



City of Tuttle, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S
REPORTS

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2023

**THE CITY OF TUTTLE,
OKLAHOMA
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Tuttle, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tuttle, Oklahoma (the "City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 7 to the financial statements, the January 1, 2023 beginning net position of the Tuttle Public Works Authority and business-type activities were restated to correct an error in the amortization of the deferred inflow associated with the City's lease of capital assets to a third party. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

HSPG & ASSOCIATES, PC

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension plan funding schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is 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 September 6, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HSPG & Associates, P.C.

September 6, 2024

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The management of the City of Tuttle is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the fiscal year ended December 31, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts.

FINANCIAL HIGHLIGHTS

- As reported on an accrual basis, the City's total net position increased by \$5,539,656 and the assets and deferred outflows of the City exceed its liabilities and deferred inflows for the year ended December 31, 2023, by \$34,130,513 (net position).
- For the fiscal year ended December 31, 2023, the City's governmental funds reported combined ending fund balances of \$7,699,713 compared to \$6,298,811 in 2022, an increase of \$1,400,902.
- For the year ended December 31, 2023, unassigned fund balance for the General Fund was \$2,371,813 or 33.73% of General Fund revenues.

ABOUT THE CITY

- The City of Tuttle is an incorporated municipality with a population of approximately 7,413 located in Grady County in central Oklahoma. The City is a charter city form of government. The City is governed by a five-member Council and operates under state law and City ordinances through the three branches of democratic government:
 - Legislative – the City Council is a five-member governing body elected by the citizens at large
 - Executive – the City Manager is the Chief Executive Officer and is hired by the City Board
 - Judicial – the Municipal Judge is a practicing attorney appointed by the City Board

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority, certain utility services including water, wastewater, gas and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Tuttle City Council is financially accountable. 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 following separate legal entities.

- **The City of Tuttle** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as the primary government*

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- **The Tuttle Public Works Authority (TPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, gas and sanitation services of the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes*
- **The Tuttle Development Authority (TDA)** – public trust created pursuant to 60 O.S. § 176 to operate the fiber-to-the-home broadband (internet) services of the City and to stimulate economic growth and development of the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes*

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by a two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City’s financial reporting entity. The public trusts do not issue separate annual financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all the activities of the City of Tuttle (the “City”), the Tuttle Public Works Authority (the “Public Works Authority”), and the Tuttle Development Authority (the Development Authority). Included in this report are government-wide statements for each of the 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. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City’s operations in more detail than the government-wide statements by providing information about the City’s most significant funds. These statements include all assets of the City (including infrastructure) and deferred outflows as well as all liabilities (including long-term debt) and deferred inflows.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City’s finances is, “Has the City’s overall financial condition improved, declined or remained steady as a result of the period’s activities?” 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. You will need to consider other non-financial factors, however, such as changes in the City’s sales tax base, the condition of the City’s roads, and quality of service to assess the overall health of the City. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year’s revenues and expenses are considered regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities: *Governmental activities* - Most of the City’s basic services are reported here, including the

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police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* – Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, gas, and sanitation utilities are reported as business-type activities along with the fiber-to-the-home broadband (internet) services.

Reporting the City's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – *governmental and proprietary* - use different accounting approaches.

Governmental funds - The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". 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 you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - When the City, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported on an accrual basis of accounting. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The City's proprietary funds are the Tuttle Public Works Authority that accounts for the operation of the water, sewer, gas and sanitation activities, and the Tuttle Development Authority that accounts for the fiber-to-the-home broadband (internet) service.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 29-55 of this report.

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Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund and Street and Alley Fund, pension plan information schedules, combining and individual fund financial statements and schedules, and state and federal awards schedules.

THE CITY AS A WHOLE

For the fiscal year ended December 31, 2023, net position for the governmental and business-type activities increased by \$5,539,656.

The following is a summary of net position reported on an accrual basis for the City of Tuttle.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Current assets	\$ 9,802	\$ 8,231	19%	\$ 4,676	\$ 5,698	-18%	\$ 14,478	\$ 13,929	4%
Non-current assets	15,745	14,843	6%	32,395	24,628	32%	48,140	39,471	22%
Total assets	<u>25,547</u>	<u>23,074</u>	11%	<u>37,071</u>	<u>30,326</u>	22%	<u>62,618</u>	<u>53,400</u>	17%
Deferred outflow of resources	<u>1,224</u>	<u>1,260</u>	-3%	<u>-</u>	<u>-</u>	-	<u>1,224</u>	<u>1,260</u>	-3%
Current liabilities	1,942	1,858	5%	2,565	2,118	21%	4,507	3,976	13%
Non-current liabilities	5,321	5,714	-7%	19,426	15,878	22%	24,747	21,592	15%
Total liabilities	<u>7,263</u>	<u>7,572</u>	-4%	<u>21,991</u>	<u>17,996</u>	22%	<u>29,254</u>	<u>25,568</u>	14%
Deferred inflow of resources	<u>280</u>	<u>299</u>	-6%	<u>178</u>	<u>203</u>	-12%	<u>458</u>	<u>502</u>	-9%
Net position:									
Net investment in capital assets	12,465	11,093	12%	12,362	9,775	26%	24,827	20,868	19%
Restricted	3,921	3,224	22%	310	299	4%	4,231	3,523	20%
Unrestricted	2,842	2,146	32%	2,230	2,053	9%	5,072	4,199	21%
Total net position	<u>\$ 19,228</u>	<u>\$ 16,463</u>	17%	<u>\$ 14,902</u>	<u>\$ 12,127</u>	23%	<u>\$ 34,130</u>	<u>\$ 28,590</u>	19%

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is outstanding. At year end, the net investment in capital assets amounted to \$24,827,154.

Although the City's investment in its capital assets is reported net of related 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 portion of the City's net position, \$4,230,506, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing needs. The governmental activities funds had an unrestricted net position of \$2,842,193 and the business-type activities unrestricted net position was \$2,230,660.

Governmental activities current assets increased mainly due to an increase in cash received.

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Long-term liabilities have increased in the Business-type activities, due to an increase in loan draws for the 2021 OWRB note payable.

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Revenues									
Charges for services	\$ 1,649	\$ 2,651	-38%	\$ 7,509	\$ 7,368	2%	\$ 9,158	\$ 10,019	-9%
Operating grants and contributions	1,506	1,328	13%	30	2	1400%	1,536	1,330	15%
Capital grants and contributions	1,976	179	1004%	1,379	2,791	-51%	3,355	2,970	13%
Taxes	5,117	4,856	5%	-	-	-	5,117	4,856	5%
Intergovernmental revenue	3	-	100%	-	-	-	3	-	100%
Investment income	222	38	484%	171	33	418%	393	71	454%
Miscellaneous	170	90	89%	40	19	111%	210	109	93%
Total revenues	<u>10,643</u>	<u>9,142</u>	16%	<u>9,129</u>	<u>10,213</u>	-11%	<u>19,772</u>	<u>19,355</u>	2%
Expenses									
General government	1,394	1,420	-2%	-	-	-	1,394	1,420	-2%
Public safety	4,277	3,931	9%	-	-	-	4,277	3,931	9%
Streets	1,304	1,212	8%	-	-	-	1,304	1,212	8%
Culture and recreation	286	192	49%	-	-	-	286	192	49%
Cemetery	164	117	40%	-	-	-	164	117	40%
Community development	379	327	16%	-	-	-	379	327	16%
Interest on long-term debt	68	74	-8%	-	-	-	68	74	-8%
Water	-	-	-	1,343	1,225	10%	1,343	1,225	10%
Wastewater	-	-	-	675	493	37%	675	493	37%
Sanitation	-	-	-	1,276	887	44%	1,276	887	44%
Gas	-	-	-	1,385	1,451	-5%	1,385	1,451	-5%
Broadband	-	-	-	1,681	1,716	-2%	1,681	1,716	-2%
Total expenses	<u>7,872</u>	<u>7,273</u>	8%	<u>6,360</u>	<u>5,772</u>	10%	<u>14,232</u>	<u>13,045</u>	9%
Excess (deficiency) before transfers	2,771	1,869	48%	2,769	4,441	-38%	5,540	6,310	-12%
Transfers	<u>(6)</u>	<u>(64)</u>	-91%	<u>6</u>	<u>64</u>	-91%	<u>-</u>	<u>-</u>	-
Change in net position	<u>2,765</u>	<u>1,805</u>	53%	<u>2,775</u>	<u>4,505</u>	-38%	<u>5,540</u>	<u>6,310</u>	-12%
Beginning net position	<u>16,463</u>	<u>14,658</u>	12%	<u>12,127</u>	<u>7,622</u>	59%	<u>28,590</u>	<u>22,280</u>	28%
Ending net position	<u>\$ 19,228</u>	<u>\$ 16,463</u>	17%	<u>\$ 14,902</u>	<u>\$ 12,127</u>	23%	<u>\$ 34,130</u>	<u>\$ 28,590</u>	19%

Governmental activities charges for services decreased due to a decrease in ambulance collections, oil and gas usage fees, and inspection fees.

Governmental activities capital grants and contributions revenue increased due to an increase in donated assets during the fiscal year.

Business-type activities capital grants and contributions revenue decreased due to various donations of infrastructure from land developers in the previous year.

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Governmental Activities

The City's governmental activities had an increase in net position of \$2,764,334.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General government	\$ 1,394	\$ 1,420	-2%	\$ (1,371)	\$ (1,358)	1%
Public safety	4,277	3,931	9%	(1,814)	(1,748)	4%
Streets	1,304	1,212	8%	801	(193)	-515%
Culture and recreation	286	192	49%	(149)	(126)	18%
Cemetery	164	117	40%	(5)	225	-102%
Community development	379	327	16%	(135)	159	-185%
Interest on long-term debt	68	74	-8%	(68)	(74)	-8%
Total	<u>\$ 7,872</u>	<u>\$ 7,273</u>	8%	<u>\$ (2,741)</u>	<u>\$ (3,115)</u>	-12%

Business-type Activities

The business-type activities had an increase in net position of \$2,775,322.

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2023</u>	<u>2022</u>		(Restated)		
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water	\$ 1,343	\$ 1,225	10%	\$ 1,066	\$ 1,770	-40%
Wastewater	675	493	37%	756	1,860	-59%
Sanitation	1,276	887	44%	391	387	1%
Gas	1,385	1,451	-5%	417	553	-25%
Broadband	1,681	1,716	-2%	(73)	(180)	-59%
Total	<u>\$ 6,360</u>	<u>\$ 5,772</u>	10%	<u>\$ 2,557</u>	<u>\$ 4,390</u>	-42%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its fiscal year ended December 31, 2023, the governmental funds reported a combined fund balance of \$7,699,713. For the year ended December 31, 2023, the Governmental Fund's total fund balance increased by \$1,400,902.

Budgetary Highlights

For fiscal year ended December 31, 2023, the General Fund reported revenues above final estimates by \$408,950 or a 9.44% positive variance. General Fund actual expenditures were under final appropriations by \$481,127 or a 10.74% positive variance.

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CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2023, the City had approximately \$48.0 million in capital assets (net of accumulated depreciation), as reported on an accrual basis, including land, buildings, machinery and equipment, and park facilities. Below are details regarding the City's capital assets as of December 31, 2023.

