
Miscellaneous Revenue	(1,085,180)	-
Claims Liability	-	(75,954)
Accrued Payroll Payable	10,422	-
Deferred Revenue	(5,100)	-
Other Accrued Expenses	-	44,305
Landfill Closure Liability	201,597	-
Pension and OPEB Liabilities and Related Accounts	-	-
Deposits Subject to Refund	(8,423)	-
Accrued Compensated Absences	<u>76,253</u>	<u>-</u>
Net Cash Rrovided by (used in)Operating Activities	<u>\$ 8,202,794</u>	<u>\$ 81,002</u>

Notes to the Financial Statements

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies

A. 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*.

B. 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:

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies-Continued

B. Basis of Presentation and Accounting-Continued

- 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 Park Development, Emergency 911 and Altus Recreational Advisory Committee (ARAC) 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
- Altus Donation Fund – Accounts for donations received to be used for specific projects
- 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

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies-Continued

B. Basis of Presentation and Accounting-Continued

- Drainage Improvement Fund – Accounts for monies set aside for drainage improvement projects
- Debt Service Fund – Accounts for ad valorem taxes levied by the City for use in retiring court-assessed judgments, general obligation bonds and their related expenditures

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

C. 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

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies-Continued

C. Measurement Focus and Basis of Accounting-Continued

- 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.

D. 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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies-Continued

D. Assets and Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources and Equity- Continued

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. During the fiscal year ended June 30, 2017, a complete inventory of infrastructure assets was performed and estimated historical cost was adjusted in accordance with that inventory.

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 \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies-Continued

D. Assets and Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources and Equity- Continued

Capital Assets-Continued

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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies-Continued

D. Assets and Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources and Equity- Continued

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 long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only 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

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies-Continued

D. Assets and Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources and Equity- Continued

Equity Classifications-Continued

- 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.

E. Revenues, Expenditures and Expenses

Sales Tax

The City presently levies a 3.75 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.

Property Tax

Under state law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation-bonded debt approved by voters and any court-assessed judgments.

For the year ended June 30, 2019, the City did not levy a property tax and had no general obligation-bonded debt or court-assessed judgments outstanding at June 30, 2019.

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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies-Continued

E. Revenues, Expenditures and Expenses

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.

F. 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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies-Continued

G. 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.

Note 2: Cash, Cash Equivalents and Investments

At June 30, 2019, the City held the following deposits and investments:

Type	Maturities	Credit Rating	Carrying Value
Deposits			
Demand Deposits	N/A	N/A	\$ 21,445,658
Cash on Hand	N/A	N/A	-
Time Deposits	Less than one year	N/A	9,498,728
			<u>30,944,386</u>
Investments			
Money Market Mutual Funds	Less than one year	AAAm	1,734,287
Total Deposits and Investments			<u>32,678,673</u>
Reconciliation to Statement of Net Position			
Cash and Cash Equivalents			20,319,473
Restricted Cash and Cash Equivalents			2,869,997
Investments			9,498,729
			<u>\$ 32,688,199</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

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 2: Cash, Cash Equivalents and Investments-Continued

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, 2019, the City’s bank balances were adequately covered by pledged securities to any 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, 2019, the City’s investments were not exposed to concentration of credit risk.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 2: Cash, Cash Equivalents and Investments-Continued

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 are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2019, the recurring fair value measurement of the City’s money market mutual funds, in the amount of \$1,734,287, were valued using quoted market prices in an active market (Level 1).

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, 2019, are as follows:

	Current	
	Cash and Cash Equivalents	Investments
MAPS Projects	\$ 2,521,589	\$ -
OWRB DWSRF Account	20,085	-
Series 2008 Sales Tax Revenue Note	187,043	-
Series 2009 Sales Tax Revenue Note	270,501	-
Series 2011 Sales Tax Revenue Note	85,063	-
2014 Mountain Park Trustee Account	457,791	-
Series 2015 Sales Tax Revenue Note – Debt Service	337,359	-
Series 2015 Sales Tax Revenue Note – Construction	408,669	-
	\$ 4,288,100	\$ -

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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 3: Receivables-Continued

	Accounts Receivable	Less Allowance for Uncollectable Accounts	Net Accounts Receivable
Governmental Activities			
Other Accounts Receivable	\$ 428,475	\$ -	\$ 428,475
Taxes Receivable	42,259	-	42,259
Court Fines Receivable, Net	121,753	(46,085)	75,668
Due From Other Governments	1,504,552	-	1,504,552
Total Governmental Activities	\$ 2,097,039	\$ (46,085)	\$ 2,050,954
Business-Type Activities			
Utilities	\$ 4,398,695	\$ (630,817)	\$ 3,767,878
Total Business-Type Activities	\$ 4,398,695	\$ (630,817)	\$ 3,767,878

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, 2019, capital asset balances changed as follows:

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 4: Capital Assets and Depreciation-Continued

Governmental Activities

Governmental Activities	Balance, July 1, 2018	Additions	Transfers	Disposals	Balance, June 30, 2019
Capital Assets not being Depreciated:					
Land	\$ 1,244,402	\$ -	\$ -	\$ -	\$ 1,244,402
Construction in Progress	7,617,858	5,153,861	(8,253,584)	-	4,518,135
Total Capital Assets not being Depreciated:	<u>8,862,260</u>	<u>5,153,861</u>	<u>(8,253,584)</u>	<u>-</u>	<u>5,762,537</u>
Other Capital Assets					
Buildings and Improvements	13,598,291	417,024	8,127,341	-	22,142,656
Infrastructure	100,796,278	-	126,243	-	100,922,521
Machinery and Equipment	9,543,322	1,197,967	-	(210,618)	10,530,671
Total Other Capital Assets at Historical Cost:	<u>123,937,891</u>	<u>1,614,991</u>	<u>8,253,584</u>	<u>(210,618)</u>	<u>133,595,848</u>
Less Accumulated Depreciation:					
Buildings and Improvements	7,618,736	357,570	-	-	7,976,306
Infrastructure	46,924,358	2,722,382	-	-	49,646,740
Machinery and Equipment	6,415,329	511,176	-	(210,618)	6,715,887
Total Accumulated Depreciation:	<u>60,958,423</u>	<u>3,591,128</u>	<u>-</u>	<u>(210,618)</u>	<u>64,338,933</u>
Other Capital Assets, Net:	<u>62,979,468</u>	<u>(1,976,137)</u>	<u>8,253,584</u>	<u>-</u>	<u>69,256,915</u>
Governmental Activities Capital Assets, Net	<u>\$ 71,841,728</u>	<u>\$ 3,177,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,019,452</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 follows:

General Government	\$ 107,504
Public Safety	283,935
Public Works	2,877,177
Culture, Parks and Recreation	166,753
Airport	155,759
Total:	<u>\$ 3,591,128</u>

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 4: Capital Assets and Depreciation

Business-Type Activities

	Balance July 1, 2018	Additions	Transfers	Disposals	Balance June 30, 2019
Capital Assets not being Depreciated:					
Land	\$ 1,304,662	\$ -	\$ -	\$ -	\$ 1,304,662
Construction in Progress	7,291,125	5,826,430	(6,029,963)	-	7,087,592
	<u>8,595,787</u>	<u>5,826,430</u>	<u>(6,029,963)</u>	<u>-</u>	<u>8,392,254</u>
Total Capital Assets not being Depreciated:					
Other Capital Assets:					
Buildings and Improvements	27,979,315	53,734	6,029,963	-	34,063,012
Water Rights	24,647,726	-	-	-	24,647,726
Machinery and Equipments	8,036,770	225,418	-	(407,795)	7,854,393
Utility Property	36,611,862	169,324	-	-	36,781,186
	<u>97,275,673</u>	<u>448,476</u>	<u>6,029,963</u>	<u>(407,795)</u>	<u>103,346,317</u>
Total Other Capital Assets at Historical Cost:					
Less Accumulated Depreciation:					
Buildings and Improvements	10,968,436	790,257	-	-	11,758,693
Water Rights	15,967,124	616,193	-	-	16,583,317
Machinery and Equipment	4,752,006	502,613	-	(407,795)	4,846,824
Utility Property	22,062,902	797,202	-	-	22,860,104
	<u>53,750,468</u>	<u>2,706,265</u>	<u>-</u>	<u>(407,795)</u>	<u>56,048,938</u>
Total Accumulated Depreciation:					
Other Capital Assets, Net:	43,525,205	(2,257,789)	6,029,963	-	47,297,379
Business-Type Activities Capital Assets, Net:	<u>\$ 52,120,992</u>	<u>\$ 3,568,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,689,633</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 follows:

