



# **City of Altus, Oklahoma**

Annual Financial Statements and Independent  
Auditor's Report

As of and for the Fiscal Year Ended June 30, 2015

**THE CITY OF ALTUS,  
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditor’s Report on Financial Statements</b> .....	5-6
<b>Required Supplementary Information:</b>	
Management’s Discussion and Analysis .....	7-16
<b>The Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position .....	18
Statement of Activities .....	19
<b>Governmental Funds Financial Statements:</b>	
Balance Sheet .....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	22
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	23-24
<b>Proprietary Funds Financial Statements:</b>	
Statement of Net Position.....	26
Statement of Revenues, Expenses, and Changes in Net Position.....	27
Statement of Cash Flows.....	28-29
<b>Footnotes to the Basic Financial Statements</b> .....	30-66
<b>Required Supplementary Information:</b>	
<b>Budgetary Comparison Information (Budgetary Basis):</b>	
Budgetary Comparison Schedule – General Fund.....	68
Footnotes to Budgetary Comparison Schedules.....	69-70
<b>Post-employment Benefit Plan Information</b>	
Schedule of share of the Net Pension Liability – Firefighter’s Pension .....	71
Schedule of City Contributions – Firefighter’s Pension & Retirement System .....	71
Schedule of share of the Net Pension Liability (Asset) – Police’s Pension .....	72
Schedule of City Contributions – Police’s Pension & Retirement System .....	72
Schedule of Changes in Net Pension Liability - OkMRF .....	73
Schedule of Employer Contributions – OMRF.....	74
<b>Other Supplementary Information:</b>	
<b>Nonmajor Governmental Combining Statements</b>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	76-77
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	78-79

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

---

**TABLE OF CONTENTS**

<b>General Fund Accounts Combining Schedules</b>	
Combining Balance Sheet – General Fund Accounts.....	80
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund Accounts.....	81
<b>AMA Enterprise Fund Accounts Combining Schedules</b>	
Combining Schedule of Net Position.....	82
Combining Schedule of Revenues, Expenses and Changes in Net Position.....	83
<b>Internal Service Fund Combining Schedules</b>	
Combining Schedule of Net Position.....	84
Combining Schedule of Revenues, Expenses and Changes in Net Position.....	84
<b>State Awards Information</b>	
Schedules of Expenditures of State Awards.....	85
Footnotes to the Schedules of Expenditures of State Awards.....	85



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Altus, Oklahoma (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, and state awards information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Arlidge & Associates, P.C.*

June 6, 2016

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**MANAGEMENT DISCUSSION AND ANALYSIS**



**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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Our discussion and analysis of the City of Altus' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2015, the City's total net position increased by \$10,194,921 or 28.4% from the prior year. This was largely attributable to the AMA's water, sewer, sanitation and electric departments' net operating revenue.
- During the year, the City's expenses for governmental activities were \$13.0 million and were funded by program revenues of \$3.3 million and further funded with taxes and other general revenues that totaled \$11.4 million.
- In the City's business-type activities, such as utilities, program revenues exceed expenses by \$8.4 million.
- At June 30, 2015, the General Fund reported an unassigned fund balance of \$5,300,265, which is an increase of 28.8% from the prior year unassigned fund balance.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$597,889 or 9.2%, while expenditures were under the final appropriations by \$1,371,390 or 11.1%.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

**About the City**

The City of Altus is an incorporated municipality with a population of approximately 19,813 located in Jackson County in southwestern Oklahoma. The City is a Council-Manager form of government and is governed by a nine-member Council and operates under state law, City charter and City ordinances through three branches of government:

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

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

*The City's Financial Reporting Entity*

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

The City's financial reporting entity includes the primary government (City of Altus) and a blended component unit as follows.

- **The City of Altus** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The Altus Municipal Authority** – that operates the electric, water, sewer, and sanitation services of the City

**Using This Annual Report**

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

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

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- **Supplemental Information** – that provides additional information about specified elements of the financial statements, such as budgetary comparison information.

## **Reporting the City as a Whole**

### **The Statement of Net Position and the Statement of Activities**

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

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

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

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

### **Reporting the City's Most Significant Funds**

#### **Fund Financial Statements**

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

*Governmental funds* -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

*Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds, either as enterprise funds or as internal service funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City’s enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

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

**Net Position**

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$46.1 million at the close of the most recent fiscal year.

**TABLE 1  
NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	Restated			Restated			Restated		
	2015	2014		2015	2014		2015	2014	
<b>Assets:</b>									
Current assets	\$ 12,551	\$ 11,518	9%	\$ 25,520	\$ 22,107	15%	\$ 38,071	\$ 33,625	13%
Capital assets, net	10,189	9,493	7%	45,639	45,268	1%	55,828	54,761	2%
<b>Total assets</b>	<u>22,740</u>	<u>21,011</u>	8%	<u>71,159</u>	<u>67,375</u>	6%	<u>93,899</u>	<u>88,386</u>	6%
<b>Deferred outflows of resources</b>	<u>898</u>	<u>753</u>	19%	<u>314</u>	<u>304</u>	3%	<u>1,212</u>	<u>1,057</u>	15%
<b>Liabilities:</b>									
Current liabilities	778	876	-11%	6,372	7,296	-13%	7,150	8,172	-13%
Non-current liabilities	8,948	11,699	-24%	25,840	29,478	-12%	34,788	41,177	-16%
<b>Total liabilities</b>	<u>9,726</u>	<u>12,575</u>	-23%	<u>32,212</u>	<u>36,774</u>	-12%	<u>41,938</u>	<u>49,349</u>	-15%
<b>Deferred inflow of resources</b>	<u>2,382</u>	<u>-</u>	N/A	<u>4,686</u>	<u>4,184</u>	12%	<u>7,068</u>	<u>4,184</u>	69%
<b>Net position</b>									
Net investment in capital assets	8,651	8,384	3%	30,988	28,612	8%	39,639	36,996	7%
Restricted	1,815	2,097	-13%	14,142	13,529	5%	15,957	15,626	2%
Unrestricted (deficit)	1,064	(1,292)	182%	(10,555)	(15,420)	32%	(9,491)	(16,712)	43%
<b>Total net position</b>	<u>\$ 11,530</u>	<u>\$ 9,189</u>	25%	<u>\$ 34,575</u>	<u>\$ 26,721</u>	29%	<u>\$ 46,105</u>	<u>\$ 35,910</u>	28%

The largest portion of the City’s net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2015, this investment in capital assets, net of related debt amounted to \$39.6 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of 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 major portion of the City’s net position, \$16.0 million, also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is available to meet the government’s ongoing obligations to citizens and creditors.

The \$2.4 million (182%) increase in unrestricted net position is due mainly to a decrease in net pension liability from the prior year for governmental activities.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

The \$4.9 million (32%) decrease in negative unrestricted net position is due mainly to net income of \$7.9 million for business-type activities.

**Changes in Net Position**

For the year ended June 30, 2015, net position of the primary government changed as follows:

**TABLE 2  
CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	Restated			Restated			Restated		
	2015	2014	2015	2014	2015	2014	2015	2014	
<b>Revenues</b>									
Charges for service	\$ 1,234	\$ 1,503	-18%	\$ 32,646	\$ 32,878	-1%	\$ 33,880	\$ 34,381	-1%
Operating grants and contributions	1,030	1,254	-18%	586	-	100%	1,616	1,254	29%
Capital grants and contributions	418	-	#DIV/0!	-	1,148	-100%	418	1,148	-64%
Taxes	11,170	10,302	8%	-	-	-	11,170	10,302	8%
Investment income	16	12	33%	30	39	-23%	46	51	-10%
Miscellaneous	251	203	24%	6	-	100%	257	203	27%
<b>Total revenues</b>	<b>14,119</b>	<b>13,274</b>	<b>6%</b>	<b>33,268</b>	<b>34,065</b>	<b>-2%</b>	<b>47,387</b>	<b>47,339</b>	<b>0%</b>
<b>Expenses</b>									
General government	3,221	3,472	-7%	-	-	-	3,221	3,472	-7%
Public safety	6,404	7,252	-12%	-	-	-	6,404	7,252	-12%
Public works	1,155	1,053	10%	-	-	-	1,155	1,053	10%
Culture, parks and recreation	1,415	1,283	10%	-	-	-	1,415	1,283	10%
Airport	791	606	31%	-	-	-	791	606	31%
Interest on long-term debt	34	27	26%	-	-	-	34	27	26%
Water	-	-	-	3,213	3,081	4%	3,213	3,081	4%
Wastewater	-	-	-	795	677	17%	795	677	17%
Sanitation	-	-	-	1,738	1,586	10%	1,738	1,586	10%
Education	-	-	-	1,126	2,347	-52%	1,126	2,347	-52%
Electric	-	-	-	17,960	18,397	-2%	17,960	18,397	-2%
<b>Total expenses</b>	<b>13,020</b>	<b>13,693</b>	<b>-5%</b>	<b>24,832</b>	<b>26,088</b>	<b>-5%</b>	<b>37,852</b>	<b>39,781</b>	<b>-5%</b>
Excess (deficiency) before transfers	1,099	(419)	-362%	8,436	7,977	6%	9,535	7,558	26%
Transfers	582	641	-9%	(582)	(641)	-9%	-	-	0%
<b>Change in net position</b>	<b>1,681</b>	<b>222</b>	<b>657%</b>	<b>7,854</b>	<b>7,336</b>	<b>7%</b>	<b>9,535</b>	<b>7,558</b>	<b>26%</b>
<b>Beginning net position, restated</b>	<b>9,189</b>	<b>8,432</b>	<b>9%</b>	<b>26,721</b>	<b>19,385</b>	<b>38%</b>	<b>35,910</b>	<b>27,817</b>	<b>29%</b>
<b>Ending net position</b>	<b>\$ 10,870</b>	<b>\$ 8,654</b>	<b>26%</b>	<b>\$ 34,575</b>	<b>\$ 26,721</b>	<b>29%</b>	<b>\$ 45,445</b>	<b>\$ 35,375</b>	<b>28%</b>

Explanations for changes in excess of 20% and \$100,000 are as follows:

*Governmental Activities:*

Capital grants and contributions increased 101% due to a \$660,000 court settlement related to airport activities received in the current year.

Airport expenses increased 31% due to transfer from AMA of noncapitalized expenses.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

*Business-Type Activities:*

Capital grants and contributions decreased 100% due to no capital grants or contributions received in current year.

Education expenses - 52% decrease related to \$295,465 less MAPS payments, a decrease of interest expense from prior year on education debt and a decrease in other expenses.

**Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

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

	<b>Total Expense</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue</b>		<b>% Inc. (Dec.)</b>
	<b>of Services</b>			<b>(Expense)</b>		
	<u>2015</u>	<u>Restated 2014</u>		<u>2015</u>	<u>Restated 2014</u>	
General government	\$ 3,221	\$ 3,472	-7%	(\$2,835)	(\$3,104)	-9%
Public safety	6,404	7,252	-12%	(5,498)	(6,129)	-10%
Public works	1,155	1,053	10%	(538)	(645)	-17%
Culture and recreation	1,415	1,283	10%	(870)	(794)	10%
Airport	791	606	31%	(563)	298	-289%
Interest on long-term debt	34	27	26%	(34)	(27)	26%
<b>Total</b>	<u>13,020</u>	<u>\$ 13,693</u>	-5%	<u>(\$10,338)</u>	<u>(\$10,401)</u>	-1%

Explanations for significant changes are listed above under Table 2.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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

	<b>Total Expense of Services</b>		<b>% Inc. Dec.</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. Dec.</b>
	Restated			Restated		
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
Water	\$ 3,213	\$ 3,081	4%	\$ 2,228	\$ 2,608	-15%
Wastewater	795	677	17%	880	1,059	-17%
Sanitation	1,738	1,586	10%	869	1,146	-24%
Electric	17,960	18,397	-2%	5,549	5,089	9%
Education	1,126	3,127	-64%	(1,126)	(1,964)	-43%
<b>Total</b>	<b>\$24,832</b>	<b>\$26,868</b>	<b>-8%</b>	<b>\$ 8,400</b>	<b>\$ 7,938</b>	<b>6%</b>

The City's business-type activities include utility services for water, wastewater, sanitation and electric.