Capital Assets

TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 569	\$ 569	\$ 750	\$ 750	\$ 1,319	\$ 1,319
Buildings and improvements	2,609	2,609	3,751	3,751	6,360	6,360
Imp. other than buildings	761	518	-	-	761	518
Machinery, furniture and equipment	8,276	7,752	2,478	2,104	10,754	9,856
Infrastructure	25,753	24,117	30,033	28,315	55,786	52,432
Utility property and improvements	-	-	57	57	57	57
Construction in progress	60	284	8,358	1,056	8,418	1,340
Totals	<u>38,028</u>	<u>35,849</u>	<u>45,427</u>	<u>36,033</u>	<u>83,455</u>	<u>71,882</u>
Less accumulated depreciation	<u>(22,343)</u>	<u>(21,179)</u>	<u>(13,031)</u>	<u>(11,404)</u>	<u>(35,374)</u>	<u>(32,583)</u>
	<u>\$ 15,685</u>	<u>\$ 14,670</u>	<u>\$ 32,396</u>	<u>\$ 24,629</u>	<u>\$ 48,081</u>	<u>\$ 39,299</u>

This year's more significant capital asset additions include the following:

- City Hall remodeling
- Downtown sewer improvements
- Hollow Brook IV project
- N Richaland Road street project

Debt Administration

At December 31, 2023, the City had approximately \$25 million in long-term debt outstanding, which represents approximately a \$3,308,000 or an 16% increase from the prior year.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

The City of Tuttle's Long-term Debt

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total</u> <u>Percentage</u> <u>Change</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>
Notes payable	\$ 1,424	\$ 1,637	\$ 20,770	\$ 17,187	\$ 22,194	\$ 18,824	17.9%
General Obligation bonds	1,790	1,895	-	-	1,790	1,895	-5.5%
Deposits subject to refund	-	-	334	322	334	322	3.7%
Accrued compensated absences	179	148	51	51	230	199	15.6%
Totals	<u>\$ 3,393</u>	<u>\$ 3,680</u>	<u>\$ 21,155</u>	<u>\$ 17,560</u>	<u>\$ 24,548</u>	<u>\$ 21,240</u>	15.6%

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant known factors that will affect subsequent year finances:

- Several developers have submitted applications to plat new residential subdivisions in the city. This growth of these subdivisions will require the Tuttle Public Works Authority to add significant investment into sanitary sewer, water, natural gas, and fiber utility systems. Construction of the natural gas and fiber systems into new subdivisions requires the use of cash on hand or financing with the expectation that the new customers will connect and use the service as each new home is constructed and sold. This growth also requires the upgrade and expansion of the city/TPWA-owned utilities.
- The TPWA is constructing a new wastewater treatment plant and related sanitary sewer infrastructure to support the residential development growth. The new wastewater treatment plant is expected to be complete in 2024.
- The city had previously received approximately \$1.2M in Federal money as a part of the American Rescue Plan. Project planning is underway continues to be underway to develop the City's plan for spending this one-time money.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 221 W. Main St., Tuttle, Oklahoma, 73089 or telephone at 405-381-2335.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Statement of Net Position – December 31, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 8,306,483	\$ 3,439,407	\$ 11,745,890
Investments	1,207	118,252	119,459
Accounts receivable, net of allowance	531,182	938,163	1,469,345
Due from other governmental agencies	963,054	-	963,054
Lease receivable	-	180,098	180,098
Net pension asset	59,548	-	59,548
Capital Assets:			
Land and construction in progress	628,699	9,107,875	9,736,574
Other capital assets, net of depreciation	15,056,313	23,287,820	38,344,133
Total Assets	<u>25,546,486</u>	<u>37,071,615</u>	<u>62,618,101</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on pensions	<u>1,224,182</u>	<u>-</u>	<u>1,224,182</u>
LIABILITIES			
Accounts payable and accrued expenses	304,880	749,414	1,054,294
Accrued interest payable	5,307	85,389	90,696
Unearned revenue	1,291,650	-	1,291,650
Long-term liabilities:			
Due within one year	340,345	1,729,728	2,070,073
Due in more than one year	<u>5,320,809</u>	<u>19,426,297</u>	<u>24,747,106</u>
Total liabilities	<u>7,262,991</u>	<u>21,990,828</u>	<u>29,253,819</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amount on pensions	279,599	-	279,599
Deferred amount on leases	<u>-</u>	<u>178,352</u>	<u>178,352</u>
Total deferred inflow of resources	<u>279,599</u>	<u>178,352</u>	<u>457,951</u>
NET POSITION			
Net investment in capital assets	12,465,063	12,362,091	24,827,154
Restricted by:			
Enabling legislation	3,423,397	-	3,423,397
Statutory requirements	411,981	-	411,981
Other contracts	42,947	309,684	352,631
Permanent fund - nonspendable	26,781	-	26,781
Permanent fund - expendable	15,716	-	15,716
Unrestricted	<u>2,842,193</u>	<u>2,230,660</u>	<u>5,072,853</u>
Total net position	<u>\$ 19,228,078</u>	<u>\$ 14,902,435</u>	<u>\$ 34,130,513</u>

See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Statement of Activities – Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 1,394,049	\$ 6,785	\$ 16,754	\$ -	\$ (1,370,510)	\$ -	\$ (1,370,510)
Public Safety	4,276,774	834,579	1,254,113	374,231	(1,813,851)	-	(1,813,851)
Streets	1,303,677	403,918	98,615	1,601,847	800,703	-	800,703
Culture and Recreation	286,535	133,360	4,258	-	(148,917)	-	(148,917)
Cemetery	164,300	62,972	96,131	-	(5,197)	-	(5,197)
Community Development	378,899	207,827	36,246	-	(134,826)	-	(134,826)
Interest on Long-term debt	67,806	-	-	-	(67,806)	-	(67,806)
Total governmental activities	<u>7,872,040</u>	<u>1,649,441</u>	<u>1,506,117</u>	<u>1,976,078</u>	<u>(2,740,404)</u>	<u>-</u>	<u>(2,740,404)</u>
Business-Type Activities:							
Water	1,342,649	1,926,421	-	481,840	-	1,065,612	1,065,612
Wastewater	675,048	533,823	-	897,258	-	756,033	756,033
Sanitation	1,275,886	1,639,949	27,285	-	-	391,348	391,348
Gas	1,384,897	1,802,139	-	-	-	417,242	417,242
Broadband	1,681,532	1,606,836	2,195	-	-	(72,501)	(72,501)
Total business-type activities	<u>6,360,012</u>	<u>7,509,168</u>	<u>29,480</u>	<u>1,379,098</u>	<u>-</u>	<u>2,557,734</u>	<u>2,557,734</u>
Total primary government	<u>\$ 14,232,052</u>	<u>\$ 9,158,609</u>	<u>\$ 1,535,597</u>	<u>\$ 3,355,176</u>	<u>(2,740,404)</u>	<u>2,557,734</u>	<u>(182,670)</u>
General revenues:							
Taxes:							
Sales and use taxes					4,662,453	-	4,662,453
Franchise taxes and public service taxes					298,571	-	298,571
Property taxes					155,429	-	155,429
Intergovernmental revenue not restricted to specific programs					2,511	-	2,511
Unrestricted investment earnings					221,650	170,812	392,462
Miscellaneous					170,475	40,425	210,900
Transfers					(6,351)	6,351	-
Total general revenues and transfers					<u>5,504,738</u>	<u>217,588</u>	<u>5,722,326</u>
Change in net position					<u>2,764,334</u>	<u>2,775,322</u>	<u>5,539,656</u>
Net position - beginning, restated					<u>16,463,744</u>	<u>12,127,113</u>	<u>28,590,857</u>
Net position - ending					<u>\$ 19,228,078</u>	<u>\$ 14,902,435</u>	<u>\$ 34,130,513</u>

See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Governmental Funds Balance Sheet – December 31, 2023

	<u>General Fund</u>	<u>Street and Alley Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,706,477	\$ 1,664,870	\$ 1,334,600	\$ 1,600,536	\$ 8,306,483
Investments	-	-	-	1,207	1,207
Receivable from other governments	523,980	101,998	-	337,076	963,054
Court fines receivable, net	44,867	-	-	-	44,867
Ambulance receivable, net	165,867	-	-	-	165,867
Other receivables	239,173	44,894	-	36,381	320,448
Total assets	<u>\$ 4,680,364</u>	<u>\$ 1,811,762</u>	<u>\$ 1,334,600</u>	<u>\$ 1,975,200</u>	<u>\$ 9,801,926</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 120,596	\$ 9,677	\$ -	\$ 25,139	\$ 155,412
Accrued payroll payable	138,346	4,308	-	-	142,654
Payable to other governments	4,809	-	-	-	4,809
Unearned revenue	-	-	1,291,653	-	1,291,653
Other payables	2,005	-	-	-	2,005
Total liabilities	<u>265,756</u>	<u>13,985</u>	<u>1,291,653</u>	<u>25,139</u>	<u>1,596,533</u>
Deferred inflows of resources:					
Unavailable revenue	<u>289,352</u>	<u>39,233</u>	<u>-</u>	<u>177,095</u>	<u>505,680</u>
Fund balances:					
Nonspendable	-	-	-	26,781	26,781
Restricted	171,468	1,758,544	42,947	1,746,185	3,719,144
Assigned	1,581,975	-	-	-	1,581,975
Unassigned	2,371,813	-	-	-	2,371,813
Total fund balances	<u>4,125,256</u>	<u>1,758,544</u>	<u>42,947</u>	<u>1,772,966</u>	<u>7,699,713</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,680,364</u>	<u>\$ 1,811,762</u>	<u>\$ 1,334,600</u>	<u>\$ 1,975,200</u>	<u>\$ 9,801,926</u>

See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended December 31, 2023

	General Fund	Street and Alley Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,654,397	\$ 754,456	\$ -	\$ 555,585	\$ 4,964,438
Intergovernmental	1,456,913	371,722	2,511	-	1,831,146
Licenses and permits	165,980	4,750	-	-	170,730
Charges for services	982,953	-	-	298,276	1,281,229
Fees and fines	197,162	-	-	-	197,162
Investment earnings	93,636	45,706	37,560	44,748	221,650
Miscellaneous	481,526	67,926	-	65,653	615,105
Total revenues	<u>7,032,567</u>	<u>1,244,560</u>	<u>40,071</u>	<u>964,262</u>	<u>9,281,460</u>
EXPENDITURES					
Current:					
General government	1,354,799	-	-	-	1,354,799
Public safety	3,791,106	-	-	-	3,791,106
Highways and streets	-	357,572	-	-	357,572
Culture and recreation	196,228	-	-	-	196,228
Economic development	379,434	-	-	-	379,434
Cemetery	139,139	-	-	-	139,139
Capital outlay	517,669	517,197	2,511	232,306	1,269,683
Debt service:					
Principal	-	13,886	-	304,000	317,886
Interest and other charges	-	2,390	-	68,481	70,871
Total expenditures	<u>6,378,375</u>	<u>891,045</u>	<u>2,511</u>	<u>604,787</u>	<u>7,876,718</u>
Excess (deficiency) of revenues over expenditures	<u>654,192</u>	<u>353,515</u>	<u>37,560</u>	<u>359,475</u>	<u>1,404,742</u>
OTHER FINANCING SOURCES					
Transfers out	-	(3,840)	-	-	(3,840)
Total other financing sources	<u>-</u>	<u>(3,840)</u>	<u>-</u>	<u>-</u>	<u>(3,840)</u>
Net change in fund balances	654,192	349,675	37,560	359,475	1,400,902
Fund balances - beginning	3,471,064	1,408,869	5,387	1,413,491	6,298,811
Fund balances - ending	<u>\$ 4,125,256</u>	<u>\$ 1,758,544</u>	<u>\$ 42,947</u>	<u>\$ 1,772,966</u>	<u>\$ 7,699,713</u>

See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Fund Balance - Net Position Reconciliation:

Total fund balance, governmental funds	\$ 7,699,713
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	15,685,012
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Other long-term assets and deferred outflows are not available to pay for current period expenditures and therefore are either deferred or not reported in the funds.