Water	\$ 1,423,485
Wastewater	142,422
Sanitation	235,271
Electric	701,918
Admin	202,531
Golf	638
Total:	<u>\$ 2,706,265</u>

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 5: Long-Term Liabilities

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

For the year ended June 30, 2019, the City's long-term liabilities changed as follows:

	Balance			Balance	
	June 30, 2018	Additions	Deductions	June 30, 2019	Current Portion
Governmental Activities					
Notes Payable	\$ 994,397	\$ -	\$ (142,636)	\$ 851,761	\$ 151,553
Accrued Compensated Absences	1,554,421	686,499	(805,355)	1,435,565	143,557
Net OPEB Liability	1,185,999	-	-	1,185,999	-
Net Pension Liability	8,451,143	-	-	8,451,143	-
Claims Liability	111,509	807	(43,249)	69,067	13,813
Total Governmental Activities:	<u>12,297,469</u>	<u>687,306</u>	<u>(991,240)</u>	<u>11,993,535</u>	<u>308,923</u>
Business-Type Activities					
Notes Payable	12,654,389	5,544,851	(3,523,462)	14,675,779	3,648,448
Contract Obligations Payable	5,665,005	-	(732,105)	4,932,900	755,595
Accrued Compensated Absences	684,166	285,359	(334,764)	634,761	-
Net Pension Liability	1,865,104	-	-	1,865,104	-
Landfill Closure Liability	3,010,652	1,413,933	-	4,424,585	-
Deposits Subject to Refund	887,199	-	-	887,199	-
Total Business-Type Activities:	<u>24,766,515</u>	<u>7,244,143</u>	<u>(4,590,331)</u>	<u>27,420,328</u>	<u>4,404,043</u>
Total Long-Term Debt	<u>\$37,063,984</u>	<u>\$7,931,449</u>	<u>\$(5,581,571)</u>	<u>\$39,413,862</u>	<u>\$ 4,712,966</u>

Reconciliation to Statement of Net Position

Governmental Activities:

Due within One Year	\$ 308,923
Due in more than One Year	<u>11,684,612</u>
Total Governmental Activities Long-Term Liabilities:	<u>11,993,535</u>

Business-Type Activities:

Due within One Year	4,404,043
Due in more than One Year	<u>27,420,328</u>
Total Business-Type Activities Long-Term Liabilities:	<u>\$31,824,371</u>

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 5: Long-Term Liabilities-Continued

Governmental Activities Long-Term Debt

As of June 30, 2019, the long-term debt payable from net revenues consisted of the following:

\$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 Oklahoma Municipal Power Authority (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. This note was allocated 24.17555% to governmental activities for the payoff of debt related to fire activities. The

Total Notes Payable, proprietary fund	\$ 851,761
Current Portion	\$ 151,553
Noncurrent portion	700,208
Total Contract Obligations Payable:	\$ 851,761

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.

Current Portion	\$ 146,273
Noncurrent Portion	1,316,209
Total Accrued Compensated Absences:	\$ 1,462,482

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 5: Long-Term Liabilities-Continued

Governmental Activities Long-Term Debt-Continued

Estimated Claims Liability

Estimated claims liability reported in the governmental activities are comprised of accrued payables and liabilities incurred but not reported.

Current Portion	\$	27,627
Noncurrent Portion		41,440
Total Estimated Claims Liability:		\$ 69,067

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:

Notes Payable

<p>\$10,000,000 Altus Municipal Authority Sales Tax Revenue Note, Series 2008, dated December 24, 2008, due in quarterly installments of \$175,000 to \$275,000 plus interest at 4.00% beginning August 1, 2009, with final payment due November 1, 2020, secured by sales tax revenues from a special sales tax of 1.75% as approved by voters of the City on August 26, 2009, proceeds to be used by the City and Altus School District for capital improvements.</p>	\$	1,605,000
<p>\$14,285,000, Altus Municipal Authority Sales Tax Revenue Note, Series 2009, dated March 25, 2009, due in quarterly installments of \$145,000 to \$395,000 plus interest at 4.25% beginning August 1, 2009, with final payment due November 1, 2020, secured by sales tax revenues from a special sales tax of 1.75% as approved by voters of the City on August 26, 2009, proceeds to be used by the City and Altus School District for capital improvements.</p>	\$	2,300,000
<p>\$4,000,000, Altus Municipal Authority Sales Tax Revenue Note, Series 2011, dated March 25, 2009, due in quarterly installments of \$95,000 to \$130,000 plus interest at 2.94% beginning August 1, 2009, with final payment due November 1, 2020, secured by sales tax revenues from a special sales tax of 1.75% as approved by voters of the City on August 26, 2009, proceeds to be used by the City and Altus School District for capital improvements.</p>	\$	755,000
<p>\$2,300,000, OWRB 2015 Series Drinking Water SRF Promissory Note, dated April 28, 2015, due in semi-annual installments of \$57,500 plus interest at 2.81% beginning September 15, 2016, with final payment due March 15, 2036, secured by a pledge of revenues generated from water and wastewater, proceeds to be used by the City for water system improvements. Total drawdowns as of June 30, 2018, totaled \$1,095,693.</p>	\$	756,916

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 5: Long-Term Liabilities-Continued

Business-Type Activities Long-Term Debt-Continued

<p>\$5,530,000, Series 2015A Altus Municipal Authority Electric System Utility Revenue Note, dated July 21, 2015, due in various annual principal installments between \$280,000 and \$340,000 plus interest at 2.09% beginning January 1, 2016, with final payment due July 1, 2024, secured by electric revenues. Proceeds of the note were used to refund the 2013A Junior Lien Utility Revenue Note(used to purchase fire equipment); Promissory Note to NBC Oklahoma July 31, 2014 (used to purchase fire equipment); Veterans Substation Lease Purchase Agreement dated October 20, 2009 (used to purchase electric infrastructure); Series 2012 Note to OMPA dated March 1, 2012 (used to purchase wastewater infrastructure); Series 2014 Note to OMPA dated May 20, 2014 (used to purchase wastewater infrastructure); remainder used to purchase various utility equipment. The fire equipment portion of the note was paid in full during fiscal 2019 so the note is no longer</p>	<p style="border-top: 1px solid black;">\$ 3,520,000</p>
<p>\$11,000,000, OWRB 2017 Series Clean Water SRF Promissory Note, dated November 3, 2017, due in semi-annual installments of \$5,000 to \$754,000 plus interest beginning March 15, 2018, with final payment due September 15, 2032, secured by a pledge of revenues generated from water and wastewater, proceeds to be used by the City to construct wastewater and meter infrastructure improvements. Total drawdowns as of June 30, 2018, totaled \$1,050,169. During the year the amount drawn on the note increased</p>	<p style="border-top: 1px solid black;">\$ 6,589,816</p>
<p style="padding-left: 40px;">Total Notes Payable, proprietary fund</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 15,526,732</p>
<p>Current Portion</p>	<p style="border-top: 1px solid black;">\$ 4,555,595</p>
<p>Noncurrent portion</p>	<p style="border-top: 1px solid black;">10,971,137</p>
<p style="padding-left: 40px;">Total Notes Payable:</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 15,526,732</p>

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 5: Long-Term Liabilities-Continued

Business-Type Activities Long-Term Debt-Continued

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.