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$10.6 million or a 11.6% increase. The enterprise funds reported combined net position of \$34.6 million or a 29.4% increase from 2014 due to overall expenses decreasing.

Other fund highlights include:

- For the year ended June 30, 2015, the General Fund's total fund balance increased by \$1,095,756 or 24.7%.

**General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections of 1.8% or \$115,659 and an increase in appropriations of 1.0% or \$123,281. Actual revenues were above estimates by \$597,889 or 9.2%, while expenditures were under final appropriations by \$1,371,390 or 11.1%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2015, the City had \$55.6 million invested in capital assets, net of accumulated depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net increase of approximately \$850,000 over last year.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	Restated <u>2014</u>	<u>2015</u>	Restated <u>2014</u>
Land	\$ 1,217	\$ 1,217	\$ 1,305	\$ 1,305	\$ 2,522	\$ 2,522
Buildings and improvements	5,685	5,428	21,670	22,555	27,355	27,983
Infrastructure	1,140	1,202	-	-	1,140	1,202
Machinery and equipment	1,857	1,646	2,070	1,743	3,927	3,389
Water rights	-	-	10,529	11,145	10,529	11,145
Utility property	-	-	6,459	6,008	6,459	6,008
Construction in progress	75	-	3,606	2,511	3,681	2,511
<b>Totals</b>	<b>\$ 9,974</b>	<b>\$ 9,493</b>	<b>\$ 45,639</b>	<b>\$ 45,267</b>	<b>\$ 55,613</b>	<b>\$ 54,760</b>

This year's more significant capital asset additions included:

Electric equipment	\$594,641
Waterline project	790,996
Hangar remodel project	527,162

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

**Long- Term Debt**

At year-end, the City had \$30.8 million in long-term debt outstanding which represents an approximate \$2,759,000 or 8.2% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

**TABLE 6  
Long-Term Debt  
(In Thousands)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>Activities</u>		<u>Activities</u>				
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
Notes payable	\$ 1,324	\$ 1,109	\$ 17,915	\$ 19,793	\$ 19,239	\$ 20,902	-8.0%
Accrued compensated absence:	650	949	481	552	1,131	1,501	-24.7%
Claims liability	84	113	-	-	84	113	-25.7%
Capital lease payable	-	-	353	692	353	692	-49.0%
Contract obligations payable	-	-	7,724	8,084	7,724	8,084	-4.5%
Landfill closure liability	-	-	1,464	1,464	1,464	1,464	0.0%
Deposits subject to refund	-	-	844	842	844	842	0.2%
<b>Totals</b>	<b>\$ 2,058</b>	<b>\$ 2,171</b>	<b>\$ 28,781</b>	<b>\$ 31,427</b>	<b>\$ 30,839</b>	<b>\$ 33,598</b>	<b>-8.2%</b>

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



**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**The Economic Outlook**

The City of Altus and the Altus Municipal Authority developed the Fiscal Year 2015-16 budget with defined goals and conservative revenue projections. The adopted Fiscal Year 2016 budget, including all funds and transfers, is \$65,757,922. The City of Altus' primary sources of revenues are sales tax and utility revenues. The Fiscal Year 2016 Budget projects new revenues of \$58,219,579, defined as revenues without the use of prior year fund balances or transfers in from other funds. The goal for FY 2015-2016 is to have the revenues exceed the expenses.

**Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's Chief Financial Officer at 509 South Main, Altus, Oklahoma 73521 or the website at [www.cityofaltus.org](http://www.cityofaltus.org).

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Statement of Net Position– June 30, 2015**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,704,003	\$ 10,460,049	\$ 20,164,052
Investments	-	7,189,343	7,189,343
Deposit with third party	-	835,824	835,824
Accrued interest receivable	110	-	110
Accounts receivable, net of allowance	67,902	4,716,295	4,784,197
Taxes receivable	49,708	-	49,708
Court fines receivable, net of allowance	46,814	-	46,814
Due from other governments	1,769,482	965,594	2,735,076
Internal balances	856,262	(856,262)	-
Notes receivable	-	660,000	660,000
Inventory	56,646	1,548,847	1,605,493
Net pension asset	214,564	-	214,564
Capital Assets			
Land and other non-depreciable assets	1,292,778	4,910,918	6,203,696
Other capital assets, net of depreciation	8,681,400	40,727,978	49,409,378
Total Assets	<u>22,739,669</u>	<u>71,158,586</u>	<u>93,898,255</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows related to pensions	<u>898,022</u>	<u>313,810</u>	<u>1,211,832</u>
<b>LIABILITIES</b>			
Accounts payable	175,147	1,889,080	2,064,227
Accrued payroll liabilities	253,538	104,082	357,620
Accrued interest payable	11,285	229,657	240,942
Due to depositors	200	-	200
Payable to other governments	-	72,188	72,188
Other payables	74,693	-	74,693
Long-term liabilities:			
Due within one year	262,780	4,077,303	4,340,083
Due in more than one year	1,795,150	24,704,002	26,499,152
Net pension liability	7,153,130	1,135,820	8,288,950
Total liabilities	<u>9,725,923</u>	<u>32,212,132</u>	<u>41,938,055</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	2,382,076	622,860	3,004,936
Deferred inflows on long-term debt refunding	-	4,062,584	4,062,584
Total deferred inflows of resources	<u>2,382,076</u>	<u>4,685,444</u>	<u>7,067,520</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,650,411	30,987,577	39,637,988
Restricted for:			
Capital projects	972,556	3,735,489	4,708,045
Debt service	5	990,263	990,268
Economic development	107,509	-	107,509
MAPS projects	-	9,406,190	9,406,190
Other purposes	735,171	10,456	745,627
Unrestricted (deficit)	1,064,040	(10,555,155)	(9,491,115)
Total net position	<u>\$ 11,529,692</u>	<u>\$ 34,574,820</u>	<u>\$ 46,104,512</u>

See accompanying notes to the basic financial statements.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

**Statement of Activities –Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental Activities							
General Government	\$ 3,221,018	\$ 220,861	\$ 165,557	\$ -	\$ (2,834,600)	\$ -	\$ (2,834,600)
Public Safety	6,404,155	240,319	665,535	-	(5,498,301)	-	(5,498,301)
Public Works	1,154,934	-	199,216	417,632	(538,086)	-	(538,086)
Culture and Recreation	1,415,414	545,427	-	-	(869,987)	-	(869,987)
Airport	790,884	227,379	-	-	(563,505)	-	(563,505)
Interest on Long-term debt	33,561	-	-	-	(33,561)	-	(33,561)
Total governmental activities	<u>13,019,966</u>	<u>1,233,986</u>	<u>1,030,308</u>	<u>417,632</u>	<u>(10,338,040)</u>	<u>-</u>	<u>(10,338,040)</u>
Business-type activities							
Water	3,213,382	4,854,787	586,500	-	-	2,227,905	2,227,905
Wastewater	794,467	1,674,477	-	-	-	880,010	880,010
Sanitation	1,737,880	2,606,905	-	-	-	869,025	869,025
Electric	17,959,755	23,509,542	-	-	-	5,549,787	5,549,787
Education	1,126,392	-	-	-	-	(1,126,392)	(1,126,392)
Total business-type activities	<u>24,831,876</u>	<u>32,645,711</u>	<u>586,500</u>	<u>-</u>	<u>-</u>	<u>8,400,335</u>	<u>8,400,335</u>
Total primary government	<u>37,851,842</u>	<u>33,879,697</u>	<u>1,616,808</u>	<u>417,632</u>	<u>(10,338,040)</u>	<u>8,400,335</u>	<u>(1,937,705)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					9,847,303	-	9,847,303
Franchise taxes and public service taxes					607,489	-	607,489
Hotel/motel taxes					264,951	-	264,951
Tax apportionment taxes					450,000	-	450,000
Investment income					16,049	29,795	45,844
Miscellaneous					250,925	6,114	257,039
Special item - court settlement					660,000	-	660,000
Transfers - Internal activity					582,016	(582,016)	-
Total general revenues and transfers					<u>12,678,733</u>	<u>(546,107)</u>	<u>12,132,626</u>
Change in net position					2,340,693	7,854,228	10,194,921
Net position - beginning, restated					9,188,999	26,720,592	35,909,591
Net position - ending					<u>\$ 11,529,692</u>	<u>\$ 34,574,820</u>	<u>\$ 46,104,512</u>

See accompanying notes to the basic financial statements.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Governmental Funds Balance Sheet - June 30, 2015**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,049,707	\$ 4,702,431	\$ 8,752,138
Interest receivable	-	110	110
Receivable from other governments	1,726,232	43,250	1,769,482
Due from other funds	1,159,140	390,099	1,549,239
Taxes receivable, net	14,115	35,593	49,708
Court fines receivable, net	46,814	-	46,814
Other receivables	2,475	53,043	55,518
Inventories	26,298	30,348	56,646
Total assets	<u>\$ 7,024,781</u>	<u>\$ 5,254,874</u>	<u>\$ 12,279,655</u>
 <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 123,996	\$ 13,173	\$ 137,169
Accrued payroll payable	240,661	12,877	253,538
Due to other funds	577,537	115,440	692,977
Due to bondholders	200	-	200
Accrued interest payable	11,285	-	11,285
Other payables	54,303	-	54,303
Total liabilities	<u>1,007,982</u>	<u>141,490</u>	<u>1,149,472</u>
 Deferred Inflows of Resources:			
Deferred revenue	<u>485,325</u>	<u>-</u>	<u>485,325</u>
 Fund balances:			
Nonspendable	26,298	30,348	56,646
Restricted	-	1,815,241	1,815,241
Assigned	204,911	3,267,795	3,472,706
Unassigned	5,300,265	-	5,300,265
Total fund balances	<u>5,531,474</u>	<u>5,113,384</u>	<u>10,644,858</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 7,024,781</u>	<u>\$ 5,254,874</u>	<u>\$ 12,279,655</u>

See accompanying notes to the basic financial statements.

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 10,308,418	\$ 411,325	\$ 10,719,743
Intergovernmental	966,637	227,990	1,194,627
Charges for services	653,721	232,504	886,225
Fines and forfeitures	257,691	-	257,691
Licenses and permits	93,014	-	93,014
Investment earnings	10,883	4,046	14,929
Miscellaneous	173,827	103,837	277,664
Total revenues	<u>12,464,191</u>	<u>979,702</u>	<u>13,443,893</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,739,841	267,763	3,007,604
Public safety	6,602,219	430,661	7,032,880
Public works	1,036,159	22,881	1,059,040
Culture and recreation	1,243,959	42,029	1,285,988
Airport	-	382,865	382,865
Capital outlay	571,798	124,219	696,017
Debt service:			
Principal	151,289	-	151,289
Interest and other charges	33,560	-	33,560
Total expenditures	<u>12,378,825</u>	<u>1,270,418</u>	<u>13,649,243</u>
Excess (deficiency) of revenues over expenditures	<u>85,366</u>	<u>(290,716)</u>	<u>(205,350)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long-term debt	366,279	-	366,279
Transfers in	5,519,593	409,069	5,928,662
Transfers out	<u>(4,875,482)</u>	<u>(106,069)</u>	<u>(4,981,551)</u>
Total other financing sources and uses	<u>1,010,390</u>	<u>303,000</u>	<u>1,313,390</u>
Net change in fund balances	1,095,756	12,284	1,108,040
Fund balances - beginning, restated	4,435,718	5,101,100	9,536,818
Fund balances - ending	<u>\$ 5,531,474</u>	<u>\$ 5,113,384</u>	<u>\$ 10,644,858</u>

See accompanying notes to the basic financial statements.