Unavailable revenue	505,683
Pension related deferred outflows	1,224,182
Net pension asset	59,548

Certain long-term liabilities are not due and payable from current financial resources and, therefore they, along with pension related deferred inflows, are not reported in the funds:

Net pension liability	(2,226,409)
Pension related deferred inflows	(279,599)
Accrued compensated absences	(178,671)
Notes payable	(1,424,429)
GO bonds payable	(1,790,000)
Unamortized bond premium	(41,645)

Some liabilities (such as Accrued Interest Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(5,307)
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Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 19,228,078</u></u>
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See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$	1,400,902
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized		2,383,382
Depreciation expense		(1,320,697)
Disposal of capital assets		(47,519)

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.		(34,678)
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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		92,646

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		317,886
Amortization of debt premium		2,537

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:

Interest payable		528
Change in accrued compensated absences		(30,653)
Change in net position of governmental activities	\$	2,764,334

See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Proprietary Funds Statement of Net Position – December 31, 2023

	Tuttle Public Works Authority	Tuttle Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 766,242	\$ 1,126,723	\$ 1,892,965
Restricted:			
Cash and cash equivalents	1,546,442	-	1,546,442
Investments	118,252	-	118,252
Accounts receivable, net	911,149	26,708	937,857
Other receivables	306	-	306
Leases receivable	180,098	-	180,098
Total current assets	<u>3,522,489</u>	<u>1,153,431</u>	<u>4,675,920</u>
Non-current assets:			
Land and construction in progress	9,107,875	-	9,107,875
Other capital assets, net of accumulated depreciation	23,287,820	-	23,287,820
Total non-current assets	<u>32,395,695</u>	<u>-</u>	<u>32,395,695</u>
Total assets	<u>35,918,184</u>	<u>1,153,431</u>	<u>37,071,615</u>
LIABILITIES			
Current liabilities:			
Accounts payable	713,344	3,861	717,205
Salaries payable	14,498	17,711	32,209
Accrued interest payable	85,389	-	85,389
Deposits subject to refund	66,848	-	66,848
Compensated absences	2,841	2,303	5,144
Notes payable	1,657,736	-	1,657,736
Total current liabilities	<u>2,540,656</u>	<u>23,875</u>	<u>2,564,531</u>
Non-current liabilities:			
Deposits subject to refund	267,390	-	267,390
Compensated absences	25,572	20,730	46,302
Notes payable	19,112,605	-	19,112,605
Total non-current liabilities	<u>19,405,567</u>	<u>20,730</u>	<u>19,426,297</u>
Total liabilities	<u>21,946,223</u>	<u>44,605</u>	<u>21,990,828</u>
DEFERRED INFLOWS			
Deferred inflows - leases	178,352	-	178,352
NET POSITION			
Net investment in capital assets	12,362,091	-	12,362,091
Restricted for debt service	309,684	-	309,684
Unrestricted	1,121,834	1,108,826	2,230,660
Total net position	<u>\$ 13,793,609</u>	<u>\$ 1,108,826</u>	<u>\$ 14,902,435</u>

See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position – Year Ended December 31, 2023

	Tuttle Public Works Authority	Tuttle Development Authority	Total
REVENUES			
Charge for services:			
Water	\$ 1,889,333	\$ -	\$ 1,889,333
Sewer	523,546	-	523,546
Gas	1,767,443	-	1,767,443
Sanitation	1,608,375	-	1,608,375
Broadband	-	1,606,836	1,606,836
Rents and royalties	31,153	-	31,153
Miscellaneous	82,482	-	82,482
Total operating revenues	<u>5,902,332</u>	<u>1,606,836</u>	<u>7,509,168</u>
OPERATING EXPENSES			
Administration	448,888	-	448,888
Water	678,728	-	678,728
Wastewater	113,636	-	113,636
Sanitation	1,113,791	-	1,113,791
Gas	1,137,669	-	1,137,669
Broadband	197,937	583,457	781,394
Depreciation	1,626,942	-	1,626,942
Total operating expenses	<u>5,317,591</u>	<u>583,457</u>	<u>5,901,048</u>
Operating income	<u>584,741</u>	<u>1,023,379</u>	<u>1,608,120</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	134,359	36,453	170,812
Miscellaneous revenue	40,425	-	40,425
Operating grants	70,733	-	70,733
Interest expense	(456,769)	-	(456,769)
Total non-operating revenue (expense)	<u>(211,252)</u>	<u>36,453</u>	<u>(174,799)</u>
Income (loss) before contributions and transfers	373,489	1,059,832	1,433,321
Capital transfers and contributions	1,338,161	-	1,338,161
Transfers in	1,024,246	-	1,024,246
Transfers out	-	(1,020,406)	(1,020,406)
Change in net position	<u>2,735,896</u>	<u>39,426</u>	<u>2,775,322</u>
Total net position - beginning, restated	<u>11,057,713</u>	<u>1,069,400</u>	<u>12,127,113</u>
Total net position - ending	<u><u>\$ 13,793,609</u></u>	<u><u>\$ 1,108,826</u></u>	<u><u>\$ 14,902,435</u></u>

See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Proprietary Fund Statement of Cash Flows – Year Ended December 31, 2023

	Tuttle Public Works Authority	Tuttle Development Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,066,939	\$ 1,615,099	\$ 7,682,038
Payments to suppliers	(2,704,077)	(291,298)	(2,995,375)
Payments to employees	(641,653)	(285,859)	(927,512)
Receipts of customer utility deposits	36,440	-	36,440
Refunds of customer utility deposits	(24,316)	-	(24,316)
Net cash provided by operating activities	<u>2,733,333</u>	<u>1,037,942</u>	<u>3,771,275</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	738,950	-	738,950
Transfers to other funds	-	(1,020,406)	(1,020,406)
Net cash provided by (used in) noncapital financing activities	<u>738,950</u>	<u>(1,020,406)</u>	<u>(281,456)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(7,770,264)	-	(7,770,264)
Debt proceeds	5,197,952	-	5,197,952
Principal paid on capital debt	(1,614,458)	-	(1,614,458)
Interest paid on capital debt	(434,050)	-	(434,050)
Net cash provided by (used in) capital and related financing activities	<u>(4,620,820)</u>	<u>-</u>	<u>(4,620,820)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	134,359	36,453	170,812
Sale (Purchase) of investments	(1,904)	-	(1,904)
Net cash provided by investing activities	<u>132,455</u>	<u>36,453</u>	<u>168,908</u>
Net increase (decrease) in cash and cash equivalents	(1,016,082)	53,989	(962,093)
Balance - beginning of the year	3,328,766	1,072,734	4,401,500
Balance - end of the year	<u>\$ 2,312,684</u>	<u>\$ 1,126,723</u>	<u>\$ 3,439,407</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	766,242	1,126,723	1,892,965
Restricted cash and cash equivalents	1,546,442	-	1,546,442
Total cash and cash equivalents	<u>\$ 2,312,684</u>	<u>\$ 1,126,723</u>	<u>\$ 3,439,407</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 584,741	\$ 1,023,379	\$ 1,608,120
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,626,942	-	1,626,942
Operating grant	70,733	-	70,733
Miscellaneous income	40,425	-	40,425
Change in assets, liabilities, and deferrals:			
Receivables	30,176	8,263	38,439
Other receivable	(41)	-	(41)
Lease receivable	23,314	-	23,314
Deferred inflows	(25,184)	-	(25,184)
Accounts payable and accrued liabilities	378,982	626	379,608
Accrued payroll payable	(244)	2,713	2,469
Payable to other governments	(5,691)	-	(5,691)
Meter deposit liability	12,124	-	12,124
Accrued compensated absences	(2,944)	2,961	17
Net cash provided by operating activities	<u>\$ 2,733,333</u>	<u>\$ 1,037,942</u>	<u>\$ 3,771,275</u>
Non-cash activity:			
Capital transferred from other funds	\$ 285,296	-	\$ 285,296
Capital contributions	1,335,650	-	1,335,650
Non-cash activity	<u>\$ 1,620,946</u>	<u>\$ -</u>	<u>\$ 1,620,946</u>

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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Footnotes to the basic financial statements:

1. Financial Reporting Entity

The City's financial reporting entity includes three separate legal entities reported as the primary government as follows:

- **The City of Tuttle** – operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City.
- **The Tuttle Public Works Authority (TPWA)** – operates the water, wastewater, gas, and sanitation services of the City. The City of Tuttle is the beneficiary of the trust, and the City Council serves as the governing body of the trust.
- **The Tuttle Development Authority (TDA)** – operates the Fiber-to-the-Home broadband (internet) service and promotes economic growth of the City. The City of Tuttle is the beneficiary of the trust, and the City Council serves as the governing body of the trust.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *"The Financial Reporting Entity"* and Statement No. 61, *"The Financial Reporting Entity: Omnibus"* and includes all component units for which the City is financially accountable.

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. A Public Trust (Authority) has no taxing power. An Authority is generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authorities. An Authority generally retains title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of an Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

The component units (Authorities) have the City Council as their governing bodies (trustees) and the City is able to impose its will on each Authority through required approval of all debt obligations issued by these entities.

As required by state law, all debt obligations incurred by the above Trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the Trust within the City's financial reporting entity. The Public Trusts do not issue separate annual financial statements and are treated as blended component units.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the economic resources focus, all assets, deferred outflows, liabilities, and deferred inflows are reported, including current and non-current. Under the accrual basis

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of accounting, revenues are recognized when earned and expenses (including depreciation) are recorded when the liability is incurred or an economic asset used.

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

- General government: License and permits, inspection fees and operating grants
- Public safety: Fine revenue, fire runs and operating and capital grants
- Streets and highways: Gas excise, commercial vehicle taxes, impact fees and capital and operating grants
- Health and welfare: EMS runs
- Cemetery: Lot sales and interments
- Culture and recreation: ballpark fees, concession fees, and capital grants

Governmental Funds:

General Fund – The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds - are used to account for the payment of principal and interest on the general obligation bond of the city. Ad valorem taxes and interest earned on investments are used for debt repayment.

Capital Project Funds – are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Fund – accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Funds:

Enterprise Funds– are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Tuttle Public Works Authority and the Tuttle Development Authority enterprise funds. These funds account for activities of the public trusts in providing water, gas, wastewater, sanitation, and broadband (internet) services to the public.

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The City's governmental funds are comprised of the following:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds, including the activity of the Cemetery account.
- Street and Alley Fund – accounts for state shared gasoline excise and commercial vehicle taxes and sales tax legally restricted for street and alley purposes.
- ARPA Grant Fund – accounts for American Rescue Plan received from the federal government to be used for capital improvements.

Non-Major Funds (Reported as Other Governmental Funds):

Special Revenue Funds:

- Neighborhood Street fund – account for sales tax revenue restricted for the improvements to streets and the issuance of debt for the improvements to streets.

Capital Project Fund:

- Capital Improvement Fund – accounts for current revenue and other funds for capital improvements.