\$ 4,932,900

Current Portion

\$ 755,595

Noncurrent Portion

4,177,305

Total Contract Obligations Payable:

\$ 4,932,900

Accrued Compensated Absences

Current Portion

\$ 60,792

Noncurrent Portion

547,122

Total Accrued Compensated Absences:

\$ 607,914

Landfill Closure Liability

Current Portion

\$ -

Noncurrent Portion

4,424,585

Total Landfill Closure Liability:

\$ 4,424,585

Deposits Subject to Refund

Current Portion

\$ 180,930

Noncurrent Portion

695,559

Total Deposits Subject to Refund:

\$ 876,489

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 5: Long-Term Liabilities-Continued

Debt Service Requirements to Maturity

Governmental Activities

For the Year Ended 06/30/2019	Governmental Activities	
	Note Payable	
	Prin	Int
2020	\$ 146,289	\$ 17,031
2021	149,916	13,948
2022	153,543	10,802
2023	158,379	7,568
2024	243,608	5,104
	<u>\$ 851,735</u>	<u>\$ 54,453</u>

Business-Type Activities

For the Year Ended 06/30/2019	Business-Type Activities			
	Note Payable		Contract Obligation Payable	
	Prin	Int	Prin	Int
2020	\$ 3,805,291	\$ 445,838	\$ 755,595	\$ 154,686
2021	2,340,236	314,139	783,000	129,863
2022	765,553	274,001	806,490	104,145
2023	785,531	257,100	833,895	77,598
2024	795,616		1,753,920	72,110
2025-2029	6,070,220	264,588	-	-
2030-2034	5,691,000	260,975	-	-
2035-2039	345,000	17,065	-	-
	<u>\$ 20,598,447</u>	<u>\$ 1,833,706</u>	<u>\$ 4,932,900</u>	<u>\$ 538,403</u>

Less Remaining Funds to be Drawn Down.	<u>(5,040,877)</u>
Total	<u>\$ 15,557,570</u>

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 5: Long-Term Liabilities-Continued

Business-Type Activities Long-Term Debt-Continued

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 \$4,424,585 reported as accrued landfill closure cost liability at June 30, 2019, represents the cumulative amount of such costs reported to date based on the use of 88% 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 \$406,059 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 2019. At June 30, 2019, the landfill had a remaining estimated useful life of 3.98 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

Sales Tax Pledge – The City has pledged one and $\frac{3}{4}$ cents (or 1.75%) of future sales tax revenues (as approved by voters on August 26, 2009) to repay \$10,000,000, \$14,285,000 and \$4,000,000 of Series 2008, 2009 and 2011 Sales Tax Revenue Bonds, respectively. Proceeds from the bonds provided financing for utility, governmental and public-school capital assets. The bonds are all payable through 2020. The total principal and interest payable for the remainder of the life of these bonds is \$7,610,000. Total pledged sales taxes received for the year ended June 30, 2019, were \$4,072,147. Debt service payments for the current fiscal year of \$2,950,000 were 78.6% of the pledged sales taxes.

Utility Net Revenues Pledge – The City has also pledged future water and wastewater net revenues to repay \$2,300,000 and \$11,000,000 of the OWRB 2015 Series Drinking Water SRF Promissory Note and OWRB 2017 Series Clean Water SRF Promissory Note, respectively. Proceeds from the notes provided financing for utility system capital assets. The notes are payable through 2036 and 2032, respectively. The total principal and interest payable for the remainder of the life of these notes is \$1,916,370. The notes are payable from the above-mentioned utility net revenues. The debt service payments on the notes for the year ended June 30, 2019, were \$114,489, which was 6.7% of pledged net utility revenues of \$2,479,210.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 5: Long-Term Liabilities-Continued

**Business-Type Activities Long-Term Debt-Continued
Pledge of Future Revenues-Continued**

Utility Net Revenues Pledge – The City has also pledged future electric net revenues to repay \$5,530,000 of the Series 2015A Altus Municipal Authority Electric System Utility Revenue Note. Proceeds from the note provided financing for utility system capital assets. The note is payable through 2024. The total principal and interest payable for the remainder of the life of this note is \$4,417,806. The note is payable from the above-mentioned electric net revenues. The debt service payments on the note for the year ended June 30, 2019, were \$669,938, which was 17.2% of pledged net electric revenues of \$1,356,432.

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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 6: Net Position and Fund Balances-Continued

The following table shows the fund balance classifications as shown on the accompanying balance sheet, governmental funds:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances				
Nonspendable				
Inventory	\$ -	\$ -	\$ 19,358	\$ 19,358
Restricted				
Street Development	-	-	778,512	778,512
MAPS Projects	-	8,294,138	-	8,294,138
Donor Requirements	-	-	-	-
Economic Development	-	-	-	-
Cemetery Improvements	-	-	-	-
Debt Service	-	-	-	-
Total Restricted	<u>-</u>	<u>8,294,138</u>	<u>797,870</u>	<u>9,092,008</u>
Committed				
Emergency Reserves	5,465,054	-	-	5,465,054
Assigned				
CDBG Grant Purposes	-	-	-	-
Street Development	-	-	-	-
Airport	-	-	-	-
Public Safety	-	-	-	-
Park Development	-	-	-	-
ARAC	-	-	-	-
Capital Improvements	194,582	-	1,510,313	1,704,895
Total Assigned	<u>5,659,636</u>	<u>-</u>	<u>1,510,313</u>	<u>7,169,949</u>
Unassigned	2,974,595	-	-	2,974,595
Total Fund Balances	<u>\$ 8,634,231</u>	<u>\$ 8,294,138</u>	<u>\$ 2,308,183</u>	<u>\$ 19,236,552</u>

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 6: Net Position and Fund Balances-Continued

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 \$5,465,054.

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. The restrictions are as follows:

	<u>State Statutes</u>	<u>External Parties- Votors/Donors/ Grantors</u>	<u>Total</u>
Governmental Activities			
Capital Projects			
Economic Development Construction Fund	\$ -	\$ 542,633	\$ 542,633
MAPS Projects	-	8,298,138	8,298,138
Cemetery Perpetual Care Fund	<u>38,856</u>	<u>-</u>	<u>38,856</u>
 Total Capital Projects	 38,856	 8,840,771	 8,879,627
Debt Service			
Sinking Fund	-	-	-
Economic Development			
Hotel/Motel Tax Fund	-	130,163	130,163
Other			
Altus Donation Fund	-	66,860	66,860
Street & Alley Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total Other	-	66,860	66,860
			-
Total Governmental Activities	<u>38,856</u>	<u>9,037,794</u>	<u>9,076,650</u>
Business-Type Activities			
Capital Projects			
Water Treatment Plant	-	-	-
Debt Service			
Trustee Accounts Less Accrued Interest	-	-	-
MAPS Project	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>
Total Restricted Net Position	<u>\$ 38,856</u>	<u>\$ 9,037,794</u>	<u>\$ 9,076,650</u>

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 7: Internal and Interfund Balance 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, 2019, were as follows:

Transfers from	Transfers to	Amount	Purpose for Transfer
General Fund	MAPS-Sales Tax	\$ 4,510,972	MAPS sales and use tax transfer
AMA Fund	Other Funds	8,000,000	Operating transfer
AMA Fund	Airport Fund	450,000	Operating transfer
AMA Fund	Capital Improvement Fund	2,000,000	Capital Improvement transfer
AMA Fund	Emergency Fund	1,000,000	Operating transfer
AMA Fund	Emergency 911	350,000	Operating transfer
AMA Fund	General Fund	4,936,380	Operating transfer
AMA Fund	General Fund	3,718,786	Operating transfer
		\$ 24,966,138	

	Transfers In	Transfers Out	Net Transfers
Reconciliation to Fund Financial Statements			
Governmental funds	\$ 11,800,000	\$ (4,510,972)	\$ 7,289,028
Proprietary funds	9,477,351	(20,455,166)	(10,977,815)
	\$ 21,277,351	\$ (24,966,138)	\$ (3,688,787)

** Net transfers do not zero because of transfers of capital assets from enterprise funds to government funds.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 7: Internal and Interfund Balance Transfers-Continued

Balances

Interfund receivables and payables at June 30, 2019, were as follows:

Transfers from	Transfers to	Amount	Purpose for Transfer
General Fund	AMA	502,523	MAPS Sales Tax
AMA	Meter Deoposit	476	Expense Reimbursement
AMA	General Fund	78,667	Expense Reimbursement
		581,666	

	Due from	Due to	Net Internal Balances
Reconciliation to Fund Financial Statements			
Governmental funds	\$ 502,999	\$ (78,667)	\$ 424,332
Proprietary funds			-
	78,667	(502,999)	(424,332)
	\$ 581,666	\$ (581,666)	

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

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.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss are reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