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Total fund balance, governmental funds	\$	10,644,858
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$12,164,085		
		9,974,178
Certain other long-term assets and deferred outflows are not available to pay current period expenditures and, therefore, are deferred in the funds:		
Grants receivable		10,000
Tax increment financing (TIF) receivable		450,000
Court fines receivable, net of allowance for doubtful accounts of \$378,762		25,325
Net pension asset		214,564
Pension related deferred outflows		898,022
Certain long-term liabilities and related accounts and deferred inflows are not due and payable from current financial resources and, therefore, are not reported in the funds:		
Notes payable		(1,323,767)
Accrued compensated absences		(649,914)
Net pension liability		(7,153,130)
Pension related deferred inflows		(2,382,076)
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of certain of these internal service funds are reported in governmental activities in the Statement of Net Position:		
Internal service funds' net position		<u>821,632</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>11,529,692</u></u>

See accompanying notes to the basic financial statements.



**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Net change in fund balances - total governmental funds: \$ 1,108,040

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	606,016
Capital assets purchased by business-type activities	630,152
Book value on capital assets disposed	(46,007)
Depreciation expense	(708,884)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in deferred revenue	415,713
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In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.

607,510

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	151,289
Proceeds of long-term debt	(366,279)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued compensated absences	299,070
----------------------------------------	---------

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities:

Total change in net position for internal service funds	(355,927)
Change in net position of governmental activities	<u>\$ 2,340,693</u>

See accompanying notes to the basic financial statements.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Proprietary Funds Statement of Net Position - June 30, 2015**

	<u>Altus Municipal</u> <u>Authority</u>	<u>Internal Service</u> <u>Funds</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,973,347	\$ 951,865
Restricted:		
Cash and cash equivalents	7,486,702	-
Investments	7,189,343	-
Deposit with third party	835,824	-
Due from other funds	577,537	-
Accounts receivable, net	4,716,295	-
Receivables from other governments	965,594	-
Other receivables	-	12,384
Notes receivable	660,000	-
Inventories	<u>1,548,847</u>	<u>-</u>
Total current assets	<u>26,953,489</u>	<u>964,249</u>
Non-current assets:		
Capital assets:		
Land and construction in progress	4,910,918	-
Other capital assets, net of accumulated depreciation	<u>40,727,978</u>	<u>-</u>
Total non-current assets	<u>45,638,896</u>	<u>-</u>
Total assets	<u>72,592,385</u>	<u>964,249</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred amount related to pension	<u>313,810</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,889,080	37,978
Accrued payroll payable	104,082	-
Accrued interest payable	229,657	-
Due to other funds	1,433,799	-
Payable to other governments	72,188	-
Other accrued expenses	-	20,390
Deposits subject to refund	168,331	-
Compensated absences	48,067	-
Capital lease obligation	288,329	-
Contract obligation payable	665,550	-
Claims liability	-	43,194
Notes payable	<u>2,907,026</u>	<u>-</u>
Total current liabilities	<u>7,806,109</u>	<u>101,562</u>
Non-current liabilities:		
Deposits subject to refund	675,886	-
Compensated absences	432,599	-
Capital lease obligation	64,759	-
Contract obligation payable	7,058,745	-
Landfill closure liability	1,464,455	-
Claims liability	-	41,055
Notes payable	15,007,558	-
Net pension liability	<u>1,135,820</u>	<u>-</u>
Total non-current liabilities	<u>25,839,822</u>	<u>41,055</u>
Total liabilities	<u>33,645,931</u>	<u>142,617</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount related to pension	622,860	-
Deferred amount on long-term debt refunding	<u>4,062,584</u>	<u>-</u>
Total deferred inflows of resources	<u>4,685,444</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	30,987,577	-
Restricted for debt service	990,263	-
Restricted for capital projects	3,735,489	-
Restricted for MAPS projects	9,406,190	-
Restricted for other purposes	10,456	-
Unrestricted (deficit)	<u>(10,555,155)</u>	<u>821,632</u>
Total net position	<u>\$ 34,574,820</u>	<u>\$ 821,632</u>

See accompanying notes to the basic financial statements.

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2015**

	<u>Altus Municipal</u> <u>Authority</u>	<u>Internal Service</u> <u>Funds</u>
<b>REVENUES</b>		
Water	\$ 4,688,569	\$ -
Sewer	1,617,115	-
Sanitation	2,230,889	-
Electric	22,704,810	-
Miscellaneous	1,404,328	165,898
Total operating revenues	<u>32,645,711</u>	<u>165,898</u>
<b>OPERATING EXPENSES</b>		
General government	-	542,000
Administration	1,165,630	-
Water	1,674,070	-
Sewer	618,158	-
Sanitation	891,873	-
Landfill operations	333,985	-
Electric services	15,768,701	-
Depreciation	2,333,726	-
Total operating expenses	<u>22,786,143</u>	<u>542,000</u>
Operating income	<u>9,859,568</u>	<u>(376,102)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	29,795	1,120
Miscellaneous revenue	6,114	19,055
Noncapital grants	586,500	-
Gain (loss) on capital asset disposal	(181,600)	-
Payments to school - MAPS	(458,313)	-
Interest expense	(1,165,774)	-
Miscellaneous expenses	(119,897)	-
Total non-operating revenue (expenses)	<u>(1,303,175)</u>	<u>20,175</u>
Income before transfers	8,556,393	(355,927)
Capital contributions	417,632	-
Special item - court settlement	660,000	-
Transfers in	4,932,482	-
Transfers out	(6,712,279)	-
Change in net position	7,854,228	(355,927)
Total net position - beginning, restated	<u>26,720,592</u>	<u>1,177,559</u>
Total net position - ending	<u>\$ 34,574,820</u>	<u>\$ 821,632</u>

See accompanying notes to the basic financial statements.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2015**

	<u>Altus Municipal Authority</u>	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and others	\$ 33,258,026	\$ 172,569
Payments to suppliers	(18,514,493)	(520,249)
Payments to employees	(3,620,194)	-
Receipts of customer meter deposits	220,340	-
Refunds of customer meter deposits	(217,776)	-
Interfund receipts/payments	7,952	-
<b>Net cash provided by operating activities</b>	<u>11,133,855</u>	<u>(347,680)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	4,932,482	-
Transfers to other funds	(6,712,279)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(1,779,797)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(2,893,401)	-
Proceeds on sale of capital asset	6,297	-
Proceeds from capital grant	417,632	-
Proceeds from debt	8,812,920	-
Principal paid on debt	(11,390,936)	-
Interest and fiscal agent fees paid on debt	(1,385,170)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(6,432,658)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(14,019)	-
Deposit with third party	(835,824)	-
Interest and dividends	29,795	1,120
<b>Net cash provided by (used in) investing activities</b>	<u>(820,048)</u>	<u>1,120</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,101,352	(346,560)
<b>Balances - beginning of year</b>	<u>8,358,697</u>	<u>1,298,425</u>
<b>Balances - end of year</b>	<u>\$ 10,460,049</u>	<u>\$ 951,865</u>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents	\$ 2,973,347	\$ 951,865
Restricted cash and cash equivalents - current	7,486,702	-
Total cash and cash equivalents, end of year	<u>\$ 10,460,049</u>	<u>\$ 951,865</u>

See accompanying notes to the basic financial statements.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2015, (Continued)**

**Reconciliation of operating income to net cash provided by**

<b>Operating Activities:</b>		
Operating income	\$ 9,859,568	\$ (376,102)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	2,333,726	-
Payments to school-MAPS	(458,313)	-
Non-capital grants	586,500	-
Miscellaneous expense	(119,897)	-
Miscellaneous revenue	6,114	19,055
Special item-court settlement	660,000	-
Change in assets and liabilities:		
Due from other funds	7,645	-
Due to other funds	307	-
Accounts receivable	221,333	-
Due from other governments	(201,632)	-
Other receivables	-	(12,384)
Notes receivable	(660,000)	-
Inventory	170,470	-
Accounts payable	(1,100,145)	30,349
Claims liability	-	(28,988)
Accrued payroll payable	4,169	-
Payable to other governments	25,817	-
Other accrued expenses	-	20,390
Landfill closure liability	-	-
Pension liability & related accounts	(132,650)	-
Deposits subject to refund	2,564	-
Accrued compensated absences	(71,721)	-
<b>Net cash provided by operating activities</b>	<b><u>\$ 11,133,855</u></b>	<b><u>\$ (347,680)</u></b>

See accompanying notes to the basic financial statements.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (City of Altus) and a blended component unit as noted below

- **The City of Altus** – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.
- **The City of Altus Municipal Authority** – that operates the electric, water, sewer, and sanitation services of the City.

The City provides typical municipal services such as general government, public safety, public works, culture and recreation, community, and economic development, and, through its public trust, certain utility services including electric, water, wastewater, and sanitation.

The component unit (Authority) has the City Council as their governing body (trustees) and the City is able to impose its will on the Authority through required approval of all debt obligations issued by this entity.

In determining the financial reporting entity, the City fully 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 – An Amendment of GASB Statements No. 14 and No. 34*" that requires all component units of which the City is financially accountable be included in the financial report.

The component unit listed above is a Public Trust established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are 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 Authority. The Authorities generally retain 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 for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

**Related Organizations:**

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

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

Related organizations are not included within the City's reporting entity financial statements.



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

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

- Public Safety – Fire and Police – fines and forfeitures, animal control revenues and operating grants and contributions.
- Airport – rental fees, fuel sales and capital grants.
- Public works – Commercial vehicle and gasoline excise tax shared by the State and other restricted operating grants, as well as capital grants.
- Culture and recreation – Golf course revenues, swimming pool fees, and recreation fees.
- General Government – licenses and permits, mowing fees, rentals and operating grants.

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

*Governmental Funds:*

The City's governmental funds include:

Major Fund:

General Fund

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

- ODOC Grant Fund – accounts for grant monies received for flood and drainage projects.
- Altus Donation Fund – accounts for donations received to be used for specific projects.
- Airport Fund – accounts for operating revenues and expenditures of the municipal airport.
- Hotel/Motel Tax Fund – accounts for hotel/motel tax revenues to be used in economic development and promotion of tourism.
- Street and Alley Fund - accounts for commercial vehicle tax and gasoline excise tax legally restricted for street and alley repairs and maintenance.
- Emergency 911 Fund – accounts for the City's share of E911 customer assessment that is restricted for public safety use.

Capital Project Funds:

- Capital Improvement Fund – accounts for transfers from other funds and grant monies to be used for major capital improvements.

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

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- Economic Development Construction Fund – accounts for loan monies and sales tax restricted for use in economic development projects.
- ODOT Grant Fund – accounts for grant monies received for construction of industrial development access road.
- Landfill Improvement Fund – accounts for monies set aside for use in landfill improvements.
- Cemetery Perpetual Care Fund – accounts for a portion of cemetery revenue restricted by State law for cemetery capital improvements.
- Drainage Improvement Fund – accounts for monies set aside for drainage improvement projects.

Debt Service Fund:

- Debt Service Fund – accounts for ad valorem taxes levied by the City for use in retiring court assessed judgments, general obligation bonds, and their related expenditures.

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

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

*Proprietary Funds:*

The City's proprietary funds include:

**Enterprise Fund**

- Altus Municipal Authority Fund – accounts for the activities of the public trust in providing electric, water, sewer, and sanitation services to the public.