Debt Service Fund – account for ad valorem tax assessed for the repayment of general obligation bonds

Permanent Fund:

- Cemetery Perpetual Care Fund – accounts for the proceeds received for the upkeep of the Fairview Cemetery and specific lots as required by trust agreement.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this 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.

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

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Proprietary Funds:

The City's proprietary funds are comprised of the following:

- Tuttle Public Works Authority (TPWA) – accounts for the operation of the water, wastewater, gas, and sanitation activities.
- Tuttle Development Authority (TDA) – accounts for the operation of Fiber-to-the-Home broadband (internet) service and promotes economic growth.

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.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

The above noted funds are legally required to adopt annual budgets or appropriations. Public Trust (or Authority) is not required to adopt legal annual appropriations. While each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

3. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand and savings accounts, certificates of deposit, and any short-term investments with an original maturity of three months or less, and open-ended government mutual funds. Investments consist of long-term certificates of deposits and are reported at cost.

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 I inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

Marketable investments are reported at their fair value, based on quoted market prices.

For the year ended December 31, 2023, the City recognized \$392,462 of investment income. Due to the minimal rates of return on allowable investments in the current environment, the City's deposits are in demand and short-term time deposits and money market funds.

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At December 31, 2023, the primary government held the following deposits and investments:

Type	Maturities	Credit Rating	Fair Value Hierarchy	Carrying Value
Deposits:				
Demand deposits				\$ 10,406,601
Cash on hand				2,800
Time deposits	March 2024			118,252
Time deposits	August 2024			1,207
				<u>10,528,860</u>
Investments:				
Cavanal Hill U.S. Treasury Admin Fund		AAAm	Level I	1,336,489
Total deposits				<u><u>\$ 11,865,349</u></u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				\$ 11,745,890
Investments				119,459
				<u><u>\$ 11,865,349</u></u>

Custody Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty's trust, department, or agent, but not in the government's name.

As of December 31, 2023, the City was undercollateralized by \$1,491,373 at one banking institution.

Investment 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. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its investments.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) 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; and government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts.

As of December 31, 2023, the City's money market mutual fund had a credit rating of AAAm given by Standard and Poor's.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of December 31, 2023 are as follows:

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<u>Type of Restricted Assets</u>	<u>Current</u>	
	<u>Cash and cash equivalents</u>	<u>Investments</u>
Utility Deposits	\$ 257,277	\$ 118,252
CDBG Savings	8,591	-
Debt Service	363,219	-
Construction Project	917,355	-
Total	<u>\$ 1,546,442</u>	<u>\$ 118,252</u>

4. Receivables

Primary Government Accounts Receivables:

Accounts receivable of the business-type activities consists of customer utilities receivable and leases receivable. Accounts receivable of the governmental activities consists of court fines, ambulance fees, and other receivables. Receivables detail at December 31, 2023, is as follows:

	<u>Accounts Receivable</u>	<u>Less: Allowance for Uncollectible Accounts</u>	<u>Net Accounts Receivable</u>
Governmental Activities:			
Court fines	\$ 551,553	\$ (506,686)	\$ 44,867
Ambulance fees	5,057,028	(4,891,161)	165,867
Other receivables	327,486	(7,038)	320,448
Total Governmental Activities	<u>\$ 5,936,067</u>	<u>\$ (5,404,885)</u>	<u>\$ 531,182</u>
Business-Type Activities:			
Utilities	\$ 1,245,768	\$ (307,605)	\$ 938,163
Lease Receivable	180,098	-	180,098
	<u>\$ 1,425,866</u>	<u>\$ (307,605)</u>	<u>\$ 1,118,261</u>

Leases:

The City is a party as lessor for various non-cancellable long-term leases of capital assets. The corresponding lease receivables are recorded in an amount equal to the present value of the expected future minimum lease payments received, discounted by an applicable interest rate. The City generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that is charged is disclosed.

Lease-related amounts are recognized at the inception of leases in which the City is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease revenue incentives. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$25,184.

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5. Capital Assets and Depreciation

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$5,000 (with exceptions) is used to report capital assets. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 1996. Prior to July 1, 2000, governmental funds' infrastructure assets, such as streets, bridges, drainage systems, and traffic signal systems were not capitalized. Infrastructure assets acquired with cash since July 1, 2000, are recorded at cost. Donated capital assets are recorded at their acquisition value at the date of donation.

For the year ended December 31, 2023, capital asset balances changed as follows:

	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Governmental:				
Capital assets not being depreciated:				
Land	\$ 568,700	\$ -	\$ -	\$ 568,700
Construction in Progress	283,982	71,376	295,359	59,999
Total capital assets not being depreciated	852,682	71,376	295,359	628,699
Other capital assets:				
Buildings	2,608,805	-	-	2,608,805
Improvements	517,724	243,495	-	761,219
Infrastructure	24,117,410	1,635,215	-	25,752,625
Machinery and Equipment	7,752,009	728,655	204,430	8,276,234
Total other capital assets at historical cost	34,995,948	2,607,365	204,430	37,398,883
Less accumulated depreciation for:				
Buildings	412,150	50,059	-	462,209
Improvements	353,374	46,383	-	399,757
Infrastructure	14,956,656	746,783	-	15,703,439
Machinery and Equipment	5,456,604	477,472	156,911	5,777,165
Total accumulated depreciation	21,178,784	1,320,697	156,911	22,342,570
Other capital assets, net	13,817,164	1,286,668	47,519	15,056,313
Governmental, net capital assets	\$ 14,669,846	\$ 1,358,044	\$ 342,878	\$ 15,685,012
Business-Type:				
Capital assets not being depreciated:				
Land	\$ 749,673	\$ -	\$ -	\$ 749,673
Construction in Progress	1,056,776	7,671,713	370,287	8,358,202
Total capital assets not being depreciated	1,806,449	7,671,713	370,287	9,107,875
Other capital assets:				
Buildings	3,751,050	-	-	3,751,050
Machinery and Equipment	2,103,960	373,658	-	2,477,618
Infrastructure	28,314,838	1,718,638	-	30,033,476
Utility Property and Improvements	56,572	-	-	56,572
Total other capital assets at historical cost	34,226,420	2,092,296	-	36,318,716
Less accumulated depreciation for:				
Buildings	777,159	75,224	-	852,383
Machinery and Equipment	1,437,936	129,585	-	1,567,521
Infrastructure	9,145,307	1,417,707	-	10,563,014
Utility Property and Improvements	43,552	4,426	-	47,978
Total accumulated depreciation	11,403,954	1,626,942	-	13,030,896
Other capital assets, net	22,822,466	465,354	-	23,287,820
Business-Type, net capital assets	\$ 24,628,915	\$ 8,137,067	\$ 370,287	\$ 32,395,695

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. The range of estimated useful lives by type of asset is as follows:

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- Buildings 10-50 years
- Machinery, furniture, and equipment 3-30 years
- Utility property and improvements 10-20 years
- Infrastructure 10-50 years

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 expense has been allocated as follows:

Governmental Activities:

General government	\$ 31,924
Public safety	395,438
Highways and streets	793,861
Culture and recreation	75,635
Cemetery	23,839
	<u>\$ 1,320,697</u>

Business-Type Activities:

Water	\$ 478,013
Sewer	381,294
Gas	69,102
Broadband	698,533
	<u>\$ 1,626,942</u>

6. Long-Term Debt and Debt Service Requirements

For the year ended December 31, 2023, the reporting entity's long-term debt changed as follows:

	Balance January 1, 2023	Additions	Deductions	Balance December 31, 2023	Amount Due Within One Year
<i>Governmental:</i>					
Notes payable-direct borrowings/placements	\$ 1,637,315	\$ -	\$ 212,886	\$ 1,424,429	\$ 217,478
General Obligation bonds	1,895,000	-	105,000	1,790,000	105,000
Accrued compensated absences	148,018	30,653	-	178,671	17,867
Total	<u>\$ 3,680,333</u>	<u>\$ 30,653</u>	<u>\$ 317,886</u>	\$ 3,393,100	<u>\$ 340,345</u>
Reconciliation to Statement of Net Position:					
Net Pension Liability				2,226,409	
Unamortized debt premium				41,645	
				<u>\$ 5,661,154</u>	
<i>Business-Type:</i>					
Notes payable-direct borrowings/placements	\$ 17,186,846	\$ 5,197,953	\$ 1,614,458	\$ 20,770,341	\$ 1,657,736
Deposits subject to refund	322,114	36,440	24,316	334,238	66,848
Accrued compensated absences	51,429	17	-	51,446	5,144
Total	<u>\$ 17,560,389</u>	<u>\$ 5,234,410</u>	<u>\$ 1,638,774</u>	<u>\$ 21,156,025</u>	<u>\$ 1,729,728</u>

Governmental Activities:

At December 31, 2023, the governmental long-term debt of the financial reporting entity consisted of the following:

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Notes Payable-direct borrowings/placements:

Note Payable to FNB Community Bank for street improvements, original amount \$2,060,000, payable in monthly installments on December 1 and June 1 ranging from \$92,000 to \$111,000, including principal and interest at 1.60%, final payment due June 1, 2030. The collateral for this note is a pledged sales tax. In the event of default the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or in the notes; 2) require the Sales Tax revenue be deposited directly as received with the Bank; 3) acceleration of the payment of principal of and interest accrued on all Notes; or 4) suit at law or equity to enforce or enjoin the action or inaction of the parties under the provisions of the Note Indenture or the Sales Tax Agreement.

\$ 1,379,000

Note payable to Sooner State Bank for the purchase of a dump truck, original amount \$130,386, payable in monthly installments of \$1,280, including principal and interest at 4.5%, final payment due December 15, 2026. The collateral for this note is a security interest in the equipment purchased with the proceeds of this Note. In the event of default, the lender may: 1) accelerate the payment of principal of and interest accrued on all notes; 2) use any remedy allowed under state or federal law or in the loan document; 3) make a claim for insurance benefits; 4) add payments made on behalf to the principal and accrue interest at the highest post-maturity interest rate; 5) set-off; 6) use any or all remedies.

45,429

\$ 1,424,429

Current portion	\$	217,478
Non-current portion		<u>1,206,951</u>
Total Notes Payable	\$	<u><u>1,424,429</u></u>

General Obligation Bonds:

\$2,000,000 General Obligation Bonds of 2020 due in annual principal installments through June 2040, interest ranging from 2.0% to 3.0%. Bonds issued for the construction of a public safety facility. In the event of default the owner of the bonds will have any available remedy at law or in equity, including seeking specific performance by court order to cause the City to comply.

\$ 1,790,000

Current portion	\$	105,000
Non-current portion		<u>1,685,000</u>
Total General Obligation Bonds	\$	<u><u>1,790,000</u></u>

Accrued Compensated Absences:

Current portion	\$	17,867
Non-current portion		<u>160,804</u>
Total Accrued Compensated Absences	\$	<u><u>178,671</u></u>

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The governmental notes payable are paid by the Special Revenue and Capital Project Funds. General Obligation bonds are liquidated by the Debt Service Fund. Governmental accrued compensated absences will be liquidated by the General Fund.