For workers’ compensation, changes in the claim’s liability for the City from July 1, 2017 to June 30, 2019, are as follows:

	Total Claims Liability
Claims Liability, July 1, 2017	\$ 237,414
Claims and Changes in Estimates	-
Claims Paid	(125,905)
Claims Liability, June 30, 2018	111,509
Claims and Changes in Estimates	807
Claims Paid	(43,249)
Claims Liability, June 30, 2019	\$ 69,067

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

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
Pension Expense			
Employee Retirement System	\$ 282,373	\$ 250,950	\$ 533,323
Police	209,993	-	209,993
Firefighters	1,224,954	-	1,224,954
	<u>\$ 1,717,320</u>	<u>\$ 250,950</u>	<u>\$ 2,009,485</u>
Net Pension Liability			
Employee Retirement System	\$ 1,937,802	\$ 1,722,158	\$ 3,659,960
Police	(296,350)	-	(296,350)
Firefighters	5,980,811	-	5,980,811
	<u>\$ 7,622,263</u>	<u>\$ 1,722,158</u>	<u>\$ 10,316,247</u>
Deferred Outflows of Resources			
Employee Retirement System	\$ 600,693	\$ 533,846	\$ 1,134,539
Police	716,130	-	716,130
Firefighters	1,331,927	-	1,331,927
	<u>\$ 2,648,750</u>	<u>\$ 533,846</u>	<u>\$ 3,403,882</u>
Deferred Inflows of Resources			
Employee Retirement System	\$ 375,282	\$ 333,519	\$ 708,801
Police	708,312	-	708,312
Firefighters	699,658	-	699,658

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

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.

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 \$230,051 during the year ended June 30, 2019. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$461,828; 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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Firefighters Pension & Retirement System

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

At June 30, 2019, the City reported a net pension liability of \$5,400,590 for its proportionate share of the total OFPRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 0.511532%.

For the year ended June 30, 2019, the City recognized pension expense of \$809,618. At June 30, 2019, 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	\$ 1,118,038	\$ -
Net difference between projected and actual earnings on pension plan investments	-	444,769
Change in Proportion	145,612	858,530
Difference in contributions during measurement period	10,645	2,170
City contributions subsequent to the measurement date	219,664	-
	<u>\$ 1,493,959</u>	<u>\$ 1,305,469</u>

The \$219,664 reported as deferred outflows of resources related to the OFPRS pension plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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,	
2019	\$ 35,660
2020	(22,742)
2021	(165,505)
2022	66,539
2023	54,872
Thereafter	(31,176)
	<u>\$ (31,176)</u>

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Firefighters Pension & Retirement System

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75%
Salary Increases	2.5 % to 10.5% on average, including inflation
Ad Hoc Cost of Living Adjustment	Half of the dollar amount of a 2.75% 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 2.75%
Mortality Rates	Based on the Pub-2010 Public Safety Table with generational improvement using MP-2018

The actuarial assumptions used in the July 1, 2018, valuation was based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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, 2017, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	25%	4.90%
Domestic Equity	40%	7.09%
International Equity	20%	9.19%
Real Estate	10%	7.99%
Other Assets	5%	5.57%

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Firefighters Pension & Retirement System

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	\$ 7,011,033	\$ 5,400,590	\$ 3,960,036

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.

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.

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

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

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 \$244,042 during the year ended June 30, 2019. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$242,801 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. In the accompanying government-wide statement of activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$242,801. 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, 2019, the City reported a net pension liability of \$47,852 for its proportionate share of the total OPPRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 0.006162%.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

For the year ended June 30, 2019, the City recognized pension expense of \$243,220. At June 30, 2019, 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
Differences between expected and actual experience	\$ 1,750	\$ 277,680
Net difference between projected and actual earnings	129,428	
on pension plan investments	154,321	-
Change in Proportion	5,493	17,941
Difference in contributions during measurement period	34,975	962
City contributions subsequent to the measurement date	245,335	-
	\$ 571,302	\$ 296,583

The \$245,335 reported as deferred outflows of resources related to the OPPRS pension plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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,	
2019	\$ 156,202
2020	61,902
2021	(161,761)
2022	(45,611)
2023	15,790
2024	2,862
	\$ 29,384

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75%
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	 Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back four years with fully generational improvement using Scale AA. Active employees (post-retirement) and nondisabled pensioners: RP- 2000 Blue Collar Healthy Combined table with fully generational mortality improvement using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward four years with fully generational mortality improvement using Scale AA.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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, 2017, are summarized in the following table:

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

	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	\$ 1,601,886	\$ 47,398	\$ (1,265,604)

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

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.

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. 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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

Eligibility Factors, Contribution Methods and Benefit Provisions (as of July 1, 2018)

Eligible to Participate	Full-time employees upon hire if less than age 60 and notparticipating in another retirement plan set up by state
Contribution Requirements:	
Authorization	By city ordinance
Actuarially Determined	Yes
Employer Rate	11.34% of covered payroll, the City contributed 13.83%
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.
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 Years 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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

Employees Covered by Benefit Terms

Active Employees	136
Terminated Vested Employees	11
Retirees or Retiree Beneficiaries	79
	226

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 11.34% of covered payroll as of July 1, 2018, but the City contributed 13.83% of covered payroll. For the year ended June 30, 2019, the City recognized \$909,151 of employer contributions to the plan, which is the City's contributed rate amount based on covered payroll of \$5,126,648. Employees' contributions were 4% of covered payroll as of July 1, 2017.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.50%
Projected Salary Increase	Varies between 3.02% to 7.50% based on age
Inflation Rate	2.75%
Mortality Table	UP 1994, with projected mortality improvement
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
	September 2012 for fiscal years 2007 through 2011

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

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 (3.0%).

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, 2017, are summarized in the following table:

	Long-Term Expected Target Allocation	Real Return	Weighted Return
Large Cap Stocks			
S&P 500	25%	5.80%	1.45%
Small/Mid Cap Stocks			
Russell 2500	10%	6.40%	0.64%
Long/Short Equity			
MSCI 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			
	5%	4.60%	0.23%
Total	100%		
Average Real Return			4.75%
Inflation			2.75%
Long-Term Expected Return			7.50%
			10.25%

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2018, which is also the measurement date.

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

	Schedule of Changes in Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a)-
Balance, Beginning of Year:	\$ 24,178,753	\$ 20,343,560	\$ 3,835,193
Changes for the year			
Service Cost	501,990	-	501,990
Interest	1,733,806	-	1,733,806
Difference between Expected and Actual Experience	(47,349)	-	(47,349)
Assumption Changes	-	-	-
Employer Contributions	-	710,312	(710,312)
Employee Contributions	-	203,972	(203,972)
Net Investment Income	-	1,491,090	(1,491,090)
Benefit Payments	(2,161,767)	(2,161,767)	-
Benefit Changes Due to Plan Amendments	-	-	-
Plan Administrative Expenses	-	(41,694)	41,694
	26,680	201,913	(175,233)
Net Changes			
Balance, End of Year:	\$ 24,205,433	\$ 20,545,473	\$ 3,659,960

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

Oklahoma Police Pension & Retirement System

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 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.75%) or 1% higher (8.75%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' Net Pension Liability	\$ 6,292,627	\$ 3,659,960	\$ 1,442,059

The City reported \$909,152 in pension expense for the year ended June 30, 2019. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 200,293	\$ -
Changes in Assumptions	282,460	185,212
Difference between expected and actual experience	-	-
Difference in contributions during measurement period	-	-
Change in Proportion	651,786	523,589
City contributions subsequent to the measurement date	-	-
	\$ 1,134,539	\$ 708,801

The \$651,786 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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:

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

Plan Description

Effective December 1, 2007, the City provided 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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 9: Pension and Other Benefit Plan Participation-Continued

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

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, 2019, for the employees and employer were \$3,894 and \$30,845, respectively, on a covered payroll of \$227,335.

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, 2019, approximately 31 retired employees are receiving benefits under this plan.