**Internal Service Funds** (combined for reporting purposes)

- Workers Compensation Fund – accounts for charges to the operating funds of the City used to pay worker's compensation claims.
- Assurance Fund – accounts for charges to the operating funds of the City used to pay the expenses of the City's group health and life insurance plans.

**C. Measurement Focus and Basis of Accounting**

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

### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. 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.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

### **Basis of Accounting**

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

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

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

## **D. Assets, Liabilities, Deferred Inflows and Equity**

### **Cash and Investments**

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, and certificates of deposits or short-term investments with an original maturity of three months or less.

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

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

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**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities as its major receivables.

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

**Inventories**

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

**Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-Wide Statements*

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1992.

Prior to June 30, 1992, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings and Improvements	15-50 years
- Machinery and Equipment	2-40 years
- Utility System	25-50 years
- Infrastructure	25-100 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Restricted Assets**

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

**Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of notes payable, capital leases, contract obligations payable and accrued compensated absences.

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

**Compensated Absences**

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

**Equity Classifications**

*Government-Wide Statements:*

Equity is classified as net position and displayed in three components:

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

- 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.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted.”

*Fund Statements:*

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned.

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

**E. Revenues, Expenditures, and Expenses**

**Sales Tax**

The City presently levies a three and three quarter (3.75) cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Sales tax proceeds, after recording in the General Fund, 1.75 cent tax is transferred as needed to Capital Improvement Fund and Economic Development Construction Fund for the following projects: (1) 50% is used for (a) city hall construction and senior citizen center, (b) fire station renovation, and (c) economic development purposes; and (2) the remaining 50% is used for the construction of a high school, which was approved by the majority of voters in August 2008.

**Property Tax**

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

For the year ended June 30, 2015, the City did not levy a property tax, and had no general obligation bonded debt or court-assessed judgments outstanding at June 30, 2015.

**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Non-Operating

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

#### **F. Internal and Interfund Balances and Activities**

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

##### *Fund Financial Statements:*

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

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

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

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

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, are not eliminated in the Statement of Activities.

**G. 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.

**2. Cash, Cash Equivalents, and Investments**

At June 30, 2015, the reporting entity held the following deposits and investments:

**Primary Government:**

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
<b>Deposits:</b>			
Demand deposits			\$ 18,698,088
Cash on hand			7,100
Time deposit	12/11/2015		250,000
Time deposit	7/23/2015		1,000,000
Time deposit	7/22/2015		300,000
Time deposit	7/22/2015		800,000
Time deposit	7/22/2015		300,000
Time deposit	7/27/2015		506,517
Time deposit	8/21/2015		453,316
Time deposit	10/26/2015		1,512,406
Time deposit	9/19/2015		201,536
Time deposit	7/3/2015		151,769
Time deposit	9/26/2015		1,008,009
Time deposit	10/22/2015		705,790
			<u>25,894,531</u>
<b>Investments:</b>			
Trustee accounts money market fund		AAA	1,458,864
			<u>1,458,864</u>
<b>Total deposits and investments</b>			<u><u>\$ 27,353,395</u></u>
 <b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			\$ 20,164,052
Investments			7,189,343
			<u><u>\$ 27,353,395</u></u>

See accompanying footnotes to this schedule.



**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

---

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. Collateral will be held by the City Clerk-Treasurer of the City of Altus or by an independent third party with whom the entity has a current custodial agreement. The City’s policy limits acceptable collateral to U.S. Treasury securities, federal mortgage debt guaranteed by the Federal Government to include: VA, FHA, GNMA, FNMA, FHLMC, and Federal Home Loan Bank Letters of Credit. In addition, collateral is limited to direct debt obligations of municipalities or counties in Oklahoma which hold an "A" rating or better. Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2015 the City was fully collateralized at all financial institutions.

*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.

*Investment Credit Risk* - The City’s investment policy limits investments, excluding retirement trust fund investments, to the following:

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

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investment policy requires diversification of investments and indicates that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City’s total investment portfolio will be invested in a single financial institution.

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

*Restricted Cash and Investments* – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts restricted for debt service, capital projects, MAPS projects or other purposes. The restricted assets as of June 30, 2015 are as follows:

	Current	
	Cash and cash equivalents	Investments
Water Treatment Plant	\$ 13,249	\$ 3,722,240
MAPS	5,400,928	3,467,103
Hotel Motel Revenue Tax	10,456	-
OWRB DWSRF Account	227,589	-
Series 2008 Sales Tax Revenue Note	182,969	-
Series 2009 Sales Tax Revenue Note	264,938	-
Series 2011 Sales Tax Revenue Note	82,521	-
2014 Mountain Park Trustee Account	459,835	-
Meter deposits	844,217	-
Total	\$ 7,486,702	\$ 7,189,343

**3. Receivables**

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

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
<b>Governmental Activities:</b>			
Accounts receivable, net	\$ 67,902	\$ -	\$ 67,902
Taxes receivable	49,708	-	49,708
Court fines receivable, net	425,576	(378,762)	46,814
Due from other governments	1,769,482	-	1,769,482
Total Governmental Activities	\$ 2,312,668	\$ (378,762)	\$ 1,933,906
<b>Business-Type Activities:</b>			
Utilities	\$ 7,089,394	\$ (2,373,099)	\$ 4,716,295

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

---

Notes Receivable – The Altus Municipal Authority entered into a \$3.5 million loan agreement with Altus Flight Academy (AFA) dated February 1, 2013. The loan has an interest rate of 4% and matures on March 1, 2034. The proceeds of the loan, provided by MAPS sales taxes, were used to improve, construct and equip a flight training facility owned by the City of Altus and leased by the Altus Municipal Authority with a sub-lease to Altus Flight Academy. Interest only payments on the outstanding balance are due on March 1, 2014 and March 1, 2015 with principal payments beginning on March 1, 2016. The loan is secured with the building improvements as collateral. In accordance with an Economic Development Assistance Agreement, if the AFA provides full-time equivalent jobs, they can receive credit to apply to the payments as they become due. However, during fiscal year 2014, the AFA stopped construction on the project and vacated the flight training facility. No payments have been made on the note and the AFA is in technical default. Therefore, an allowance for an uncollectible loan receivable was recorded during fiscal year 2014. A lawsuit has been filed by the Altus Municipal Authority to try to recover certain fire suppression equipment and security system purchased with the loan proceeds as well as recovery of unpaid lease payments, other improvements made to the building, and financial compensation for lost jobs. The lawsuit has been settled as of July 10, 2015 in the amount of \$660,000, which will be reported as the note receivable balance at 6-30-15.

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015	Due Within One Year
Business-Type Activities:					
Altus Flight Academy	\$ -	\$ 660,000	\$ -	\$ 660,000	\$ 660,000
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 660,000</u>	<u>\$ -</u>	<u>\$ 660,000</u>	<u>\$ 660,000</u>

#### 4. Capital Assets and Depreciation

*Capital Assets:*

Capital assets consist of land, construction in progress, buildings and building improvements, machinery and equipment, utility property and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

For the year ended June 30, 2015, capital assets balances changed as follows:

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

	Restated Balance at June 30, 2014	Additions/ Transfers	Disposals	Balance at June 30, 2015
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,217,403	\$ -	\$ -	\$ 1,217,403
Construction in progress	-	75,375	-	75,375
Total capital assets not being depreciated	<u>1,217,403</u>	<u>75,375</u>	<u>-</u>	<u>1,292,778</u>
Other capital assets:				
Buildings and improvements	12,586,742	654,899	501,931	12,739,710
Infrastructure	1,457,392	-	-	1,457,392
Machinery and equipment	7,715,882	524,164	1,591,663	6,648,383
Total other capital assets at historical cost	<u>21,760,016</u>	<u>1,179,063</u>	<u>2,093,594</u>	<u>20,845,485</u>
Less accumulated depreciation for:				
Buildings and improvements	7,159,237	395,335	500,160	7,054,412
Infrastructure	255,366	62,274	-	317,640
Machinery and equipment	6,069,915	269,545	1,547,427	4,792,033
Total accumulated depreciation	<u>13,484,518</u>	<u>727,154</u>	<u>2,047,587</u>	<u>12,164,085</u>
Other capital assets, net	<u>8,275,498</u>	<u>451,909</u>	<u>46,007</u>	<u>8,681,400</u>
Governmental activities capital assets, net	<u>\$ 9,492,901</u>	<u>\$ 527,284</u>	<u>\$ 46,007</u>	<u>\$ 9,974,178</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,304,662	\$ -	\$ -	\$ 1,304,662
Construction in progress	2,511,537	2,829,425	1,734,706	3,606,256
Total capital assets not being depreciated	<u>3,816,199</u>	<u>2,829,425</u>	<u>1,734,706</u>	<u>4,910,918</u>
Other capital assets:				
Buildings and improvements	32,626,464	-	-	32,626,464
Water rights	24,647,726	-	-	24,647,726
Machinery and equipment	7,304,626	886,162	1,796,164	6,394,624
Utility property	24,211,305	912,520	-	25,123,825
Total other capital assets at historical cost	<u>88,790,121</u>	<u>1,798,682</u>	<u>1,796,164</u>	<u>88,792,639</u>
Less accumulated depreciation for:				
Buildings and improvements	10,071,469	884,604	-	10,956,073
Water rights	13,502,352	616,193	-	14,118,545
Machinery and equipment	5,562,005	371,272	1,608,267	4,325,010
Utility property improvements	18,203,376	461,657	-	18,665,033
Total accumulated depreciation	<u>47,339,202</u>	<u>2,333,726</u>	<u>1,608,267</u>	<u>48,064,661</u>
Other capital assets, net	<u>41,450,919</u>	<u>(535,044)</u>	<u>187,897</u>	<u>40,727,978</u>
Business-type activities capital assets, net	<u>\$ 45,267,118</u>	<u>\$ 2,294,381</u>	<u>\$ 1,922,603</u>	<u>\$ 45,638,896</u>

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 199,315
Public safety	167,719
Public works	42,407
Culture and recreation	85,010
Airport	214,433
Depreciation expense	<u>\$ 708,884</u>

Business-Type Activities:

Water	\$ 911,769
Sewer	97,940
Sanitation	193,751
Electric	1,130,266
	<u>\$2,333,726</u>

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

**5. Long-Term Debt and Debt Service Requirements**

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

For the year ended June 30, 2015, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Notes payable	\$ 1,108,776	\$ 366,279	\$ 151,288	\$ 1,323,767	\$ 154,595
Accrued compensated absences	948,984	497,560	796,630	649,914	64,991
Claims liability	113,237	-	28,988	84,249	43,194
Total Governmental Activities	<u>\$ 2,170,997</u>	<u>\$ 863,839</u>	<u>\$ 976,906</u>	<u>\$ 2,057,930</u>	<u>\$ 262,780</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 19,793,143	\$ 982,920	\$ 2,861,479	\$ 17,914,584	2,907,026
Capital lease payable	692,365	-	339,277	353,088	288,329
Contract obligations payable	8,084,475	7,830,000	8,190,180	7,724,295	665,550
Accrued compensated absences	552,387	163,550	235,271	480,666	48,067
Landfill closure liability	1,464,455	-	-	1,464,455	-
Deposits subject to refund	841,653	220,340	217,776	844,217	168,331
Total Business-Type Activities	<u>31,428,478</u>	<u>9,196,810</u>	<u>11,843,983</u>	<u>28,781,305</u>	<u>4,077,303</u>
Total Long-Term Debt	<u>\$ 33,599,475</u>	<u>\$ 10,060,649</u>	<u>\$ 12,820,889</u>	<u>\$ 30,839,235</u>	<u>\$ 4,340,083</u>

**Reconciliation to Statement of Net Position:**

**Governmental Activities:**

Due within one year	\$ 262,780
Due in more than one year	1,795,150
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,057,930</u>

**Business-Type Activities:**

Due within one year	\$ 4,077,303
Due in more than one year	24,704,002
Total Business-Type Activities Long-Term Liabilities	<u>\$ 28,781,305</u>

*Governmental activities long-term debt:*

Governmental activities long-term debt payables from net revenues include the following:

*Notes Payable:*

\$1,550,000 Altus Municipal Authority Junior Lien Utility Revenue Note, Series 2013A, dated February 1, 2013, due in annual principal installments of \$119,451 plus interest at 2.85% beginning February 1, 2014, with final payment due February 1, 2023, secured by available utility revenues.	\$ 955,605
\$400,000 lease obligation for the purchase of fire engine pumper, payable in 1 annual installment of \$36,000 and 9 annual installments of \$48,950 each September with an annual interest rate of 3.75%, final payment due September 2023.	<u>368,162</u>
Total Notes Payable	<u>\$ 1,323,767</u>
Current portion	\$ 154,595
Noncurrent portion	1,169,172
Total Notes Payable	<u>\$ 1,323,767</u>

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

*Accrued Compensated Absences:*

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave, sick leave, and compensatory time.