Business-Type Activities:

Long-term commitments payable from net revenues generated by the utility resources or other resources pledged to the City's business-type activities at December 31, 2023, includes the following:

Notes payable-direct borrowings/placements:

Note payable to Sooner State Bank for the purchase of a commercial building, original amount \$376,942, payable in monthly installments of \$6,736, including principal and interest at 3.75%, final payment due September 25, 2033. The collateral for this note is a security interest in the 5th and Bond Property located in Tuttle, Oklahoma purchased with the proceeds of this Note. In the event of default, the lender may: 1) accelerate the payment of principal of and interest accrued on all notes; 2) use any remedy allowed under state or federal law or in the loan document; 3) make a claim for insurance benefits; 4) add payments made on behalf to the principal and accrue interest at the highest post-maturity interest rate; 5) set-off; 6) use any or all remedies. \$ 138,264

Note payable to Sooner State Bank for the purchase of a backhoe/excavator, original amount \$123,037, payable in monthly installments of \$1,280, including principal and interest at 4.5%, final payment due December 15, 2026. The collateral for this note is a security interest in the equipment purchased with the proceeds of this Note. In the event of default, the lender may: 1) accelerate the payment of principal of and interest accrued on all notes; 2) use any remedy allowed under state or federal law or in the loan document; 3) make a claim for insurance benefits; 4) add payments made on behalf to the principal and accrue interest at the highest post-maturity interest rate; 5) set-off; 6) use any or all remedies. 41,185

Note payable to Oklahoma Department of Transportation for a gas line, payable in monthly installments, based on an informal repayment agreement of \$2,000 per month. 15,034

2010 Sales Tax Revenue Note dated November 1, 2010, original amount \$2,200,000, due in semi-annual principal installments each April 1 and October 1 beginning April 1, 2011, final installment due October 1, 2030 with interest at 4.0% payable semi-annually based on principal outstanding. The Note is secured by pledged sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or the notes; requiring that the Sales Tax Revenue be deposited directly as received with the Bank; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) file suit to enforce or enjoin the action or inaction of parties under the provisions of this Note Indenture or the Sales Tax Agreement. 1,130,000

Utility System Revenue Note Series 2020 dated April 23, 2020, original amount \$2,518,000, due in semi-annual principal installments each February 1 and August 1 beginning August 2020, final installment due August 1, 2028 with interest at 1.5% payable semi-annually based on principal outstanding. The Note is secured by pledged water and sewer net revenues. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture or in the bonds; 2) acceleration of the payment of principal of and interest accrued on all bonds; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the bonds and any additional parity bonds; 4) file suit to enforce or enjoin the action or inaction of parties under the provisions of the Indenture. 1,552,000

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Utility System Revenue Note Series 2015 dated December 1, 2015, original amount \$3,455,000, due in semi-annual principal installments each May 1 and November 1 beginning May 2016, final installment due May 1, 2030 with an administration fee of .5% and interest at 2.63% payable semi-annually based on principal outstanding. The Note is secured by pledged water, sewer, sanitation and gas net revenues. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture or in the bonds; 2) acceleration of the payment of principal of and interest accrued on all bonds; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the bonds and any additional parity bonds; 4) file suit to enforce or enjoin the action or inaction of parties under the provisions of the Indenture.

1,740,000

2021A Sales Tax Revenue Note dated February 18, 2021, original amount \$5,012,000 due in semi-annual principal and interest installments each June 1 and December 1 beginning June 1, 2021, final installment due December 1, 2032 with interest at 2.75% payable semi-annually based on principal outstanding. The Note is secured by pledged sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or the notes; requiring that the Sales Tax Revenue be deposited directly as received with the bank; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) file suit to enforce or enjoin the action or inaction of parties under the provisions of this Note Indenture or the Sales Tax Agreement.

4,052,000

2021 B Sales and Use Tax Revenue Note dated February 18, 2021, original amount \$4,042,000 due in semi-annual principal and interest installments each June 1 and December 1 beginning June 1, 2021, final installment due December 1, 2033 with interest at 2.25% payable semi-annually based on principal outstanding. The Note is secured by pledged sales and use tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or the notes; requiring that the Sales Tax Revenue be deposited directly as received with the bank; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) file suit to enforce or enjoin the action or inaction of parties under the provisions of this Note Indenture or the Sales Tax Agreement.

3,422,000

2021 Utility System Revenue Note dated November 15, 2021, original amount \$3,504,000, due in annual principal installments each December 1 beginning December 1, 2021, final installment due November 1, 2036 with interest at 1.95% payable semi-annually each May 1 and November 1 based on principal outstanding. The Note is secured by pledged water and sewer net revenues. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture or in the bonds; 2) acceleration of the payment of principal of and interest accrued on all bonds; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the bonds and any additional parity bonds; 4) file suit to enforce or enjoin the action or inaction of parties under the provisions of the Indenture.

3,020,000

2021 B Clean Water Note dated December 21, 2021, original amount \$6,390,000, due in semi-annual principal installments each March 15 and September 15 beginning March 15, 2023, final installment due September 15, 2052 with interest at 1.61% payable semi-annually based on principal outstanding. The Note is secured by pledged water, sewer, sanitation, and gas net revenues. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Borrower contained in this Loan Agreement or in the Note; 2) acceleration of the payment of principal of and interest accrued on the Note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest and administrative fees on the Note and any other Borrower indebtedness; 4) file suit to enforce or enjoin the action or inaction of parties under the provisions of this Loan Agreement.

5,659,858

\$ 20,770,341

Current portion	\$ 1,657,736
Non-current portion	19,112,605
Total Notes Payable	<u>\$ 20,770,341</u>

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Deposits Subject to Refund

Current portion	\$	66,848
Non-current portion		<u>267,390</u>
Total Deposits Subject to Refund	\$	<u><u>334,238</u></u>

Accrued Compensated Absences:

Current portion	\$	5,144
Non-current portion		<u>46,302</u>
Total Accrued Compensated Absences	\$	<u><u>51,446</u></u>

Payment Requirements to Maturity:

Year Ended December 31,	Governmental Activities				Business -Type Activities	
	General Obligation Bonds		Notes Payable-direct borrowings/placements		Notes Payable-direct borrowings/placements	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 105,000	\$ 41,625	217,478	23,006	\$ 1,657,736	437,635
2025	105,000	39,525	222,143	19,076	1,688,233	397,074
2026	105,000	37,425	224,808	15,061	1,728,187	355,559
2027	105,000	35,325	213,000	11,312	1,760,753	313,309
2028	105,000	33,225	217,000	7,888	1,811,706	270,250
2029-2033	525,000	134,363	330,000	5,296	6,999,902	777,773
2034-2038	525,000	70,575	-	-	1,705,000	315,143
2039-2043	215,000	6,525	-	-	1,352,000	219,065
2044-2048	-	-	-	-	1,487,000	131,539
2049-2052	-	-	-	-	1,293,000	36,369
Amount to be drawn	-	-	-	-	(713,177)	-
Total	<u><u>\$ 1,790,000</u></u>	<u><u>\$ 398,588</u></u>	<u><u>\$ 1,424,429</u></u>	<u><u>\$ 81,639</u></u>	<u><u>\$ 20,770,340</u></u>	<u><u>\$ 3,253,716</u></u>

Interest expense was charged to functions as follows in the Statement of Activities:

Business-type activities:

Water	\$	65,100
Wastewater		165,466
Gas		13,397
Sanitation		13,397
Broadband		<u>199,409</u>
Total	\$	<u><u>456,769</u></u>

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Pledge of Future Revenues

Utility Net Revenues Pledge

The Authority pledged water and sanitary sewer net utility revenues to repay the 2021A Utility System Revenue Note issued by the Authority of \$3,504,000. Proceeds from the note are to refund the 2011 Utility System Revenue Note of \$2,315,000, and to finance capital improvements, including gas system improvements. The notes are payable from revenues of the TPWA and are payable through 2036. The total principal and interest payable for the remainder of the life of this note is \$3,373,233. Pledged water and sewer net utility revenues for the current year were \$1,604,373. Debt service payments in the current year totaled \$317,624 and were 19.8% of pledged water and sewer net utility revenues.

The City has pledged future water, sewer, gas and sanitation net utility revenues to repay the 2015 Utility System Revenue Note of \$3,455,000. Proceeds from the note are to finance water system improvements, wastewater system improvements, gas system improvements, and purchase of land. The note is payable from revenues of the TPWA and are payable through 2030. The total principal and interest payable for the remainder of the life of this note is \$1,904,770. Pledged water, sewer, gas, and sanitation net utility revenues for the current year were \$2,706,688. Debt service payments in the current year totaled \$292,496 and were 10.81% of pledged water, sewer, gas and sanitation net utility revenues.

The City has pledged water and sanitary sewer net utility revenues to repay the 2020 Utility System Revenue Note issued by the Authority of \$2,518,000. Proceeds from the note are to refund the 2013 OWRB 2013 Utility System revenue note of \$3,550,000 that was used to refund the 2008 OWRB Promissory Note. The note is payable from revenues of the TPWA and is payable through 2028. The total principal and interest payable for the remainder of the life of this note is \$1,616,403. Pledged water and sewer net utility revenues for the current year were \$1,604,373 debt service payments in the current year totaled \$330,700 and were 20.61% of pledged water and sewer net utility revenues.

Sales Tax Pledge

The City has pledged one cent of the sales tax to repay the 2010 Sales Tax Revenue Note issued by the Authority for \$2,200,000. Proceeds from the note will be used to construct a new city hall and related improvements. The notes are payable from revenues of the TPWA and pledged sales tax if needed and are payable through 2030. The total principal and interest payable for the remainder of the life of this note is \$1,307,100. Pledged sales tax revenue for the current year was \$754,456. Debt service payments of \$184,200 for the current fiscal year were 24.41% of the pledged sales tax.

The City has pledged one cent of the sales tax to repay the 2020 Sales Tax Revenue Note issued by the Authority for \$2,060,000. Proceeds from the note will be used to construct street improvements. The notes are payable from pledged sales tax and are payable through 2030. The total principal and interest payable for the remainder of the life of this note is \$1,457,416. Pledged sales tax revenue for the current year was \$754,456. Debt service payments of \$223,456 for the current fiscal year were 29.62% of the pledged sales tax.

Sales and Use Tax Pledge

The City has pledged two cents of the sales tax and all the revenues derived from Ordinance No. 159 which levied and assessed a use tax totaling four percent to repay the 2021A Sales and Use Tax Revenue Note and the 2021B Sales and Use Tax Revenue Note issued by the Authority for \$5,012,000 and \$4,042,000, respectively. Proceeds from the note were used to refund the 2017B Sales Tax Revenue

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Note and the 2018 Sales Tax and Use Tax Revenue Note. It will also be used to finance the build-out of the Tuttle fiber-optic high speed internet utility service. The notes are payable from revenues of the TPWA and pledged sales and use tax if needed and are payable through 2032 and 2033, respectively. The total principal and interest payable for the remainder of the life of these notes is \$8,497,005. Pledged sales and use tax revenue for the current year was \$2,711,552. Debt service payments of \$844,788 for the current fiscal year were 31.16% of the pledged sales and use tax.

7. Net Position and Fund Balances

Net Position:

Net position as reported in the government-wide and proprietary fund financial statements is displayed in three components:

a. *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets, net of unexpended debt proceeds.

b. *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.

The following table shows restricted net position by enabling legislation as shown on the Statement of Net Position for Governmental Activities:

Fund	Restricted By	Amount
General Fund	Enabling legislation - Library Fees	<u>\$ 22,178</u>
Street & Alley Fund	Enabling legislation - Sales tax ordinance	<u>\$ 1,758,544</u>
Capital Improvement Fund	Enabling legislation - Capital improvement fee ordinance	<u>\$ 1,318,335</u>
Neighborhood Streets	Enabling legislation - Sales tax ordinance	<u>\$ 324,340</u>

c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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 is available.