The employees covered by the benefit terms at June 30, 2019, are:

Retirees or beneficiaries currently receiving benefits	45
Terminated employees entitled to benefits but not yet receiving them	-
Active Employees	<u>101</u>
	146

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 10: Other Postemployment Benefit Plan-Continued

Total OPEB Liability

The City's total OPEB liability of \$2,253,488 was measured as of and for the year ended June 30, 2019, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	2.05% in both current and prior year
Inflation Rate	2.50% per year
Cost Method	Entry Age Normal Level % of Salary
Mortality	RP-2014 Mortality Table with Improvement Scale MP-2017
Health Care Cost Trend Rates	7.00% declining to 4.00% in 2021 and 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:

Changes in the total OPEB Liability are:	
Balance, Beginning of Year, July 1, 2018	\$ 1,185,999
Prior Period Adjustment*	2,388,898
Total OPEB Liability at Beginning of Year	<u>3,574,897</u>
Changes for the year	
Service Cost	33,157
Interest Cost	75,125
Differences between expected and actual experience	(167,505)
Changes of Assumptions or Other Inputs	219,865
Benefit Payments	<u>(328,272)</u>
Net Changes	<u>(167,630)</u>
Balance, End of Year, June 30, 2019	<u><u>\$ 3,407,267</u></u>

* In performing this year's valuation, it was discovered that the implicit subsidy was not accounted for in the prior valuation.

This adjustment accounts for the implicit subsidy.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 10: Other Postemployment Benefit Plan-Continued

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the City has been calculated using a discount rate of 3.0%. 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%)
Employers' Net Pension Liability	\$ 3,154,664	\$ 3,407,267	\$ 3,638,181

The total OPEB liability of the City has been calculated using current health care cost trend rates that start at an initial rate of 7.0%, decreasing to an ultimate rate of 4.0%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
City's Total OPEB Liability	\$ 3,165,880	\$ 3,407,267	\$ 3,678,366

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$48,745. At June 30, 2019, the City reported deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 219,865	\$ 167,505
Total	\$ 219,865	\$ 167,505

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 10: Other Postemployment Benefit Plan-Continued

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,	
2019	\$ 5,154
2020	5,154
2021	5,154
2022	5,154
2023	5,154
Thereafter	<u>194,095</u>
	<u>\$ 219,865</u>

Note 11: Commitments and Contingencies

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 2018, 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.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 12: New Accounting Pronouncements

GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective and the City's consideration of the impact of these pronouncements are described below:

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning with its fiscal year ending June 30, 2020. GASB 84 establishes criteria

for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 84 will have on its net position.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The primary objective of GASB 87 is to increase the usefulness of a government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2020. The primary objectives of GASB 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City has not yet determined the impact that implementation of GASB 90 will have on its net position.

City of Altus, Oklahoma
Notes to Financial Statements
June 30, 2019

Note 13: Subsequent Events

Subsequent events have been evaluated through April 17, 2020, in which the events listed below have occurred.

In March 2020, the State of Oklahoma and CDC issued guidelines due to the Covid-19 pandemic. This resulted in a massive disruption in daily business and the overall economy as nonessential business were advised to close and hundreds of employees were laid off. The impact of the shut-down to the economy is immeasurable at this time. However, the City is considered an essential business and has continued operations. At the time of issue date, there have been no difficulties in continued operations and no interruptions of services.

The information is provided for informational purposes only and does not affect our determination of the value of the City as of the December 31, 2019 date.

Required Supplementary Information

City of Altus, Oklahoma
Budgetary Comparison Shcedule-General Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary) Basis	
Budgetary Fund Balance, Beginning of Year	\$ 2,890,342	\$ 3,519,217	\$ 7,231,712	\$ 3,712,495
Resources (inflows)				
Taxes	5,446,500	5,446,500	5,603,748	157,248
Intergovernmental	220,000	229,867	367,585	137,718
Charges for services	268,000	268,000	373,329	105,329
Fines and forfeitures	213,000	213,000	237,630	24,630
Licenses and permits	65,000	65,000	114,036	49,036
Investment income	10,000	10,000	23,379	13,379
Miscellaneous	27,500	35,246	115,946	80,700
Total resources (inflows)	6,250,000	6,267,613	6,835,653	568,040
Amounts available for appropriations	9,140,342	9,786,830	14,067,365	4,280,535
Charges to appropriations (outflows)				
General government				
City Council	56,000	56,000	22,012	(33,988)
Administrative services	783,144	790,890	683,377	(107,513)
Law	317,648	317,648	190,884	(126,764)
Municipal court	185,347	185,347	162,748	(22,599)
Cemetery	186,868	186,868	188,729	1,861
Planning	391,892	391,892	230,556	(161,336)
Information services	401,096	401,096	376,951	(24,145)
Finance	484,490	484,490	478,196	(6,294)
Human resources	288,725	288,725	204,004	(84,721)
City Clerk – treasurer	198,744	198,744	202,031	3,287
Public safety				
Code enforcement	145,900	145,900	101,790	(44,110)
Police	4,011,052	4,020,919	4,243,646	222,727
Police – animal control	310,212	310,212	346,663	36,451
Fire	2,743,484	2,743,484	3,227,661	484,177
Emergency services	149,048	149,048	104,818	(44,230)
Public works				
Street	851,128	851,128	795,108	(56,020)
Building maintenance	489,096	489,096	330,247	(158,849)
Fleet maintenance	348,542	348,542	234,738	(113,804)
Culture, parks and recreation				
Parks and recreation	1,635,940	1,635,940	1,654,882	18,942
Pool	271,644	271,644	346,929	75,285
Public golf course	-	-	-	-
Total charges to appropriations (outflows)	14,250,000	14,267,613	14,125,970	(141,643)
Other Financing Sources (Uses)				
Transfers in	8,000,000	12,600,000	12,616,332	16,332
Transfers out	-	4,600,000	4,600,000	-
Total other financing sources (uses)	8,000,000	8,000,000	8,016,332	16,332
Budgetary Fund Balance, End of Year	\$ 2,890,342	\$ 3,519,217	\$ 7,957,727	\$ 4,438,510

City of Altus, Oklahoma
Notes to Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2019

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:

Sources/Inflows of Resources

Actual amounts-budgetary basis "available for appropriations" from the budgetary comparison schedule	\$ 14,067,365
Differences-budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,231,712)
The City reports on-behalf payments made by the state to the General fund in fund financial statements, but the payments are not budgeted	
The City reports sales and use tax revenue related to MAPS in the General Fund in the fund financial statements, but the revenue is budgeted in a separate MAPS sales tax account of the Authority	588,587 4,510,972
The City reports the Park Development, Emergency 911, and ARAC accounts as part of the General fund in the fund financial statements, but these accounts are not included in the budget to actual	203,627
	\$ 12,138,839
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	

City of Altus, Oklahoma
Notes to Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2019

Uses/Outflows of Resources

Actual amounts-budgetary basis "total charges to appropriations" from the budgetary comparison schedule	\$ 14,125,970
Differences-budget to GAAP	
The City reports debt-related activity in the fund financial statements, but this activity is not budgeted	-
The City reports on-behalf payments made by the state to the General Fund in the fund financial statements but these payments are not budgeted	205,674
The City reports the Park Development, Emergency 911, and ARAC accounts as part of the General Fund in the fund financial statements, but these accounts are not included in the budget to actual	<u>483,279</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u><u>\$ 14,814,923</u></u>

4. For the year ended June 30, 2019, 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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.511532%	0.492285%	0.575002%	0.585682%
City's proportionate share of the net pension liability	\$ 6,433,656	\$ 6,014,319	\$ 6,103,124	6022844 1466136
City's covered-employee payroll	\$ 1,457,797	\$ 1,431,814	\$ 1,547,037	
City's proportionate share of the percentage of its covered-employee payroll	441%	420%	395%	411
Plan fiduciary net position as a percentage of the total pension liability	66.61%	64.87%	68.27%	68.12

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 205,911	\$ 204,092	\$ 200,454	\$ 221,668
Contributions in relation to the statutorily required contribution	205,911	204,092	200,454	221,668
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
City's covered-employee payroll	1,470,791	1,457,797	1,431,814	1,547,037
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.33%