	Current portion	\$	64,991
	Noncurrent portion		584,923
Total Accrued Compensated Absences		<u>\$</u>	<u>649,914</u>

*Estimated Claims Liability:*

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

	Current portion	\$	43,194
	Noncurrent portion		41,055
Total Accrued Compensated Absences		<u>\$</u>	<u>84,249</u>

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

*Notes Payable:*

<p>\$232,183 Oklahoma Department of Commerce CDBG Note, dated October 2, 1998, issued by Altus Municipal Authority, monthly installments of \$967 , secured by available utility revenues, with no interest, final maturity September 1, 2018.</p>	\$ 46,436
<p>\$400,000 Oklahoma Municipal Power Association Note, dated January 17, 2012, monthly installments of \$5,263 , with an interest rate of 2.875%, final maturity March 1, 2019.</p>	224,144
<p>\$10,000,000 Altus Municipal Authority Sales Tax Revenue Note, Series 2008, dated December 24, 2008, due in quarterly installments of \$175,000 to \$275,000 plus interest at 4.00% beginning August 1, 2009, with final payment due November 1, 2020, secured by sales tax revenues from a special sales tax of 1.75% as approved by voters of the City on August 26, 2009, proceeds to be used by the City and Altus School District for capital improvements.</p>	5,445,000
<p>\$14,285,000 Altus Municipal Authority Sales Tax Revenue Note, Series 2009, dated March 25, 2009, due in quarterly installments of \$145,000 to \$395,000 plus interest at 4.25% beginning August 1, 2009, with final payment due November 1, 2020, secured by sales tax revenues from a special sales tax of 1.75% as approved by voters of the City on August 26, 2009, proceeds to be used by the City and Altus School District for capital improvements.</p>	7,755,000
<p>\$4,000,000 Altus Municipal Authority Sales Tax Revenue Note, Series 2011, dated March 25, 2009, due in quarterly installments of \$95,000 to \$130,000 plus interest at 2.94% beginning August 1, 2009, with final payment due November 1, 2020, secured by sales tax revenues from a special sales tax of 1.75% as approved by voters of the City on August 26, 2009, proceeds to be used by the City and Altus School District for capital improvements.</p>	2,555,000

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

\$2,300,000 OWRB Drinking Water SRF Loan, dated April 28, 2015, due in semi-annual installments of \$57,500 plus interest at 2.81% beginning September 15, 2016, with final payment due March 15, 2036, secured by a pledge of revenues generated from water and sewer, proceeds to be used by the City of Altus for water system improvements. Total drawdowns as of June 30, 2015 total \$382,920. 382,920

\$1,800,000 Oklahoma Municipal Power Association Note, dated May 20, 2014, monthly installments of \$24,192 beginning September 1, 2014, with an interest rate of 3.5%, final maturity August 1, 2021. 1,506,084

Total Notes Payable \$ 17,914,584

Current portion \$ 2,907,026

Noncurrent portion 15,007,558

Total Notes Payable \$ 17,914,584

*Contract Obligation Payable:*

\$7,830,000 contract obligation payable to Mountain Park Master Conservancy District, due in semi-annual installments of \$328,860 to \$450,225 plus interest at 3.26%, with final payment due October 1, 2025, secured by a pledge of gross revenues of water as approved by voters. \$ 7,724,295

Total Contract Obligation Payable \$ 7,724,295

Current portion \$ 665,550

Noncurrent portion 7,058,745

Total Contract Obligation Payable \$ 7,724,295

*Capital Lease Obligations:*

\$330,000 capital lease obligation with Caterpillar Financial Services, dated June 9, 2010, with monthly installments of \$6,009, including interest of 3.5% through July 14, 2015, for the lease purchase of a scraper. \$ 5,655

\$1,870,467 capital lease obligation with Oklahoma Municipal Power Authority, dated October 20, 2009, with monthly installments of \$24,625, including interest of 5.081% through October 1, 2016, for the lease purchase of an electric substation. 347,433

Total Capital Leases Payable \$ 353,088

Current portion \$ 288,329

Noncurrent portion 64,759

Total Capital Leases Payable \$ 353,088

*Accrued Compensated Absences:*

Current portion \$ 48,067

Noncurrent portion 432,599

Total Accrued Compensated Absences \$ 480,666

*Landfill Closure Liability:*

Current portion \$ -

Noncurrent portion 1,464,455

Total Landfill Closure Liability \$ 1,464,455

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

Deposits Subject to Refund:

	Current portion	\$	168,331
	Noncurrent portion		675,886
	Total Deposits Subject to Refund	\$	<u>844,217</u>

Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	Governmental Activities	
	Notes Payable	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 154,595	\$ 41,040
2017	155,912	36,318
2018	157,279	31,547
2019	158,699	26,724
2020	160,170	21,848
2021-2024	537,112	37,495
Totals	<u>\$ 1,323,767</u>	<u>\$ 194,972</u>

<u>Year Ending June 30,</u>	Business Type Activities					
	Notes Payable		Capital lease payable		Contract obligation payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,907,026	\$ 747,401	\$ 288,329	\$ 11,666	\$ 665,550	\$ 246,452
2017	3,154,543	642,332	64,759	629	685,125	224,563
2018	3,276,535	527,777	-	-	708,615	202,037
2019	3,390,977	408,401	-	-	732,105	178,744
2020	3,462,661	284,053	-	-	755,595	154,686
2021-2025	2,374,922	186,746	-	-	4,177,305	383,716
2026-2030	575,000	186,746	-	-	-	-
2031-2035	575,000	186,746	-	-	-	-
2036	115,000	-	-	-	-	-
Totals	<u>\$ 19,831,664</u>	<u>\$ 3,170,202</u>	<u>\$ 353,088</u>	<u>\$ 12,295</u>	<u>\$ 7,724,295</u>	<u>\$ 1,390,198</u>
	Less remaining funds to be drawn down:	(1,917,080)				
		<u>\$ 17,914,584</u>				

Landfill Closure Liability

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

The \$1,464,455 reported as accrued landfill closure cost liability at June 30, 2015, represents the cumulative amount of such costs reported to date based on the use of 92% of the estimated capacity of the landfill. The Altus Municipal Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$127,343 as the remaining estimated capacity is filled. These amounts are



based on what it would cost to perform all closure and post-closure care in 2015. At June 30, 2015, the landfill had a remaining estimated useful life of approximately one year.

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

## **6. Net Position and Fund Balances**

### *Fund Statements:*

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

- 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 – included 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 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 table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

	General Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances:			
Nonspendable for:			
Inventory	\$ 26,298	\$ 30,348	\$ 56,646
Restricted for:			
Street development	-	635,807	635,807
Donor requirements	-	99,364	99,364
Grant programs	-	11,819	11,819
Economic development	-	1,030,625	1,030,625
Cemetery improvements	-	37,621	37,621
Debt Service	-	5	5
Sub-total Restricted	-	1,815,241	1,815,241
Assigned to:			
Budget balancing purposes	190,551	-	190,551
Street development	-	161,069	161,069
Airport	-	38,776	38,776
Public safety	-	100,022	100,022
Park development	14,360	-	14,360
Capital improvements	-	2,967,928	2,967,928
Sub-total Assigned	204,911	3,267,795	3,472,706
Unassigned	5,300,265	-	5,300,265
<b>TOTAL FUND BALANCES</b>	<b>\$ 5,531,474</b>	<b>\$ 5,113,384</b>	<b>\$ 10,644,858</b>

Net position is displayed in three components:

- a. *Net investment in capital assets*- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- 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 restrictions are as follows:

	State Statutes	External Parties Voters/Donors/Grantors	Total
Governmental Activities:			
Capital Projects:			
ODOC Grant Fund	\$ -	\$ 11,819	\$ 11,819
Economic Development Construction Fund	-	923,116	923,116
Cemetery Perpetual Fund	37,621	-	37,621
Sub-total Capital Projects	37,621	934,935	972,556
Debt Service:			
Sinking Fund	5	-	5
Economic Development:			
Hotel Motel Tax Fund	-	107,509	107,509
Other			
Altus Donation Fund	-	99,364	99,364
Street and Alley Fund	635,807	-	635,807
Sub-total Other	635,807	99,364	735,171
Total Governmental Activities	673,433	1,141,808	1,815,241
<b>TOTAL RESTRICTED NET POSITION</b>	<b>\$ 673,433</b>	<b>\$ 1,141,808</b>	<b>\$ 1,815,241</b>

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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 are available.

**Prior period adjustments**

Beginning fund balance and net position were restated as of June 30, 2015, as follows:

	ODOT Grant Fund	Altus Municipal Authority	Government-Wide	
			Governmental Activities	Business-type Activities
Beginning fund balance/net position, as previously reported	\$ -	\$ 27,954,926	\$ 18,219,130	\$ 27,954,926
Implementation of GASB Statements 68 & 71	-	(1,577,520)	(9,030,131)	(1,577,520)
Understatement of inventory	-	236,615	-	236,615
Understatement of construction in progress	-	106,571	-	106,571
Overstatement of deferred revenue	49,069	-	-	-
Beginning fund balance/net position, restated	<u>\$ 49,069</u>	<u>\$ 26,720,592</u>	<u>\$ 9,188,999</u>	<u>\$ 26,720,592</u>

**7. Internal and Interfund Balances and Transfers**

The City’s policy is to eliminate interfund transfers and balances in the statements 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 June 30, 2015 were as follows:

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	AMA	\$ 4,595,403	MAPS transfer
General Fund	AMA	280,079	Grant Reimbursement
Economic Devel. Construction Fund	AMA	57,000	Operating transfer
ODOT Grant Fund	Street and Alley Fund	49,069	Grant Reimbursement
AMA	Airport Fund	60,000	Operating transfer
AMA	Emergency 911 Fund	300,000	Operating transfer
AMA	General Fund	5,333,333	Operating transfer
AMA	General Fund	186,260	Debt service
AMA	Governmental activities	832,686	Capital asset purchases

Total \$ 11,693,830

**Reconciliation to Fund Financial Statements:**

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 5,928,662	\$ (4,981,551)	\$ 947,111
Proprietary Funds	4,932,482	(6,712,279)	(1,779,797)
	<u><u>\$ 10,861,144</u></u>	<u><u>\$ (11,693,830)</u></u>	<u><u>(832,686)</u></u>

**Reconciliation to Statement of Activities:**

	Governmental	Business-Type
Net transfers	\$ 947,111	\$ (1,779,797)
Reclassification of capital asset purchases between activities	832,686	-
Reclassification of internal service activity	(120,149)	120,149
Reclassification of grant activity between activities	(1,077,632)	1,077,632
	<u><u>\$ 582,016</u></u>	<u><u>\$ (582,016)</u></u>

*Balances:*

Interfund receivable and payables at June 30, 2015 were comprised of the following:

Due From	Due To	Amount	Nature of Balance
General Fund	AMA	\$ 577,537	Sales/use tax accrual for MAPS
Capital Improvement Fund	General Fund	115,440	Emergency reserve
AMA	Economic Development Construction	390,099	Construction payable
AMA	General Fund	127,377	MAPS Sales tax correction
AMA	General Fund	916,323	Emergency reserve
Total		<u><u>\$ 2,126,776</u></u>	

**Reconciliation to Fund Financial Statements:**

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 1,549,239	\$ (692,977)	\$ 856,262
Proprietary Funds	577,537	(1,433,799)	(856,262)
Total	<u><u>\$ 2,126,776</u></u>	<u><u>\$ (2,126,776)</u></u>	<u><u>\$ -</u></u>

**8. Risk Management**

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

- General Liability and Physical Property – Covered through insurance provider with a \$10,000 deductible
- Worker’s Compensation – Worker’s compensation is covered through self-insurance using a third party processor to process claims from July 2011 through December 2011. Effective January 2012, the City converted to a policy held with an insurance provider.
- Employee’s Group Medical – Covered through purchased insurance.