Fund Balances:

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

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- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. 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.
- c. 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.
- d. 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 the budgetary process.
- e. 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 require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following tables show the fund balance classifications as shown in the Governmental Funds Balance Sheet and the Proprietary Fund Statement of Net Position:

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	General Fund	Street & Alley Fund	ARPA	Other Governmental Funds	Total
Nonspendable:					
Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ 26,781	\$ 26,781
Restricted For:					
Streets	-	1,758,544	-	324,340	2,082,884
Cemetery capital	149,290	-	-	-	149,290
Library	22,178	-	-	-	22,178
Capital Improvement	-	-	-	1,176,036	1,176,036
Cemetery Perpetual Care Interest	-	-	-	15,716	15,716
ARPA Grant Fund	-	-	42,947	-	42,947
Debt Service	-	-	-	230,093	230,093
Sub-Total Restricted	<u>171,468</u>	<u>1,758,544</u>	<u>42,947</u>	<u>1,746,185</u>	<u>3,719,144</u>
Assigned:					
Cemetery	647,711	-	-	-	647,711
EMS	378,099	-	-	-	378,099
Supplement next fiscal year budget	556,165	-	-	-	556,165
Sub-Total Assigned	<u>1,581,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,581,975</u>
Unassigned	2,371,813	-	-	-	2,371,813
Total Net Position	<u>\$ 4,125,256</u>	<u>\$ 1,758,544</u>	<u>\$ 42,947</u>	<u>\$ 1,772,966</u>	<u>\$ 7,699,713</u>
Enterprise Funds:					
Restricted For Debt Service	309,684				
Total Enterprise Fund Restrictions	<u>\$ 309,684</u>				

Beginning net position was restated in the business-type activities and the TPWA at the fund level as follows:

	TPWA	Government-Wide Business-type Activities
Beginning fund balance/net position, as previously reported	\$ 11,120,191	\$ 12,189,591
Understatement of deferred inflow - leases	(62,478)	(62,478)
Beginning fund balance/net position, restated	<u>\$ 11,057,713</u>	<u>\$ 12,127,113</u>

8. Sales Tax Revenue

Sales tax revenue represents a four and one-half cent tax on each dollar of taxable sales within the City. Three cents is received and recorded in the General Fund, one cent is received and recorded in the Street and Alley Fund for operations, and one-half cent recorded in the Neighborhood Streets Fund for street improvements.

Tax Abatements:

The City enters into sales tax rebate agreements with a local business as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

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The sales tax rebate program allows a retail store business or developer to receive rebated sales tax in an amount equal to 1% of the incremental increase over a baseline sales tax amount determined at the beginning of the project. To be eligible for this program, the project area should be occupied by occupants operating a retail store of a requisite quality which are either existing businesses or new businesses. The sales tax rebate period varies with each agreement.

Due to confidentiality laws in Oklahoma statutes Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following businesses had rebate agreements with the City as of December 31, 2023:

- A local grocery received rebated sales tax during 2023. The agreement is for 20 years but will not extend beyond December 31, 2032. The company must generate at least the baseline amount of sales tax each calendar quarter before a rebate is given and cannot exceed a calendar year maximum of \$96,000. The rebate is calculated by the collections the City receives from the company each quarter minus the baseline amount equal to 1% sales tax revenue generated on new revenue growth from the grocery store. The baseline amount shall be adjusted up (but not down) at the beginning of each calendar year based on the annual change in the Consumer Price Index for All Urban Customers (CPI-U) as published by the United States Bureau of Labor Statistics.

9. Property Tax Revenue

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurer and are remitted to the City. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended December 31, 2023, the City's net assessed valuation of taxable property was \$89,008,940. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended December 31, 2023 was \$1.80.

10. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statement of activities and net position 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 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 December 31, 2023 were as follows:

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<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
Street & Alley	TPWA	\$ 3,840	Reclass of debt payment
TDA	TPWA	282,785	Transfer asset
TDA	TPWA	737,621	Operational
Total		<u>\$ 1,024,246</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ -	\$ (3,840)	\$ (3,840)
Proprietary Funds	1,024,246	(1,020,406)	3,840
	<u>\$ 1,024,246</u>	<u>\$ (1,024,246)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (3,840)
Transfer capital assets from governmental activities	
to business-type activities	(2,511)
Transfers - internal activity	<u>\$ (6,351)</u>

Balances:

There were no interfund receivable and payables at December 31, 2023.

11. 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, Fleet Coverage, and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Fire Department Vehicles – Covered through participation in the Risk Management Division of the Department of Central Services, State of Oklahoma self-insurance pool.
- Workers' Compensation – Workers' compensation is covered through purchase of commercial insurance – CompSource Oklahoma.
- Employee's Group Health and Life – Covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the city. Management believes such insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three fiscal years.

12. Contingencies

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. (This provision is not

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

The City is a defendant in litigation related to its ability to regulate certain oil and gas operations within City limits. Specifically, the plaintiffs are challenging the City's ability to charge annual inspection fees, road usage fees, and bond requirements placed on oil and gas operations, dating to 2016. Plaintiffs are seeking damages in excess of \$1.4 million, representing fees paid to the City, as well as attorney fees and costs. The City denies these allegations and believes it has adequate defenses supporting its position. Because the matter is in its preliminary stages, no potential loss, if any, can be determined and no loss provision has been established in the accompanying financial statements.

13. Employee Retirement Plan Participation

The City participates in five employee retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) - a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- City of Tuttle Defined Contribution Plan – a money purchase pension plan and trust
- City of Tuttle Deferred Compensation Plan (457)– a deferred compensation plan
- City of Tuttle City Manager Defined Contribution Plan – a money purchase plan and trust

	Deferred Outflow	Deferred Inflow	Net Pension Liability	Net Pension Asset	Pension Expense (Benefit)
Fire Pension	\$ 683,113	\$ 144,358	\$ 2,226,409	\$ -	\$ 364,908
Police Pension	541,069	135,243	-	59,548	162,537
Totals	<u>\$ 1,224,182</u>	<u>\$ 279,601</u>	<u>\$ 2,226,409</u>	<u>\$ 59,548</u>	<u>\$ 527,445</u>

Oklahoma Firefighter's Pension and Retirement System:

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

Benefits provided - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

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- Hired After November 1, 2013
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also, participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per 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 contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent 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 \$112,561. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$202,930 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$197,217. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2023, the City reported a liability of \$2,226,409 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was .1726%.

For the year ended December 31, 2023, the City recognized pension expense of \$364,908. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,782	\$ 2,827
Changes of assumptions	-	3,570
Net difference between projected and actual earnings on pension plan investments	146,874	
Changes in proportion	210,694	131,854
Contributions during measurement date	1,829	6,107
City benefit payments subsequent to the measurement date	58,934	-
Total	<u>\$ 683,113</u>	<u>\$ 144,358</u>

In the year ending December 31, 2023, \$58,934 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2024	\$ 121,302
2025	94,011
2026	277,144
2027	(12,636)
	<u>\$ 479,821</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the PubS-2010 with generational mortality improvement using MP-2018

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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, 2023, are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.80%
Domestic equity	42%	9.49%
International equity	20%	11.55%
Real estate	10%	8.48%
Other assets	8%	6.47%

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 an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2020, the Plan was allocated 36% of the insurance premium, as established by statute. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

- 37.8% effective July 1, 2022
- 36.0% effective July 1, 2027

The Plan will also receive \$40,625 each year from July 1, 2020 through June 30, 2027. 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-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 2,901,107	\$ 2,226,409	\$ 1,662,183

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at www.ok.gov/FPRS.

Oklahoma Police Pension and Retirement System:

Plan description - The City of Tuttle, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (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.

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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. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

Survivor's 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 contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent 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 \$110,251. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$86,679 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$86,683. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Net Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2023, the City reported an asset of \$59,548 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was .1950%.

For the year ended December 31, 2023, the City recognized pension expense of \$162,537. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 163,014	\$ 9,184
Changes of assumptions	-	111,153
Net difference between projected and actual earnings on pension plan investments		
	295,038	
Changes in proportion	32,284	13,699
Contributions during measurement date	2,628	1,206
City benefit payments subsequent to the measurement date	48,105	-
Total	<u>\$ 541,069</u>	<u>\$ 135,242</u>

In the year ending December 31, 2023, \$48,105 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 or an addition to the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2024	\$ 58,823
2025	4,528
2026	233,790
2027	57,567
2028	3,016
	<u>\$ 357,724</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	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 and inactive vested members: PubS-2010 Employee (Below Median) Mortality Table with rates set forward 2 years and projected generationally using SOA Scale MP-2021. Healthy retirees: PubS-2010 Healthy Retiree (Below Median) Mortality Table with rates set forward 2 years and projected generationally using SOA scale MP-2021.

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Beneficiaries: Pub-2010 Contingent Survivor (Below Median) Mortality Table with rates set forward 2 years and projected generationally using SOA Scale MP-2021.

Disabled retirees: PubS-2010 Disabled Retiree Mortality Table with rates projected to 2023 using SOA Scale MP-2021.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2017, to June 30, 2022.

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 weighing 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, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.78%
Domestic equity	7.73%
International equity	11.55%
Real estate	7.66%
Private Equity	11.64%
Commodities	0.00%

The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 20% of assets 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 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 (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 562,236	\$ (59,548)	\$ (586,004)

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.

City of Tuttle Defined Contribution Plan:

The City has provided effective February 1, 2004, a money purchase pension plan and trust known as the City of Tuttle Pension Plan (the "Plan"). The Plan is administered by the City and plan assets are supervised by Pension Solutions. The defined contribution plan is available to all full-time employees who are not already participating in the fire or police pension plan. If an employee terminates before becoming fully vested, the employer's contributions are forfeited and may be used to reduce the City's current period contribution requirements. The authority to establish and amend the provisions of the Plan rests with the City Council. The City contributes 6% of the employees' gross wages. Employees cannot contribute to this plan.

Schedule of Retirement Plan Contributions – Defined Contribution Plan

<u>Fiscal Year</u>	<u>Employer Contribution</u>
12/31/21	\$153,067
12/31/22	\$188,554
12/31/23	\$203,038

City of Tuttle Deferred Compensation Plan (457):

The City has provided effective July 1, 2001, a deferred compensation plan known as the City of Tuttle Deferred Compensation Plan (457) (the "Plan"). The Plan is administered by the City and the plan assets are supervised by Pension Solutions. The deferred compensation plan is available to all employees. The City does not contribute to this plan, only participating employees can make contributions. The authority to establish and amend the provisions of the Plan rests with the City Council.

Schedule of Retirement Plan Contributions – Defined Contribution Plan

<u>Fiscal Year</u>	<u>Employee Contributed</u>
12/31/21	\$91,510
12/31/22	\$123,501
12/31/23	\$170,680

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City of Tuttle City Manager Defined Contribution Plan:

The City has provided effective January 12, 2009, a money purchase plan and trust to be known as the City of Tuttle City Manager Retirement Plan (the “Plan”) in the form of the ICMA Retirement Corporation Government Money Purchase Plan and Trust available only to the city manager. The Plan is administered by ICMA Retirement Corporation. According to the Plan, the City is required to contribute 13% of earnings while the city manager is required to contribute 8% of earnings for the Plan year. The Plan administrator notifies the City of any amendments to the Plan. The city currently has no employees participating in the plan.