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

	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.00616%	0.579000%	0.6004000%	0.00637%
City's proportionate share of the net pension liability (asset)	\$ 47,398	\$ 886,739	\$ 24,480	\$ (214,564)
City's covered-employee payroll	\$ 1,853,914	\$ 1,783,982	\$ 1,681,039	\$ 1,702,136
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2.56%	49.71%	1.46%	12.61%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.68%	93.50%	99.82%	101.53%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 247,349	\$ 241,008	\$ 231,383	\$ 220,570
Contributions in relation to the statutorily required contribution	<u>247,349</u>	<u>341,008</u>	<u>231,383</u>	<u>220,570</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,902,682	\$ 1,853,914	\$ 1,783,982	\$ 1,681,039
Contributions as a percentage of covered-employee payroll	13.00%	18.39%	12.97%	13.12%

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

	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 552,041	\$ 481,258	\$ 483,967	\$ 440,674
Interest	1,635,659	1,602,907	1,609,715	1,578,994
Difference between expected and actual experience	379,928	(185,051)	(663,485)	-
Benefit Changes Due to Plan Amendments	585,286	-	-	-
Assumption Changes	535,786	-	-	-
Benefit Payments, including refunds of member contributions	(1,207,910)	(1,735,260)	(1,308,780)	(1,061,024)
Net Change in Total Pension Liability	2,480,790	163,854	121,417	\$ 958,644
Total Pension Liability- Beginning	21,697,963	21,534,109	21,412,692	20,545,048
Total Pension Liability- Ending (a)	24,178,753	21,697,963	21,534,109	21,412,692
Plan Fiduciary Net Position				
Contributions- Employer	703,894	694,586	628,869	627,063
Contributions- Member	203,438	200,692	181,678	192,278
Net Investment Income	2,269,790	152,627	530,947	2,728,622
Benefit Payments, including refunds of member contributions	(1,207,910)	(1,735,260)	(1,308,780)	(1,061,024)
Administrative Exp	(40,904)	(37,277)	(39,417)	(40,333)
Net Change in Plan Fiduciary Net Position	1,928,308	(724,632)	(6,703)	2446606
Plan Fiduciary Net Position- Beginning	18,415,252	19,139,884	19,146,587	16,699,981
Plan Fiduciary Net Position- Ending (b)	20,343,560	18,415,252	19,139,884	19,146,587
Net Pension Liability- Ending (a)-(b)	3,835,193	3,282,711	2,394,225	2,266,105
Plan Fiduciary Net Position as a percentage of the total pension liability	84.14%	84.87%	88.88%	89.42%
Covered Employee Payroll	\$ 5,126,648	\$ 5,177,683	\$ 4,523,779	\$ 4,713,305
Net Pension Liability as a percentage of covered-employee payroll	74.81%	63.40%	52.93%	48.08%

Note to Schedule

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 581,362	\$ 603,792	\$ 673,617	\$ 626,091
Contributions in relation to the actuarially determined contributions	<u>709,213</u>	<u>703,408</u>	<u>721,073</u>	<u>626,091</u>
Contribution excess	<u>\$ (127,851.00)</u>	<u>\$ (99,616.00)</u>	<u>\$ (47,456.00)</u>	<u>\$ -</u>
Covered-employee payroll	<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 payroll	<u>13.83%</u>	<u>13.84%</u>	<u>13.93%</u>	<u>1384.00%</u>

Latest valuation date: July 1, 2017

Actuarially determined contribution rate is calculated as of July 1, 2017

Fiscal year 2017-2018 actuarially determined contributions are set at a rate fo 11.34%

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal

Amortization method: Level percent of payroll, closed

Remaining amortizaiton period: 27 years

Asset valuation method: Actuarial

Smoothing period: 4 years

Recognition method: Non-asymptotic

Corridor: 70% to 130%

Salary increases: 4.00% to 7.42% (varies by attained)

Investment rate of return: 7.50%

Notes to Schedule

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

City of Altus, Oklahoma
Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits

	2018
Total OPEB liability Service cost	
Service cost	18,464.00
Interest on total OPEB liability	35,867.00
Differences between expected and actual experience	(58,964.00)
Effect of assumptions, changes or inputs	1,990.00
Benefit payments	(70,869.00)
Net change in total OPEB liability	(73,512.00)
City's total OPEB liability, beginning	1,259,511.00
City's total OPEB liability, ending	\$ 1,185,999
Covered-employee payroll	\$ 9,822,674.00
The City's total OPEB liability as a percentage of covered-employee payroll	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 schale changed from MP-2015 to MP-2017.

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

City of Altus, Oklahoma
Combining Balance Sheet-Nonmajor Government Funds
June 30, 2019

	Special Revenue Funds					Capital Project Funds				Total Nonmajor Governmental Funds
	ODOC Grant Fund	Altus Donation Fund	Airport Fund	Hotel/Motel Tax Fund	Street and Alley Fund	Economic Development Construction Fund	Landfill Improvement Fund	Cemetery Perpetual Care Fund	Drainage Improvement Fund	
Assets										
Cash and Cash Equivalents	\$ 64,119	\$ 66,860	\$ 355,832	\$ 100,769	\$ 520,395	\$ 542,633	\$ 386,942	\$ 38,856	\$ 108,863	\$ 2,185,269
Interest Receivable	-	-	-	-	110	-	-	-	-	110
Receivable from Other Government	3,250	-	-	-	14,909	-	-	-	-	18,159
Utilities Receivable, Net	-	-	-	-	-	-	18,914	-	-	18,914
Other Receivables	-	-	43,209	29,394	-	-	-	-	-	72,603
Inventories	-	-	19,358	-	-	-	-	-	-	19,358
Total Assets	<u>67,369</u>	<u>66,860</u>	<u>418,399</u>	<u>130,163</u>	<u>535,414</u>	<u>542,633</u>	<u>405,856</u>	<u>38,856</u>	<u>108,863</u>	<u>2,314,413</u>
Liabilities and Fund Balance										
Liabilities										
Accounts Payable	-	-	2,451	-	-	-	-	-	-	2,451
Accrued Payroll	-	-	3,779	-	-	-	-	-	-	3,779
Due to Other Funds	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>6,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,230</u>
Fund Balances										
Nonspendable	-	-	19,358	-	-	-	-	-	-	19,358
Restricted	-	66,860	-	130,163	-	542,633	-	38,856	-	778,512
Assigned	67,369	-	392,811	-	535,414	-	405,856	-	108,863	1,510,313
Total Fund Balances	<u>67,369</u>	<u>66,860</u>	<u>412,169</u>	<u>130,163</u>	<u>535,414</u>	<u>542,633</u>	<u>405,856</u>	<u>38,856</u>	<u>108,863</u>	<u>2,308,183</u>
Total Liabilities and Fund Balances	<u>\$ 67,369</u>	<u>\$ 66,860</u>	<u>\$ 418,399</u>	<u>\$ 130,163</u>	<u>\$ 535,414</u>	<u>\$ 542,633</u>	<u>\$ 405,856</u>	<u>\$ 38,856</u>	<u>\$ 108,863</u>	<u>\$ 2,314,413</u>