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

Claims Liability Analysis

The claims liabilities related to the above notes risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standard No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For workers’ compensation, changes in the claims liability for the City from July 1, 2012 to June 30, 2015 are as follows:

	Total Claims Liability
Claims liability, July 1, 2012	\$ 589,063
Claims and changes in estimates	-
Claims paid	(389,005)
Claims liability, June 30, 2013	\$ 200,058
Claims and changes in estimates	-
Claims paid	(86,821)
Claims liability, June 30, 2014	\$ 113,237
Claims and changes in estimates	-
Claims paid	(28,988)
Claims liability, June 30, 2015	\$ 84,249

**9. Pension Plan Participation**

The City of Altus participates in five pension or 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.
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined benefit plan.
- Oklahoma Municipal Retirement Fund – a defined contribution plan.
- Oklahoma Municipal Retirement Fund – a defined contribution plan – CMO plan.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

*Firefighters' Pension System:*

*Plan Summary Information.* The City of Altus, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 49-102, the City must participate in the plan if they employ fulltime or volunteer firefighters.

The State made on-behalf payments to the Oklahoma Firefighter's Pension and Retirement System of \$591,367 (or 34.4% of covered payroll).

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

*Funding Policy.* OFPRS plan members are required to contribute 9% of their annual salary to the plan. The City is required by state law to contribute 14% of the members' annual salary. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2015, the City reported a net pension liability of \$6,022,844 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2014. Based upon this information, the City's proportion was 0.5856816 percent.

For the year ended June 30, 2015, the City recognized pension expense of \$548,374. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 143,503	\$ -
Net difference between projected and actual earnings on pension plan investments	-	911,694
City contributions subsequent to the measurement date	221,668	-
Total	\$ 365,171	\$ 911,694

\$221,668 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

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

liability in the year ended June 30, 2016. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:			
	2016	\$	(201,200)
	2017		(201,200)
	2018		(201,200)
	2019		(201,200)
	2020		26,721
	Thereafter		9,888
	Total	<u>\$</u>	<u>(768,191)</u>

**Actuarial Assumptions**- The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%	
Salary increases:	3.5% to 9.0% average, including inflation	
Investment rate of return:	7.5% net of pension plan investment expense	

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Asset	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real estate	10%	7.76%
Other assets	13%	6.88%

**Discount Rate**- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 7,864,563	\$ 6,022,844	\$ 4,478,766

**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](http://www.ok.gov/FPRS).

*Police Pension System:*

*Plan Summary Information.* Pursuant to the requirements of Title 11, section 22-102, the City of Altus participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS).

The State made on-behalf payments to the Oklahoma Police Pension and Retirement System of \$210,759 (or 12.5% of covered payroll).

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63<sup>rd</sup> Street, Oklahoma City, OK, 73116-7335.

*Funding Policy.* OPPRS plan members are required to contribute 8% of their annual salary to the plan. The City is required by state law to contribute 13% of the members' annual salary. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2015, the City reported a net pension asset of \$214,564 for its proportionate share of the total net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. 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, 2014. Based upon this information, the City's proportion was 0.6373 percent.

For the year ended June 30, 2015, the City recognized pension expense of \$83,891. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 96,397
Net difference between projected and actual earnings on pension plan investments	-	754,159
City contributions subsequent to the measurement date	220,570	-
Total	\$ 220,570	\$ 850,556

\$220,570 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:			
2016	\$	(208,498)	
2017		(208,498)	
2018		(208,498)	
2019		(208,498)	
2020		(16,564)	
Total	\$	(850,556)	

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%	
Salary increases:	4.5% to 17% average, including inflation	
Investment rate of return:	7.5% net of pension plan investment expense	
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.	
Mortality rates:	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.	

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Asset	Long-Term Expected Real Rate of Return
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real estate	5.50%
Private equity	5.96%
Commodities	3.08%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% 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 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 1,276,667	\$ (214,564)	\$ (1,471,354)

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

*Summary of Contributions – Cost Sharing Plans:*

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2013	\$ 231,996	100%	2013	\$ 197,306	100%
2014	\$ 231,778	100%	2014	\$ 218,897	100%
2015	\$ 220,570	100%	2015	\$ 221,668	100%

**Defined Contribution Plans - Oklahoma Municipal Retirement Fund**

The City has also provided effective March 1, 1992, a defined contribution plan with the Oklahoma Municipal Retirement Fund. The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions rests with the city council. The defined contribution plan is available to all full-time employees not already participating in another plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Employees are eligible to participate after six months of employment and voluntarily select their before-tax percentage of contribution up to 15% of covered payroll. By City ordinance, the City is required to make variable contributions to the Plan based on availability of funds. As of July 2002, City contributions were 1.49% of covered payroll. Benefits vest after 10 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the Plan rests with the City Council.

For the year ended June 30, 2015, the following amounts related to the defined contribution plan:

Payroll for covered employees	\$4,508,582
Employer (City) contributions made	\$ 67,177

City Manager Plan (the CMO Plan)

Plan Description – Effective December 1, 2007, the City has also provided a defined contribution plan and trust known as the Oklahoma Municipal Retirement Fund Customized Manager Option Plan Retirement Plan and Trust (the CMO Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OkMRF). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The defined contribution plan is available to any person who is in the position of City Manager. Separate audited GAAP – basis financial statements are not available.

Funding Policy – Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment, and voluntarily elect their percentage of contribution with a minimum contribution of 3% of compensation. The City makes contributions to the CMO Plan based on the employment agreement with the employee and employer contributions are immediately vested. The authority to establish and amend the provisions of the plan rests with the City

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

Council. Contributions to the plan for the year ended June 30, 2015, for employees and employer were \$4,591 and \$13,183, respectively, on a covered payroll of \$119,712.

**Defined Benefit Plan - Oklahoma Municipal Retirement Fund**

*A. Plan Description*

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

*B. Summary of Significant Accounting Policies*

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

*C. Eligibility Factors, Contribution Methods and Benefit Provisions*

<u>Provision</u>	<u>As of 07/01/14 OkMRF Plan</u>
a. Eligible to participate	Full-time employees upon hire if less than age 60 and not participating in another retirement plan set up by state statutes.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	13.84% of covered payroll
-Employee Rate	4.00% of covered payroll
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	-Normal retirement at the earlier of age 65 with 10 years of service or age 62 with 25 years of service -Early retirement at age 55 with 10 years of service -Disability retirement upon disability with 10 years of service -Death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 years of service
f. Benefit Determination Methods:	
Normal Retirement	-2.625% of final average salary multiplied by credited years of service

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of married employee's accrued benefit, but terminates upon spouse re-marriage or death; -50% of accrued benefit for all other vested employees for 5 years certain
Prior to 10 Years Service	-Return of employee contributions with interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent

*D. Employees Covered by Benefit Terms*

Active Employees	113
Terminated Vested Employees	13
Retirees or Retiree Beneficiaries	<u>64</u>
Total	<u>190</u>

*E. Contribution Requirements*

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 13.84% of covered payroll as of 7-1-14. For the year ended June 30, 2015 the City recognized \$626,091 of employer contributions to the plan which is the actuarially determined amount based on covered payroll of \$4,523,779. Employees' contribution is 4% of covered payroll as of 7-1-14.

*F. Actuarial Assumptions*

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Inflation Rate	3%
e. Mortality Table	UP 1994, with projected mortality improvement
f. Percent of married employees	100%
g. Spouse age difference	3 years (female spouses younger)
h. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years: Year 1: 215 Year 2: 140

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

Year 3: 95  
Year 4: 65  
Year 5: 40

i. Date of last experience study September 2012 for fiscal years 2007 thru 2011

*G. Discount Rate*

The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2014 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.40%	1.35%
Small/mid cap stocks Russell 2500	10%	7.50%	0.75%
Long/short equity MSCI ACWI	10%	6.10%	0.61%
International stocks MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate NCREIF	5%	4.80%	0.24%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	100%		
Average Real Return			4.75%
Inflation			3.00%
Long-term expected return			7.75%

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

*H. Changes in Net Pension Liability*

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2014 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2014 and the City's report ending date of June 30, 2015, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	Schedule of Changes in Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/2013	\$ 20,454,048	\$ 16,699,980	\$ 3,754,068
Changes for the Year:			
Service Cost	440,674	-	440,674
Interest	1,578,994	-	1,578,994
Benefit payments	(1,061,024)	(1,061,024)	-
Net investment income	-	2,728,622	(2,728,622)
Contributions - Employer	-	627,063	(627,063)
Contributions - Employee	-	192,278	(192,278)
Plan administrative expenses	-	(40,333)	40,333
Net Changes	958,644	2,446,606	(1,487,962)
Balances at 6/30/2014	\$ 21,412,692	\$ 19,146,586	\$ 2,266,106

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's Net Pension Liability - 2015	\$ 4,726,328	\$ 2,266,106	\$ 183,525

The City reported \$381,787 in pension expense for the year ended June 30, 2015. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,242,686
City contributions subsequent to the measurement date	626,091	-
Total	\$ 626,091	\$ 1,242,686

The \$626,091 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:			
2016	\$	(310,671)	
2017		(310,672)	
2018		(310,671)	
2019		(310,672)	
2020		-	
	\$	(1,242,686)	

**10. Commitments and Contingencies**

*Litigation:*

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

*Federal and State Award Programs:*

The City of Altus participates in various federal or state grant/loan programs from year to year. In 2015, the City's involvement in federal and state award programs was material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.



Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

## **11. New Accounting Pronouncements**

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

Statement No 72, *Fair Value Measurement and Application* was issued in February 2015 and addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes and also for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015. The City has not yet determined the impact that implementation of GASB 72 will have on its net position.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* was issued in June 2015 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement is for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The City has not yet determined the impact that implementation of GASB 73 will have on its net position.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* was issued in June 2015, and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 74 will have on its net position.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

---

payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* was issued in June 2015, and was issued to identify the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The City has not yet determined the impact that implementation of GASB 76 will have on its net position.