Schedule of Retirement Plan Contributions – Defined Contribution Plan

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contributed</u>
12/31/21	\$11,000	\$6,769

14. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules – Year Ended December 31, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 123,167	\$ 144,994	\$ 2,216,980	\$ 2,071,986
Resources (Inflows):				
Taxes	3,482,340	3,482,340	3,604,408	122,068
Intergovernmental	110,000	111,500	166,010	54,510
Charges for services	147,110	147,110	165,025	17,915
Fines and forfeitures	200,000	200,000	209,359	9,359
Licenses and permits	263,500	263,500	165,980	(97,520)
Investment Income	4,000	4,000	63,167	59,167
Miscellaneous	125,600	125,600	369,051	243,451
Total Resources (Inflows)	<u>4,332,550</u>	<u>4,334,050</u>	<u>4,743,000</u>	<u>408,950</u>
Amounts available for appropriation	<u>\$4,455,717</u>	<u>\$4,479,044</u>	<u>\$6,959,980</u>	<u>\$2,480,936</u>
Charges to Appropriations (Outflows):				
Clerk	296,567	274,567	249,430	25,137
Administration	349,802	340,502	320,849	19,653
General government	738,218	780,498	761,502	18,996
Police	1,581,796	1,575,316	1,407,393	167,923
Parks	114,750	114,750	99,666	15,084
Fire	263,500	279,327	128,562	150,765
Community development	314,621	311,621	302,393	9,228
Animal Welfare	66,537	71,537	72,981	(1,444)
Emergency management	132,496	132,496	91,492	41,004
Library	68,325	77,825	53,062	24,763
Ballpark	62,460	55,960	44,315	11,645
E911	316,713	316,713	318,999	(2,286)
Municipal Court	96,432	94,432	93,773	659
Transfers out	53,500	53,500	53,500	-
Total Charges to Appropriations	<u>4,455,717</u>	<u>4,479,044</u>	<u>3,997,917</u>	<u>481,127</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,962,063</u>	<u>\$ 2,962,063</u>

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Budgetary Comparison Schedules – Year Ended December 31, 2023 (Cont.)

	STREET & ALLEY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 338,637	\$ 338,637	\$1,408,869	\$1,070,232
Resources (Inflows):				
Taxes	720,595	720,595	745,973	25,378
Intergovernmental	63,000	343,000	372,731	29,731
Licenses and permits	9,000	9,000	34,750	25,750
Investment income	1,000	1,000	75,709	74,709
Miscellaneous	34,185	34,185	31,999	(2,186)
Total Resources (Inflows)	<u>827,780</u>	<u>1,107,780</u>	<u>1,261,162</u>	<u>153,382</u>
Amounts available for appropriation	<u>1,166,417</u>	<u>1,446,417</u>	<u>2,670,031</u>	<u>1,223,614</u>
Charges to Appropriations (Outflows):				
Streets	1,166,417	1,446,417	896,989	549,428
Total Charges to Appropriations	<u>1,166,417</u>	<u>1,446,417</u>	<u>896,989</u>	<u>549,428</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,773,042</u>	<u>\$1,773,042</u>

Footnotes to Budgetary Comparison Schedules:

- The City prepares its budgets for all funds on the modified accrual basis of accounting except for certain expenditures and revenues related to on-behalf payments for police and fire pensions and capital leases. For budgetary purposes expenditures are recorded in the period the invoice is received. All unexpended encumbrances lapse at year-end and therefore are not recorded as expenditures for budgetary purposes. The Capital Improvement Fund, even though it is considered a major fund, is a capital project fund and is not required to have a budget vs. actual presented.
- The legal level of appropriation control is the department level within a fund. Transfer appropriations require the Mayor's approval and supplemental appropriations require City Council's approval.
- The budgetary basis differs from the modified accrual basis as shown below:

	General Fund	Street & Alley Fund
Total revenue - budgetary basis	\$ 4,743,000	\$ 1,261,162
Total expenses - budgetary basis	<u>(3,997,917)</u>	<u>(896,989)</u>
Change in fund balance - budgetary basis	745,083	364,173
Revenue accruals	52,095	5,938
Expenditure accruals	<u>(64,002)</u>	<u>(20,436)</u>
Change in fund balance - GAAP basis	<u>\$ 733,176</u>	<u>\$ 349,675</u>

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Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF TUTTLE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.1726%	0.1776%	0.1409%	0.1535%	0.1863%	0.1659%	0.1968%	0.1649%	0.1338%
City's proportionate share of the net pension liability	\$ 2,226,409	\$ 2,321,944	\$ 927,730	\$ 1,891,431	\$ 1,968,279	\$ 1,867,185	\$ 2,475,040	\$ 2,015,179	\$ 1,420,017
City's covered-employee payroll	\$ 804,010	\$ 596,021	\$ 500,103	\$ 458,633	\$ 534,307	\$ 558,361	\$ 532,316	\$ 505,297	\$ 422,407
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	277%	390%	186%	412%	368%	334%	465%	399%	336%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	69.49%	84.24%	69.98%	72.85%	70.73%	66.61%	64.87%	68.12%

*The amounts presented for each fiscal year were determined as of 12/31.

Notes to Schedule:
10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 112,561	\$ 83,443	\$ 70,220	\$ 64,209	\$ 74,803	\$ 78,170	\$ 74,524	\$ 70,741	\$ 58,879
Contributions in relation to the statutorily required contribution	<u>112,561</u>	<u>83,443</u>	<u>70,220</u>	<u>64,209</u>	<u>74,803</u>	<u>78,170</u>	<u>74,524</u>	<u>70,741</u>	<u>58,879</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 804,010	\$ 596,021	\$ 500,103	\$ 458,633	\$ 534,307	\$ 558,361	\$ 532,316	\$ 505,297	\$ 422,407
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.04%	14.00%	14.00%	14.00%	14.00%	14.00%	13.94%

Notes to Schedule:
10-year data is not yet available.

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Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF TUTTLE PORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.1950%	0.2155%	0.2000%	0.1756%	0.1750%	0.1676%	0.1636%	0.1556%	0.1671%
City's proportionate share of the net pension liability (asset)	\$ (59,548)	\$(172,850)	\$(959,658)	\$201,714	\$ (11,171)	(79,850)	\$ 12,584	\$238,306	\$ 6,813
City's covered-employee payroll	\$ 845,017	\$ 751,338	\$ 733,607	\$616,149	\$573,449	\$559,603	\$499,788	\$468,266	\$482,190
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-7.05%	-23.01%	-130.81%	32.74%	-1.95%	-14.27%	2.52%	50.89%	1.41%
Plan fiduciary net position as a percentage of the total pension liability	101.02%	102.74%	117.07%	95.80%	100.24%	101.89%	99.68%	93.50%	99.82%

*The amounts presented for each fiscal year were determined as of 12/31.

Notes to Schedule:
10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorially required contribution	\$ 110,251	\$ 97,674	\$ 95,369	\$ 80,158	\$ 74,549	\$ 72,858	\$ 64,889	\$ 60,875	\$ 62,503
Contributions in relation to the statutorially required contribution	<u>110,251</u>	<u>97,674</u>	<u>95,369</u>	<u>80,158</u>	<u>74,549</u>	<u>72,858</u>	<u>64,889</u>	<u>60,875</u>	<u>62,503</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 845,017	\$ 751,338	\$ 733,607	\$616,149	\$573,449	\$559,603	\$499,788	\$468,266	\$482,190
Contributions as a percentage of covered-employee payroll	13.05%	13.00%	13.00%	13.01%	13.00%	13.02%	12.98%	13.00%	12.96%

Notes to Schedule:
10 years of data is not available.

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – Nonmajor Governmental Funds – Year Ended December 31, 2023

	Cemetery Perpetual Care Fund	Neighborhood Streets	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 41,290	\$ 278,894	\$ 1,164,794	\$ 115,558	\$ 1,600,536
Investments	1,207	-	-	-	1,207
Receivable from other governments	-	45,446	139,190	152,440	337,076
Other receivables	-	-	36,381	-	36,381
Total assets	<u>\$ 42,497</u>	<u>\$ 324,340</u>	<u>\$ 1,340,365</u>	<u>\$ 267,998</u>	<u>\$ 1,975,200</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 25,139	\$ -	\$ 25,139
Total liabilities	<u>-</u>	<u>-</u>	<u>25,139</u>	<u>-</u>	<u>25,139</u>
Deferred inflows of resources:					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>139,190</u>	<u>37,905</u>	<u>177,095</u>
Fund balances:					
Nonspendable	26,781	-	-	-	26,781
Restricted	15,716	324,340	1,176,036	230,093	1,746,185
Total fund balances	<u>42,497</u>	<u>324,340</u>	<u>1,176,036</u>	<u>230,093</u>	<u>1,772,966</u>
Total liabilities, fund balances and deferred inflows	<u>\$ 42,497</u>	<u>\$ 324,340</u>	<u>\$ 1,340,365</u>	<u>\$ 267,998</u>	<u>\$ 1,975,200</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended December 31, 2023

	Cemetery Perpetual Care Fund	Neighborhood Streets	Capital Improvement Fund	Debt Service Fund	Total-Other Governmental Funds
REVENUES					
Taxes	\$ -	\$ 377,224	\$ 8,106	\$ 170,255	\$ 555,585
Intergovernmental	-	-	-	-	-
Charges for services	-	-	298,276	-	298,276
Investment earnings	1,227	7,162	33,274	3,085	44,748
Miscellaneous	-	-	65,653	-	65,653
Total revenues	<u>1,227</u>	<u>384,386</u>	<u>405,309</u>	<u>173,340</u>	<u>964,262</u>
EXPENDITURES					
Current:					
Capital Outlay	-	-	232,306	-	232,306
Debt service:					
Principal	-	199,000	-	105,000	304,000
Interest and other charges	-	24,456	-	44,025	68,481
Total Expenditures	<u>-</u>	<u>223,456</u>	<u>232,306</u>	<u>149,025</u>	<u>604,787</u>
Net change in fund balances	1,227	160,930	173,003	24,315	359,475
Fund balances - beginning	41,270	163,410	1,003,033	205,778	1,413,491
Fund balances - ending	<u>\$ 42,497</u>	<u>\$ 324,340</u>	<u>\$ 1,176,036</u>	<u>\$ 230,093</u>	<u>\$ 1,772,966</u>

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Combining Balance Sheet – General Fund Accounts – December 31, 2023

	<u>General Fund Account</u>	<u>Cemetery Account</u>	<u>EMS Account</u>	<u>Total General Fund Accounts</u>
ASSETS				
Cash and cash equivalents	\$ 2,667,694	\$ 781,414	\$ 257,369	\$ 3,706,477
Receivable from other governments	523,980	-	-	523,980
Court fines receivable, net	44,867	-	-	44,867
Ambulance receivable, net	-	-	165,867	165,867
Other receivables	16,067	19,524	203,582	239,173
Total assets	<u>\$ 3,252,608</u>	<u>\$ 800,938</u>	<u>\$ 626,818</u>	<u>\$ 4,680,364</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 111,976	\$ 149	\$ 8,471	\$ 120,596
Accrued payroll payable	133,631	3,788	927	138,346
Payable to other governments	4,809	-	-	4,809
Other payables	2,005	-	-	2,005
Total liabilities	<u>252,421</u>	<u>3,937</u>	<u>9,398</u>	<u>265,756</u>
Deferred inflows of resources:				
Unavailable revenue	<u>50,031</u>	<u>-</u>	<u>239,321</u>	<u>289,352</u>
Fund balances:				
Restricted	22,178	149,290	-	171,468
Assigned	556,165	647,711	378,099	1,581,975
Unassigned	2,371,813	-	-	2,371,813
Total fund balances	<u>2,950,156</u>	<u>797,001</u>	<u>378,099</u>	<u>4,125,256</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,252,608</u>	<u>\$ 800,938</u>	<u>\$ 626,818</u>	<u>\$ 4,680,364</u>