City of Altus, Oklahoma
Combining Statement of Revenues, Expenditures and Changes in Fund Balance-
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds					Capital Project Funds				
	ODOC Grant Fund	Altus Donation Fund	Airport Fund	Hotel/Motel Tax Fund	Street and Alley Fund	Economic Development Construction Fund	Landfill Improvement Fund	Cemetery Perpetual Care Fund	Drainage Improvement Fund	Total Nonmajor Governmental Funds
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ 295,709	\$ 142,975	\$ -	\$ -	\$ -	\$ -	\$ 438,684
Intergovernmental	22,031	2,690	571,699	-	-	-	-	-	-	596,420
Charges for Services	-	-	270,740	-	-	-	182,945	1,003	-	454,688
Investment Earnings	-	-	-	-	-	3,889	-	-	-	3,889
Miscellaneous	-	829	-	-	-	-	-	50	-	879
Total Revenues	<u>22,031</u>	<u>3,519</u>	<u>842,439</u>	<u>295,709</u>	<u>142,975</u>	<u>3,889</u>	<u>182,945</u>	<u>1,053</u>	<u>-</u>	<u>1,494,560</u>
Expenditures										
Current										
General Government	-	-	-	260,812	-	-	-	-	-	260,812
Public Safety	-	51,020	-	-	-	-	-	-	-	51,020
Public Works	-	-	-	-	1,295	-	-	-	-	1,295
Airport	-	-	548,292	-	-	-	-	-	-	548,292
Capital Outlay	<u>44,063</u>	<u>-</u>	<u>621,340</u>	<u>-</u>	<u>120,215</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>790,118</u>
Total Expenditures	<u>44,063</u>	<u>51,020</u>	<u>1,169,632</u>	<u>260,812</u>	<u>121,510</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>861,419</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(22,032)</u>	<u>(47,501)</u>	<u>(327,193)</u>	<u>34,897</u>	<u>21,465</u>	<u>3,889</u>	<u>182,945</u>	<u>(3,447)</u>	<u>-</u>	<u>(156,977)</u>
Other Financing Sources										
Transfers In (Out)	-	-	450,000	-	-	-	-	-	-	450,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	<u>(22,032)</u>	<u>(47,501)</u>	<u>122,807</u>	<u>34,897</u>	<u>21,465</u>	<u>3,889</u>	<u>182,945</u>	<u>(3,447)</u>	<u>-</u>	<u>293,023</u>
Fund Balances, Beginning of Year	25,343	114,361	289,362	95,266	513,949	538,744	222,911	42,303	108,863	1,951,102
Prior Period Adjustment	64,058	-	-	-	-	-	-	-	-	64,058
Fund Balance, as Restated	<u>89,401</u>	<u>114,361</u>	<u>289,362</u>	<u>95,266</u>	<u>513,949</u>	<u>538,744</u>	<u>222,911</u>	<u>42,303</u>	<u>108,863</u>	<u>2,015,160</u>
Fund Balances, End of Year	<u>\$ 67,369</u>	<u>\$ 66,860</u>	<u>\$ 412,169</u>	<u>\$ 130,163</u>	<u>\$ 535,414</u>	<u>\$ 542,633</u>	<u>\$ 405,856</u>	<u>\$ 38,856</u>	<u>\$ 108,863</u>	<u>\$ 2,308,183</u>

City of Altus, Oklahoma
Combining Balance Sheet-General Fund Accounts
June 30, 2019

	General Fund	Emergency Fund	Park Development Fund	Emergency 911 Fund	ARAC	Total General Fund Accounts
Assets						
Cash and Cash Equivalents	\$ 1,795,714	\$ 1,422,681	\$ 24,473	\$ 167,683	\$ 21,113	\$ 3,431,664
Investments	-	4,042,373	-	-	-	4,042,373
Receivable from Other Governments	1,357,598	-	-	-	-	1,357,598
Due from Other Funds	-	-	-	-	-	-
Due from (to) Other Accounts	-	-	-	-	-	-
Taxes Receivable, Net	6,666	-	-	2,400	-	9,066
Court Fines Receivable, Net	56,093	-	-	-	-	56,093
Other Receivables	122,061	-	-	-	-	122,061
Total Assets	<u>3,338,132</u>	<u>5,465,054</u>	<u>24,473</u>	<u>170,083</u>	<u>21,113</u>	<u>9,018,855</u>
Liabilities and Fund Balance						
Liabilities						
Accounts Payable	63,131	-	-	12,488	-	75,619
Accrued Payroll	211,737	-	-	7,414	-	219,151
Due to Other Funds	78,668	-	-	-	-	78,668
Accrued Interest Payable	-	-	-	-	-	-
Other Payables	10,001	-	-	-	1,185	11,186
Total Liabilities	<u>363,537</u>	<u>-</u>	<u>-</u>	<u>19,902</u>	<u>1,185</u>	<u>384,624</u>
Fund Balances						
Committed	-	5,465,054	-	-	-	5,465,054
Assigned	-	-	24,473	150,181	19,928	194,582
Unassigned	2,974,595	-	-	-	-	2,974,595
Total Fund Balances	<u>2,974,595</u>	<u>5,465,054</u>	<u>24,473</u>	<u>150,181</u>	<u>19,928</u>	<u>8,634,231</u>
Total Liabilities and Fund Balances	<u>\$ 3,338,132</u>	<u>\$ 5,465,054</u>	<u>\$ 24,473</u>	<u>\$ 170,083</u>	<u>\$ 21,113</u>	<u>\$ 9,018,855</u>

City of Altus, Oklahoma
Combining Statements of Revenues, Expenditures and
Changes in Fund Balance-General Fund Accounts
Year Ended June 30, 2019

	General Fund	Emergency Fund	Park Development Fund	Emergency 911 Fund	ARAC	Total General Fund Accounts
Revenues						
Taxes	\$ 9,965,146	\$ -	\$ -	\$ 149,574	\$ -	\$ 10,114,720
Intergovernmental	1,097,432	-	-	-	-	1,097,432
Charges for Services	251,446	-	-	-	-	251,446
Fines and Forfeitures	253,740	-	-	-	-	253,740
Licenses and Permits	114,036	-	-	-	-	114,036
Investment Earnings	27,683	56,053	-	-	-	83,736
Miscellaneous	223,729	-	-	-	-	223,729
Total Revenues	<u>11,933,212</u>	<u>56,053</u>	<u>-</u>	<u>149,574</u>	<u>-</u>	<u>12,138,839</u>
Expenditures						
Current						
General Government	2,899,862	-	-	-	-	2,899,862
Public Safety	7,757,073	-	-	456,420	-	8,213,493
Public Works	1,527,681	-	-	-	-	1,527,681
Culture, Parks and Recreation	1,969,397	-	-	-	26,859	1,996,256
Capital Outlay	177,631	-	-	-	-	177,631
Total Expenditures	<u>14,331,644</u>	<u>-</u>	<u>-</u>	<u>456,420</u>	<u>26,859</u>	<u>14,814,923</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(2,398,432)</u>	<u>56,053</u>	<u>-</u>	<u>(306,846)</u>	<u>(26,859)</u>	<u>(2,676,084)</u>
Other Financing Sources						
Transfers In	8,000,000	1,000,000	-	350,000	-	9,350,000
Transfers Out	(10,429,996)	-	-	-	-	(10,429,996)
Total Other Financing Sources (Uses)	<u>(2,429,996)</u>	<u>1,000,000</u>	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>(1,079,996)</u>
Net Changes in Fund Balance	<u>(4,828,428)</u>	<u>1,056,053</u>	<u>-</u>	<u>43,154</u>	<u>(26,859)</u>	<u>(3,756,080)</u>
Fund Balances, July 1, 2019	7,803,023	-	24,473	107,027	46,787	7,981,310
Prior Period Adjustment	-	4,409,001	-	-	-	4,409,001
Fund Balance, Beginning of Year	<u>7,803,023</u>	<u>4,409,001</u>	<u>24,473</u>	<u>107,027</u>	<u>46,787</u>	<u>12,390,311</u>
Fund Balances, End of Year	<u>\$ 2,974,595</u>	<u>\$ 5,465,054</u>	<u>\$ 24,473</u>	<u>\$ 150,181</u>	<u>\$ 19,928</u>	<u>\$ 8,634,231</u>

City of Altus, Oklahoma
Combining Statement of Net Position-Enterprise Fund Accounts
June 30, 2019

	Altus Municipal Authority	Water Treatment Plant Account	MAPS Sales Tax Account	Meter Deposit Account	Total
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and Cash Equivalents	\$ 2,138,793	\$ 506,912	\$ 4,146,297	\$ -	\$ 6,792,002
Investments	4,643,617	3,553,730	-	509,502	8,706,849
Restricted Cash and Cash Equivalents	1,756,903	-	-	376,013	2,132,916
Deposit with Third Party	639,396	-	-	-	639,396
Due from Other Funds	78,668	-	-	476	79,144
Accounts Receivable, Net	4,398,697	-	-	-	4,398,697
Receivables from Other Governments	20,932	-	-	-	20,932
Other Receivables	337,230	-	-	-	337,230
Inventories	1,724,948	-	-	-	1,724,948
Total Current Assets	15,739,184	4,060,642	4,146,297	885,991	24,832,114
Noncurrent Assets					
Land and Construction in Progress	7,887,132	505,122	-	-	8,392,254
Other Capital Assets, Net of Accumulated Depreciation	47,297,854	-	-	-	47,297,854
Total Noncurrent Assets	55,184,986	505,122	-	-	55,690,108
Total Assets	70,924,170	4,565,764	4,146,297	885,991	80,522,222
Deferred Outflows of Resources					
Deferred Outflows Related to Pensions	1,065,880	-	-	-	1,065,880
Total Assets and Deferred Outflows of Resources	71,990,050	4,565,764	4,146,297	885,991	81,588,102