GASB Statement No. 77, *Tax Abatement Disclosures* was issued in August 2015, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The City has not yet determined the impact that implementation of GASB 77 will have on its net position.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* – GASB 78 was issued in December 2015, and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The City has not yet determined the impact that implementation of GASB 78 will have on its net position.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* – GASB 79 was issued in December 2015, and establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the criteria. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The City has not yet determined the impact that implementation of GASB 79 will have on its net position.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* – GASB 80 was issued January 2016, and amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

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component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement No. 81, *Irrevocable Split Interest Agreements* – GASB 81 was issued March 2016, and provides accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73* – GASB 82 was issued March 2016, and addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City has not yet determined the impact that implementation of GASB 82 will have on its net position.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2015**

City of Altus Budget and Actual (with Variances) - Budgetary Basis General Fund				
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ 4,421,370	\$ 4,421,370
<b>Resources (Inflows):</b>				
Taxes	5,301,302	5,301,302	5,713,015	411,713
Intergovernmental	55,107	55,107	164,511	109,404
Charges for services	555,129	577,129	653,721	76,592
Fines and forfeitures	284,176	284,176	257,691	(26,485)
Licenses and permits	90,262	90,262	93,014	2,752
Investment income	974	974	10,871	9,897
Miscellaneous	66,152	159,811	173,827	14,016
Total resources (inflows)	<u>6,353,102</u>	<u>6,468,761</u>	<u>7,066,650</u>	<u>597,889</u>
Amounts available for appropriation	<u>6,353,102</u>	<u>6,468,761</u>	<u>11,488,020</u>	<u>5,019,259</u>
<b>Charges to Appropriations (Outflows):</b>				
Departmental:				
General government:				
City Council	83,232	83,232	76,116	7,116
Administrative services	1,356,550	1,319,667	789,082	530,585
Administration	348,149	297,149	260,516	36,633
Law	122,483	122,483	122,992	(509)
Municipal court	205,492	204,092	200,935	3,157
Cemetery	146,855	146,855	134,240	12,615
Planning	342,198	341,898	313,758	28,140
Information Services	289,056	290,967	291,173	(206)
Finance	384,368	384,368	293,346	91,022
Human Resources	168,128	168,028	134,084	33,944
City Clerk-Treasurer	188,772	188,772	188,474	298
Public safety:				
Police-Traffic Division	2,351,870	2,349,965	2,197,452	152,513
Police-Detective Division	658,293	639,393	570,022	69,371
Police-Administration	314,182	318,682	305,083	13,599
Police-Animal Control	191,027	216,227	208,825	7,402
Fire	2,584,237	2,584,237	2,453,873	130,364
Emergency Services	113,788	113,788	100,824	12,964
Public works:				
Street	644,442	643,442	481,195	162,247
Building Maintenance	277,086	340,744	342,618	(1,874)
Fleet Maintenance	252,041	252,041	247,593	4,448
Culture and recreation:				
Parks	376,875	446,875	397,035	49,840
Parks/Recreation Administration	45,856	45,856	43,683	2,173
Recreation	330,707	380,707	380,386	321
Pool	247,308	247,308	226,985	20,323
Public Golf Course	249,274	268,774	263,870	4,904
Total Charges to Appropriations	<u>12,272,269</u>	<u>12,395,550</u>	<u>11,024,160</u>	<u>1,371,390</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	6,400,000	6,400,000	5,333,333	(1,066,667)
Transfers out	(87,706)	(367,785)	(280,079)	87,706
Total other financing sources (uses)	<u>6,312,294</u>	<u>6,032,215</u>	<u>5,053,254</u>	<u>(978,961)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 393,127</u>	<u>\$ 105,426</u>	<u>\$ 5,517,114</u>	<u>\$ 5,411,688</u>

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

**Footnotes to Budgetary Comparison Schedules:**

1. The City prepares its budgets for all funds on the modified accrual basis of accounting for all revenues and expenditures except for on-behalf payments made and certain debt related transactions. The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding and their related appropriations are lapsed at year end and are re-appropriated and re-encumbered in the subsequent fiscal year.
  
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
  
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) "available appropriation" from the budgetary comparison schedule	\$ 11,488,020
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(4,421,370)
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted	802,126
The City reports sales and use tax revenue related to MAPS in the General Fund in the fund financial statements, but are budgeted in a separate MAPS sales tax account of the Altus Municipal Authority.	4,595,403
The City reports the Park Development Account and Flex Spending Account as part of the General Fund in the fund financials statements, but are not included in the budget to actual.	12
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$ 12,464,191
<b>Uses/Outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,024,160
Differences - budget to GAAP:	
The City reports debt-related activity in the fund financial statements, but are not budgeted.	186,260
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted	802,126
The City reports capital outlay related to debt issued in the General Fund in the fund financial statements, but are not budgeted	366,279
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$ 12,378,825

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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4. For the year ended June 30, 2015, the City complied, in all material respects, with the applicable budget laws, except as noted below:

Expenditures exceeded appropriations in the following departments:

Law	\$ 509
Information Services	206
Building Maintenance	1,874

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF ALTUS'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	2015
City's proportion of the net pension liability	0.585682%
City's proportionate share of the net pension liability	\$ 6,022,844
City's covered-employee payroll	\$ 1,466,136
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	411%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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

	2015
Statutorially required contribution	\$ 221,668
Contributions in relation to the statutorially required contribution	221,668
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 1,547,037
Contributions as a percentage of covered-employee payroll	14.33%

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.



**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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Schedules of Required Supplementary Information  
**SCHEDULE OF THE CITY OF ALTUS'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
 OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM  
 Last 10 Fiscal Years\***

	2015
City's proportion of the net pension liability (asset)	0.6373%
City's proportionate share of the net pension liability (asset)	\$ (214,564)
City's covered-employee payroll	\$ 1,702,136
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	12.61%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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

	2015
Statutorially required contribution	\$ 220,570
Contributions in relation to the statutorially required contribution	220,570
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 1,681,039
Contributions as a percentage of covered-employee payroll	13.12%

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Required Supplementary Information**  
**Oklahoma Municipal Retirement Fund**

Schedule of Changes in Net Pension Liability and Related Ratios	Last Fiscal Year
	2015
<b>Total pension liability</b>	
Service cost	\$ 440,674
Interest	1,578,994
Benefit payments, including refunds of member contributions	(1,061,024)
<b>Net change in total pension liability</b>	958,644
<b>Total pension liability - beginning</b>	20,454,048
<b>Total pension liability - ending (a)</b>	\$ 21,412,692
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 627,063
Contributions - member	192,278
Net investment income	2,728,622
Benefit payments, including refunds of member contributions	(1,061,024)
Administrative expense	(40,333)
<b>Net change in plan fiduciary net position</b>	2,446,606
<b>Plan fiduciary net position - beginning</b>	16,699,980
<b>Plan fiduciary net position - ending (b)</b>	\$ 19,146,586
<b>Net pension liability (asset) - ending (a) - (b)</b>	\$ 2,266,106
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	89.42%
<b>Covered employee payroll</b>	\$ 4,713,305
<b>Net pension liability as a percentage of covered-employee payroll</b>	48.08%

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

**Required Supplementary Information  
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions	Last Fiscal Year
	2015
Actuarially determined contribution	\$ 626,091
Contributions in relation to the actuarially determined contribution	626,091
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 4,523,779
Contributions as a percentage of covered-employee payroll	13.84%

**Notes to Schedule:**

1. Only the current fiscal year is presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2015
3. Actuarially determined contribution rate is calculated as of July 1, 2014 and July 1, 2015  
 Fiscal year 2014-2015 contributions were at a rate of 13.84%.  
 Fiscal year 2015-2016 contributions are set at a rate of 13.01%.
4. Methods and assumptions used to determine contribution rates:
  - Actuarial cost method - Entry age normal
  - Amortization method - Level percent of payroll, closed
  - Remaining amortization period - 29 years
  - Asset valuation method - Actuarial:
    - Smoothing period - 4 years
    - Recognition method - Non-asymptotic
    - Corridor - 70% - 130%
  - Salary increases - 4.00% to 7.42% (varies by attained age)
  - Investment rate of return - 7.50%

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015**

**Special Revenue Funds**

	<u>ODOC Grant</u> <u>Fund</u>	<u>Altus Donation</u> <u>Fund</u>	<u>Airport Fund</u>	<u>Hotel/Motel Tax</u> <u>Fund</u>	<u>Street and Alley</u> <u>Fund</u>	<u>Emergency</u> <u>911 Fund</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,819	\$ 99,714	\$ 33,292	\$ 75,965	\$ 753,726	\$ 73,904
Interest receivable	-	-	-	-	110	-
Receivable from other governments	-	-	-	-	43,250	-
Due from other funds	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	35,593
Other receivables	-	-	21,499	31,544	-	-
Inventories	-	-	30,348	-	-	-
Total assets	<u>\$ 11,819</u>	<u>\$ 99,714</u>	<u>\$ 85,139</u>	<u>\$ 107,509</u>	<u>\$ 797,086</u>	<u>\$ 109,497</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 350	12,050	\$ -	\$ 210	563
Accrued payroll payable	-	-	3,965	-	-	8,912
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>350</u>	<u>16,015</u>	<u>-</u>	<u>210</u>	<u>9,475</u>
Fund balances:						
Nonspendable	-	-	30,348	-	-	-
Restricted	11,819	99,364	-	107,509	635,807	-
Assigned	-	-	38,776	-	161,069	100,022
Total fund balances	<u>11,819</u>	<u>99,364</u>	<u>69,124</u>	<u>107,509</u>	<u>796,876</u>	<u>100,022</u>
Total liabilities and fund balances	<u>\$ 11,819</u>	<u>\$ 99,714</u>	<u>\$ 85,139</u>	<u>\$ 107,509</u>	<u>\$ 797,086</u>	<u>\$ 109,497</u>

(Continued)

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015, (Continued)**

	<u>Capital Project Funds</u>							<u>Total Governmental Funds</u>
	<u>Capital Improvement Fund</u>	<u>Economic Development Constuction Fund</u>	<u>ODOT Grant Fund</u>	<u>Landfill Improvement Fund</u>	<u>Cemetery Perpetual Fund</u>	<u>Drainage Improvement Fund</u>	<u>Debt Service</u>	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,863,313	\$ 533,017	\$ -	\$ 1,111,192	\$ 37,621	\$ 108,863	\$ 5	\$ 4,702,431
Interest receivable	-	-	-	-	-	-	-	110
Receivable from other governments	-	-	-	-	-	-	-	43,250
Due from other funds	-	390,099	-	-	-	-	-	390,099
Taxes receivable, net	-	-	-	-	-	-	-	35,593
Other receivables	-	-	-	-	-	-	-	53,043
Inventories	-	-	-	-	-	-	-	30,348
Total assets	<u>\$ 1,863,313</u>	<u>\$ 923,116</u>	<u>\$ -</u>	<u>\$ 1,111,192</u>	<u>\$ 37,621</u>	<u>\$ 108,863</u>	<u>\$ 5</u>	<u>\$ 5,254,874</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,173
Accrued payroll payable	-	-	-	-	-	-	-	12,877
Due to other funds	115,440	-	-	-	-	-	-	115,440
Total liabilities	<u>115,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,490</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	30,348
Restricted	-	923,116	-	-	37,621	-	5	1,815,241
Assigned	1,747,873	-	-	1,111,192	-	108,863	-	3,267,795
Total fund balances	<u>1,747,873</u>	<u>923,116</u>	<u>-</u>	<u>1,111,192</u>	<u>37,621</u>	<u>108,863</u>	<u>5</u>	<u>5,113,384</u>
Total liabilities and fund balances	<u>\$ 1,863,313</u>	<u>\$ 923,116</u>	<u>\$ -</u>	<u>\$ 1,111,192</u>	<u>\$ 37,621</u>	<u>\$ 108,863</u>	<u>\$ 5</u>	<u>\$ 5,254,874</u>