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended December 31, 2023

	General Fund Account	Cemetery Account	EMS Account	Total General Fund Accounts
REVENUES				
Taxes	\$ 3,654,397	\$ -	\$ -	\$ 3,654,397
Intergovernmental	445,342	-	1,011,571	1,456,913
Licenses and permits	165,980	-	-	165,980
Charges for services	164,718	62,652	755,583	982,953
Fees and fines	197,162	-	-	197,162
Investment earnings	63,180	17,787	12,669	93,636
Miscellaneous	376,192	105,334	-	481,526
Total revenues	<u>5,066,971</u>	<u>185,773</u>	<u>1,779,823</u>	<u>7,032,567</u>
EXPENDITURES				
Current:				
General government	1,354,799	-	-	1,354,799
Public safety	2,283,919	-	1,507,187	3,791,106
Culture and recreation	196,228	-	-	196,228
Economic development	379,434	-	-	379,434
Cemetery	-	139,139	-	139,139
Capital outlay	65,915	61,095	390,659	517,669
Total expenditures	<u>4,280,295</u>	<u>200,234</u>	<u>1,897,846</u>	<u>6,378,375</u>
Revenues over (under) expenditures	<u>786,676</u>	<u>(14,461)</u>	<u>(118,023)</u>	<u>654,192</u>
OTHER FINANCING SOURCES (USES)				
Transfers in - interaccount	-	-	53,500	53,500
Transfers out - interaccount	(53,500)	-	-	(53,500)
Total other financing sources and uses	<u>(53,500)</u>	<u>-</u>	<u>53,500</u>	<u>-</u>
 Net change in fund balances	733,176	(14,461)	(64,523)	654,192
Fund balances - beginning	2,216,980	811,462	442,622	3,471,064
Fund balances - ending	<u>\$ 2,950,156</u>	<u>\$ 797,001</u>	<u>\$ 378,099</u>	<u>\$ 4,125,256</u>

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Combining Schedule of Net Position – Tuttle Public Works Authority Accounts – December 31, 2023

	<u>TPWA</u>	<u>TPWA Springwood Acres Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 579,742	\$ 186,500	\$ 766,242
Restricted:			
Cash and cash equivalents	1,546,442	-	1,546,442
Investments	118,252	-	118,252
Accounts receivable, net	909,116	2,033	911,149
Other receivables	306	-	306
Leases receivable	180,098	-	180,098
Total current assets	<u>3,333,956</u>	<u>188,533</u>	<u>3,522,489</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	9,107,875	-	9,107,875
Other capital assets, net of accumulated depreciation	<u>23,287,820</u>	<u>-</u>	<u>23,287,820</u>
Total non-current assets	<u>32,395,695</u>	<u>-</u>	<u>32,395,695</u>
Total assets	<u>35,729,651</u>	<u>188,533</u>	<u>35,918,184</u>
LIABILITIES			
Current liabilities:			
Accounts payable	713,344	-	713,344
Salaries payable	14,498	-	14,498
Accrued interest payable	85,389	-	85,389
Deposits subject to refund	66,848	-	66,848
Compensated absences	2,841	-	2,841
Notes payable	<u>1,657,736</u>	<u>-</u>	<u>1,657,736</u>
Total current liabilities	<u>2,540,656</u>	<u>-</u>	<u>2,540,656</u>
Non-current liabilities:			
Deposits subject to refund	267,390	-	267,390
Compensated absences	25,572	-	25,572
Notes payable	<u>19,112,605</u>	<u>-</u>	<u>19,112,605</u>
Total non-current liabilities	<u>19,405,567</u>	<u>-</u>	<u>19,405,567</u>
Total liabilities	<u>21,946,223</u>	<u>-</u>	<u>21,946,223</u>
DEFERRED INFLOWS			
Deferred inflows - leases	<u>178,352</u>	<u>-</u>	<u>178,352</u>
NET POSITION			
Net investment in capital assets	12,362,091	-	12,362,091
Restricted for debt service	309,684	-	309,684
Unrestricted	933,301	188,533	1,121,834
Total net position	<u>\$ 13,605,076</u>	<u>\$ 188,533</u>	<u>\$ 13,793,609</u>

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

Combining Schedule of Revenues, Expenses and Changes in Net Position - Tuttle Public Works
Authority Accounts – Fiscal Year Ended December 31, 2023

	TPWA	TPWA Springwood Acres Account	Total
OPERATING REVENUES			
Charges for services:			
Water	\$ 1,857,527	\$ 31,806	\$ 1,889,333
Sewer	523,546	-	523,546
Gas	1,767,443	-	1,767,443
Sanitation	1,608,375	-	1,608,375
Rents and royalties	31,153	-	31,153
Miscellaneous	82,482	-	82,482
Total operating revenues	<u>5,870,526</u>	<u>31,806</u>	<u>5,902,332</u>
OPERATING EXPENSES			
Administration	448,888	-	448,888
Water	678,728	-	678,728
Wastewater	113,636	-	113,636
Sanitation	1,113,791	-	1,113,791
Gas	1,137,669	-	1,137,669
Broadband	197,937	-	197,937
Depreciation	1,626,942	-	1,626,942
Total operating expenses	<u>5,317,591</u>	<u>-</u>	<u>5,317,591</u>
Operating income	<u>552,935</u>	<u>31,806</u>	<u>584,741</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	129,775	4,584	134,359
Miscellaneous revenue	40,425	-	40,425
Operating grants	70,733	-	70,733
Interest expense	(456,769)	-	(456,769)
Total non-operating revenue (expenses)	<u>(215,836)</u>	<u>4,584</u>	<u>(211,252)</u>
Income before contributions and transfers	<u>337,099</u>	<u>36,390</u>	<u>373,489</u>
Capital grants and contributions	1,338,161	-	1,338,161
Transfers in	1,024,246	-	1,024,246
Change in net position	<u>2,699,506</u>	<u>36,390</u>	<u>2,735,896</u>
Total net position - beginning, restated	<u>10,905,570</u>	<u>152,143</u>	<u>11,057,713</u>
Total net position - ending	<u>\$ 13,605,076</u>	<u>\$ 188,533</u>	<u>\$ 13,793,609</u>

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2023

INTERNAL CONTROL AND COMPLIANCE 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***

To the Honorable Mayor and Members of the City Council
City of Tuttle, 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 Tuttle, Oklahoma (the “City”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated September 6, 2024. The beginning net position of Tuttle Public Works Authority and business-type activities were restated to correct an error in the amortization of the deferred inflow associated with the City’s lease of capital assets to a third party.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as Findings 2023-001 through 2023-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2023-004 to be a significant deficiency.

HSPG & ASSOCIATES, PC

Report on 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as Finding 2023-004.

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

HSPG & Associates, P.C.

September 6, 2024

**CITY OF TUTTLE, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2023**

Finding 2023-001 Capital Contributions

Criteria: Controls should be in place to ensure that capital contributions are recorded at fair value as of the date of donation.

Condition: As a result of our audit procedures, we identified donated infrastructure that was recorded at half of the estimated fair value of the asset resulting in an understatement of capital assets and capital contributions by approximately \$427,000.

Cause: A sufficient review was not in place to ensure the entry to record the capital contributions was for the full fair value of the donation as determined by the underlying support.

Effect: The City could omit or inaccurately record significant portions of donations of capital assets.

Recommendation: Management should perform a review that compares the amount recorded for all capital contributions to the underlying support for the determination of fair value to ensure the recorded amount accurately reflects the true fair value of the donation.

Views of Responsive Officials of Auditee: Based upon Finding 2023-001, management understands and will institute a more thorough review that will accurately record capital contributions to fair market value of the asset that reflects the true fair value of the donations.

Finding 2023-002 Lease Amortization

Criteria: Controls should be in place to ensure that leases are amortized over the correct term of the lease.

Condition: For a lease receivable, the related deferred inflow was amortized over an incorrect term that did not agree to the overall term of the lease which caused an understatement of deferred inflows of resources of approximately \$125,000 at December 31, 2023, an overstatement of lease revenue for 2023 of approximately \$62,500, and an overstatement of net position of approximately \$62,500 at December 31, 2023 for Tuttle Public Works Authority and business-type activities.

Cause: The lease terms applied to the City's leases were not sufficiently reviewed by the City upon implementation of GASB Statement No. 87 and subsequent reviews of recorded amortization were not sufficient to identify the discrepancy between the term applied to the lease receivable and the related deferred inflow of resources.

Effect: Improper lease terms could significantly distort lease income over the term of the lease.

Recommendation: We recommend the City implement reviews to verify the accuracy of all lease terms when new leases are entered into. Also, reviews of subsequent journal entries to record amortization should include verification that the amortization amounts properly reflect the lease term.

Views of Responsive Officials of Auditee: Based on Finding 2023-003, management understands and will institute a review of all lease terms to prevent the understatement of deferred inflows.

Finding 2023-003 Capital Assets

Criteria: Controls should ensure that all costs associated with the construction of capital assets be capitalized as construction in progress.

Condition: Our audit procedures identified invoices totaling approximately \$104,000 that related to work performed on construction projects that were improperly recorded to expense rather than being capitalized as construction in progress.

Cause: All invoices are recorded as expenses throughout the year and a review of capital outlay invoices greater than the City's capitalization threshold of \$5,000 is performed at year-end to determine items to be capitalized. Individual invoices under \$5,000 that were related to larger construction projects were improperly excluded from this review.

Effect: Significant portions of the full cost of the construction of assets could be improperly expensed when incurred rather than capitalized as construction in progress.

Recommendation: We recommend that the City modify its review of capital outlay invoices to identify all items related to larger construction projects prior to applying the \$5,000 capitalization threshold.

Views of Responsive Officials of Auditee: Based upon the Finding 2023-003, management understands and will modify the review process of capital outlay invoices to identify completely those items that are related to larger construction projects prior to applying the \$5,000 capitalization threshold.

Finding 2023-004 Pledged Collateral

Criteria: The State of Oklahoma's Security for Local Public Deposits Act requires that the City obtain and hold collateral with a fair market value that equals or exceeds the amount of any uninsured deposits.

Condition: At December 31, 2023, the City's deposits at a financial institution were under-collateralized by approximately \$1,491,000.

Cause: Management did not have controls in place to ensure sufficient collateral equal to or exceeding the amount of uninsured deposits was obtained at all financial institutions.

Effect: The City was not in compliance with the State of Oklahoma's Security for Local Public Deposits Act as of December 31, 2023.

Recommendation: The amount of collateral pledged for the security of the City's deposits should be consistent with the provisions of the State of Oklahoma's Security for Local Public Deposits Act. Management should perform a review at least quarterly to verify that there is collateral pledged with a fair value equal to or exceeding the amount of any uninsured deposits at all financial institutions at which deposits exceed federally insured limits.

Views of Responsive Officials of Auditee: Based upon Finding 2023-004, management understands and will institute a strict monthly review to verify that there is collateral pledged accordingly with a fair market value equal to or exceeding the amount of any uninsured deposits at financial institutions at which deposits exceed federally insured limits.