City of Altus, Oklahoma
Combining Statement of Net Position-Enterprise Fund Accounts
June 30, 2019

	Altus Municipal Authority	Water Treatment Plant Account	MAPS Sales Tax Account	Meter Deposit Account	Total
Current Liabilities					
Accounts Payable	3,273,768	242,977	270,802	-	3,787,547
Accrued Payroll	72,487	-	-	-	72,487
Accrued Interest Payable	202,429	-	-	-	202,429
Due to Other Funds	502,999	-	-	-	502,999
Payable to Other Governments	-	-	-	-	-
Other Accrued Expenses	308,453	-	-	-	308,453
Deposits Subject to Refund	-	-	-	180,930	180,930
Compensated Absences	60,791	-	-	-	60,791
Contract Obligation Payable	755,595	-	-	-	755,595
Claims Liability	-	-	-	-	-
Current Portion Notes Payable	3,646,448	-	-	-	3,646,448
Total Current Liabilities	8,822,970	242,977	270,802	180,930	9,517,679
Noncurrent Liabilities					
Deposits Subject to Refund	720	-	-	695,083	695,803
Compensated Absences	547,122	-	-	-	547,122
Contract Obligation Payable	4,177,305	-	-	-	4,177,305
Landfill Closure Liability	3,212,249	-	-	-	3,212,249
Claims Liability	-	-	-	-	-
Notes Payable	11,605,983	-	-	-	11,605,983
Net Pension Liability	1,722,158	-	-	-	1,722,158
Total Noncurrent Liabilities	21,265,537	-	-	695,083	21,960,620
Total Liabilities	30,088,507	242,977	270,802	876,013	31,478,299
Derred Inflows of Resources					
Deferred Inflows Related to Pensions	333,520	-	-	-	333,520
Total Deferred Inflows of Resources	333,520	-	-	-	333,520
Total Liabilities and Deferred Inflows of Resources	30,422,027	242,977	270,802	876,013	31,811,819
Net Position					
Net Investment in Capital Assets	32,879,133	505,127	-	-	33,384,260
Restricted for Debt Service	1,185,764	-	-	-	1,185,764
Restricted for Capital Projects	-	3,817,660	-	-	3,817,660
Restricted for MAPS Projects	-	-	3,875,495	-	3,875,495
Unrestricted	7,503,126	-	-	9,978	7,513,104
Total Net Position	41,568,023	4,322,787	3,875,495	9,978	49,776,283

City of Altus, Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position-
Enterprise Fund Accounts
Year Ended June 30, 2019

	Altus Municipal Authority	Water Treatment Plant Account	MAPS Sales Tax Account	Meter Deposit Account	Total
Operating Revenues					
Water	\$ 5,700,874	\$ -	\$ -	\$ -	\$ 5,700,874
Wastewater	2,231,918	-	-	-	2,231,918
Sanitation	4,038,264	-	-	-	4,038,264
Electric	24,173,171	-	-	-	24,173,171
Miscellaneous	858,909	-	-	-	858,909
Total Operating Revenues	37,003,136	-	-	-	37,003,136
Operating Expenses					
Administration	3,352,248	-	25	-	3,352,273
Water	3,023,494	-	-	-	3,023,494
Wastewater	1,159,051	-	-	-	1,159,051
Sanitation	1,668,823	-	-	-	1,668,823
Landfill Operations (see Note 5)	759,141	-	-	-	759,141
Electric Services	16,448,493	-	-	-	16,448,493
Depreciation and Amortization	2,705,627	-	-	-	2,705,627
Total Operating Expenses	29,116,877	-	25	-	29,116,902
Operating Income	7,886,259	-	(25)	-	7,886,234
Nonoperating Revenues (Expenses)					
Interest and Investment Revenue	78,423	43,785	35,756	9,978	167,942
Miscellaneous Revenue	-	-	-	-	-
Payments to School – MAPS	-	-	(214,345)	-	(214,345)
Interest Expense	(347,678)	-	-	-	(347,678)
Total Nonoperating Revenues (Expenses)	(269,255)	43,785	(178,589)	9,978	(394,081)
Income Before Transfers	7,617,004	43,785	(178,614)	9,978	7,492,153
Interaccount Transfers In (Out)	4,936,380	(4,936,380)			-
Transfers					
Transfers In	4,412,622	-	4,510,972	-	8,923,594
Transfers Out	(11,800,000)	-	(4,151,677)	-	(15,951,677)
	(7,387,378)	-	359,295	-	(7,028,083)
Change in Net Position	5,166,006	(4,892,595)	180,681	9,978	464,070
Net Position, Beginning of Year	36,402,017	8,773,968	3,694,814	-	48,870,799
Prior Year Adjustment	-	441,414			441,414
Net Position, End of Year	\$ 41,568,023	\$ 4,322,787	\$ 3,875,495	\$ 9,978	\$ 49,776,283

City of Altus, Oklahoma
Combining Statement of Net Position-Internal Service Fund
June 30, 2019

	<u>Workers' Compensation Fund</u>	<u>Assurance Fund</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 860	\$ 522,238	\$ 523,098
Other Receivables	-	275,768	275,768
	<hr/>	<hr/>	<hr/>
Total Assets	860	798,006	798,866
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balance			
Current Liabilities			
Other Accrued Liabilities	-	142,136	142,136
Due to General Fund	-	-	-
Claims Liability	32,705	-	32,705
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	32,705	142,136	174,841
	<hr/>	<hr/>	<hr/>
Noncurrent Liabilities			
Claims Liability	36,362	-	36,362
	<hr/>	<hr/>	<hr/>
Total Liabilities	69,067	142,136	211,203
	<hr/>	<hr/>	<hr/>
Net Position			
Unrestricted	(68,208)	655,872	587,664
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ (68,208)	\$ 655,872	\$ 587,664
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Altus, Oklahoma
Combining Statements of Revenues, Expenses and Changes in Net Position-
Internal Service Fund
Year Ended June 30, 2019

	<u>Workers' Compensation Fund</u>	<u>Assurance Fund</u>	<u>Total</u>
Operating Revenues			
Charges for Services	\$ -	\$ 154,834	\$ 154,834
Miscellaneous	-	-	-
Total Operating Revenues	<u>-</u>	<u>154,834</u>	<u>154,834</u>
Operating Expenses			
General Government	<u>2,292</u>	<u>4,486</u>	<u>6,778</u>
Total Operating Expenses	<u>2,292</u>	<u>4,486</u>	<u>6,778</u>
Operating Income (Loss)	<u>(2,292)</u>	<u>150,348</u>	<u>148,056</u>
Nonoperating Revenues			
Interest and Investment Revenue	-	-	-
Miscellaneous Revenue	-	-	-
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(2,292)	150,348	148,056
Net Position, Beginning of Year	<u>(65,916)</u>	<u>505,524</u>	<u>439,608</u>
Net Position, End of Year	<u>\$ (68,208)</u>	<u>\$ 655,872</u>	<u>\$ 587,664</u>

Other Supplementary Information

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

Honorable Mayor and City Council
City of Altus, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Altus, Oklahoma (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 4, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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

April 23, 2020

City of Altus, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

<i>Federal grantor/Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number/Description</i>	<i>Total Federal Expenditures</i>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed through Oklahoma Water Resources Board</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	ORF-14-0007-CW	\$ 2,327,293
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>2,327,293</u>
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership Program	16.607		9,967
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>9,967</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,337,260</u>

City of Altus, Oklahoma
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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 Programming

Material Weakness(es) identified? No

Significant Deficiency(ies) identified? No

Type of Auditor's Report Issued Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 Audit findings paragraph (a)? No

CFDA Number

66.5

Name of Federal Program or Cluster

Capitalization Grants for Clean Water State

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

Auditee qualified as a low-risk auditee? No

City of Altus, Oklahoma
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
Year Ended June 30, 2019

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



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 Council
City of Altus, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Altus, Oklahoma's (the "City"), 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's major federal programs for the year ended June 30, 2019. 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'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, 2019.

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

April 23, 2020