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2015**

	<b>Special Revenue Funds</b>					
	<u>ODOC Grant</u>	<u>Altus Donation</u>		<u>Hotel/Motel Tax</u>	<u>Street and Alley</u>	<u>Emergency 911</u>
	<u>Fund</u>	<u>Fund</u>	<u>Airport Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ 264,951	\$ -	\$ 146,374
Intergovernmental	28,774	-	-	-	199,216	-
Charges for services	-	-	227,379	-	-	-
Investment earnings	8	-	-	-	-	-
Miscellaneous	-	55,416	48,223	-	2	21
Total revenues	<u>28,782</u>	<u>55,416</u>	<u>275,602</u>	<u>264,951</u>	<u>199,218</u>	<u>146,395</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	25	-	267,738	-	-
Public Safety	-	8,864	-	-	-	421,797
Public Works	-	-	-	-	22,881	-
Culture and recreation	-	42,029	-	-	-	-
Airport	-	-	382,865	-	-	-
Capital Outlay	51,412	-	14,564	-	58,243	-
Total Expenditures	<u>51,412</u>	<u>50,918</u>	<u>397,429</u>	<u>267,738</u>	<u>81,124</u>	<u>421,797</u>
Excess (deficiency) of revenues over expenditures	<u>(22,630)</u>	<u>4,498</u>	<u>(121,827)</u>	<u>(2,787)</u>	<u>118,094</u>	<u>(275,402)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	60,000	-	49,069	300,000
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>49,069</u>	<u>300,000</u>
Net change in fund balances	(22,630)	4,498	(61,827)	(2,787)	167,163	24,598
Fund balances - beginning, restated	34,449	94,866	130,951	110,296	629,713	75,424
Fund balances - ending	<u>\$ 11,819</u>	<u>\$ 99,364</u>	<u>\$ 69,124</u>	<u>\$ 107,509</u>	<u>\$ 796,876</u>	<u>\$ 100,022</u>

(Continued)

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2015, (Continued)**

	Capital Project Funds							Total-Other Governmental Funds
	<u>Capital Improvement Fund</u>	<u>Economic Development Constuction Fund</u>	<u>ODOT Grant Fund</u>	<u>Landfill Improvement Fund</u>	<u>Cemetery Perpetual Fund</u>	<u>Drainage Improvement Fund</u>	<u>Debt Service</u>	
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,325
Intergovernmental	-	-	-	-	-	-	-	227,990
Charges for services	-	-	-	-	5,125	-	-	232,504
Investment earnings	2,319	1,719	-	-	-	-	-	4,046
Miscellaneous	-	-	-	-	175	-	-	103,837
Total revenues	<u>2,319</u>	<u>1,719</u>	<u>-</u>	<u>-</u>	<u>5,300</u>	<u>-</u>	<u>-</u>	<u>979,702</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	267,763
Public Safety	-	-	-	-	-	-	-	430,661
Public Works	-	-	-	-	-	-	-	22,881
Culture and recreation	-	-	-	-	-	-	-	42,029
Airport	-	-	-	-	-	-	-	382,865
Capital Outlay	-	-	-	-	-	-	-	124,219
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,270,418</u>
Excess (deficiency) of revenues over expenditures	<u>2,319</u>	<u>1,719</u>	<u>-</u>	<u>-</u>	<u>5,300</u>	<u>-</u>	<u>-</u>	<u>(290,716)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	409,069
Transfers out	-	(57,000)	(49,069)	-	-	-	-	(106,069)
Total other financing sources and uses	<u>-</u>	<u>(57,000)</u>	<u>(49,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,000</u>
Net change in fund balances	2,319	(55,281)	(49,069)	-	5,300	-	-	12,284
Fund balances - beginning, restated	1,745,554	978,397	49,069	1,111,192	32,321	108,863	5	5,101,100
Fund balances - ending	<u>\$ 1,747,873</u>	<u>\$ 923,116</u>	<u>\$ -</u>	<u>\$ 1,111,192</u>	<u>\$ 37,621</u>	<u>\$ 108,863</u>	<u>\$ 5</u>	<u>\$ 5,113,384</u>



**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Combining Balance Sheet – General Fund Accounts – June 30, 2015**

	<u>General Fund</u>	<u>Park Development Account</u>	<u>Flex Spending Account</u>	<u>Total General Fund Accounts</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,991,663	\$ 11,145	\$ 46,899	\$ 4,049,707
Receivable from other governments	1,726,232	-	-	1,726,232
Due from other funds	1,159,140	-	-	1,159,140
Due from other accounts	-	3,215	-	3,215
Taxes receivable, net	14,115	-	-	14,115
Court fines receivable, net	46,814	-	-	46,814
Other receivables	2,423	-	52	2,475
Inventories	26,298	-	-	26,298
Total assets	<u>\$ 6,966,685</u>	<u>\$ 14,360</u>	<u>\$ 46,951</u>	<u>\$ 7,027,996</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 123,996	\$ -	\$ -	\$ 123,996
Accrued payroll payable	240,661	-	-	240,661
Due to other funds	577,537	-	-	577,537
Due to other accounts	3,215	-	-	3,215
Due to bondholders	200	-	-	200
Accrued interest payable	11,285	-	-	11,285
Other payables	7,352	-	46,951	54,303
Total liabilities	<u>964,246</u>	<u>-</u>	<u>46,951</u>	<u>1,011,197</u>
Deferred inflows of resources:				
Deferred revenue	<u>485,325</u>	<u>-</u>	<u>-</u>	<u>485,325</u>
Fund balances:				
Nonspendable	26,298	-	-	26,298
Assigned	190,551	14,360	-	204,911
Unassigned	5,300,265	-	-	5,300,265
Total fund balances	<u>5,517,114</u>	<u>14,360</u>	<u>-</u>	<u>5,531,474</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,966,685</u>	<u>\$ 14,360</u>	<u>\$ 46,951</u>	<u>\$ 7,027,996</u>

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Park Development Account</u>	<u>Flex Spending Account</u>	<u>Total General Fund Accounts</u>
<b>REVENUES</b>				
Taxes	\$ 10,308,418	\$ -	\$ -	\$ 10,308,418
Intergovernmental	966,637	-	-	966,637
Charges for services	653,721	-	-	653,721
Fines and forfeitures	257,691	-	-	257,691
Licenses and permits	93,014	-	-	93,014
Investment income	10,871	12	-	10,883
Miscellaneous	173,827	-	-	173,827
Total revenues	<u>12,464,179</u>	<u>12</u>	<u>-</u>	<u>12,464,191</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,739,841	-	-	2,739,841
Public safety	6,602,219	-	-	6,602,219
Public works	1,036,159	-	-	1,036,159
Culture and recreation	1,243,959	-	-	1,243,959
Capital outlay	571,798	-	-	571,798
Debt service:				
Principal retirement	151,289	-	-	151,289
Interest and fiscal charges	33,560	-	-	33,560
Total expenditures	<u>12,378,825</u>	<u>-</u>	<u>-</u>	<u>12,378,825</u>
Excess (deficiency) of revenues over expenditures	<u>85,354</u>	<u>12</u>	<u>-</u>	<u>85,366</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	366,279	-	-	366,279
Transfers in	5,519,593	-	-	5,519,593
Transfers out	(4,875,482)	-	-	(4,875,482)
Total other financing sources and uses	<u>1,010,390</u>	<u>-</u>	<u>-</u>	<u>1,010,390</u>
Net change in fund balances	1,095,744	12	-	1,095,756
Fund balances - beginning	4,421,370	14,348	-	4,435,718
Fund balances - ending	<u>\$ 5,517,114</u>	<u>\$ 14,360</u>	<u>\$ -</u>	<u>\$ 5,531,474</u>

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Combining Schedule of Net Position – Enterprise Fund Accounts – June 30, 2015**

	<u>AMA</u>	<u>Water Treatment Plant Account</u>	<u>Maps Sales Tax Account</u>	<u>Meter Deposit Account</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,973,347	\$ -	\$ -	\$ -	\$ 2,973,347
Restricted:					
Cash and cash equivalents	1,228,308	13,249	5,400,928	844,217	7,486,702
Investments	-	3,722,240	3,467,103	-	7,189,343
Deposit with third party	835,824	-	-	-	835,824
Due from other funds	-	-	577,537	-	577,537
Accounts receivable, net	4,716,295	-	-	-	4,716,295
Receivables from other governments	965,594	-	-	-	965,594
Notes receivable	660,000	-	-	-	660,000
Inventories	1,548,847	-	-	-	1,548,847
Total current assets	<u>12,928,215</u>	<u>3,735,489</u>	<u>9,445,568</u>	<u>844,217</u>	<u>26,953,489</u>
Non-current assets:					
Capital assets:					
Land and construction in progress	4,894,374	16,544	-	-	4,910,918
Other capital assets, net of accumulated depreciation	40,727,978	-	-	-	40,727,978
Total non-current assets	<u>45,622,352</u>	<u>16,544</u>	<u>-</u>	<u>-</u>	<u>45,638,896</u>
Total assets	<u>58,550,567</u>	<u>3,752,033</u>	<u>9,445,568</u>	<u>844,217</u>	<u>72,592,385</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred amount related to pension	<u>313,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,810</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	1,849,702	-	39,378	-	1,889,080
Accrued payroll payable	104,082	-	-	-	104,082
Accrued interest payable	229,657	-	-	-	229,657
Due to other funds	1,433,799	-	-	-	1,433,799
Payable to other governments	72,188	-	-	-	72,188
Deposits subject to refund	-	-	-	168,331	168,331
Compensated absences	48,067	-	-	-	48,067
Capital lease obligation	288,329	-	-	-	288,329
Contract obligation payable	665,550	-	-	-	665,550
Notes payable	2,907,026	-	-	-	2,907,026
Total current liabilities	<u>7,598,400</u>	<u>-</u>	<u>39,378</u>	<u>168,331</u>	<u>7,806,109</u>
Non-current liabilities:					
Deposits subject to refund	-	-	-	675,886	675,886
Compensated absences	432,599	-	-	-	432,599
Capital lease obligation	64,759	-	-	-	64,759
Contract obligation payable	7,058,745	-	-	-	7,058,745
Landfill closure liability	1,464,455	-	-	-	1,464,455
Notes payable	15,007,558	-	-	-	15,007,558
Net pension liability	1,135,820	-	-	-	1,135,820
Total non-current liabilities	<u>25,163,936</u>	<u>-</u>	<u>-</u>	<u>675,886</u>	<u>25,839,822</u>
Total liabilities	<u>32,762,336</u>	<u>-</u>	<u>39,378</u>	<u>844,217</u>	<u>33,645,931</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred amount related to pension	622,860	-	-	-	622,860
Deferred amount on long-term debt refunding	4,062,584	-	-	-	4,062,584
Total deferred inflows of resources	<u>4,685,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,685,444</u>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	30,971,033	16,544	-	-	30,987,577
Restricted for debt service	990,263	-	-	-	990,263
Restricted for capital projects	-	3,735,489	-	-	3,735,489
Restricted for MAPS projects	-	-	9,406,190	-	9,406,190
Restricted for other purposes	10,456	-	-	-	10,456
Unrestricted (deficit)	(10,555,155)	-	-	-	(10,555,155)
Total net position	<u>\$ 21,416,597</u>	<u>\$ 3,752,033</u>	<u>\$ 9,406,190</u>	<u>\$ -</u>	<u>\$ 34,574,820</u>

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Combining Schedule of Revenues, Expenses, and Changes in Net Position – Enterprise Fund**  
**Accounts – Year Ended June 30, 2015**

	<u>AMA</u>	<u>Water Treatment Plant Account</u>	<u>Maps Sales Tax Account</u>	<u>Meter Deposit Account</u>	<u>Total</u>
<b>REVENUES</b>					
Charges for services:					
Water	\$ 4,688,569	\$ -	\$ -	\$ -	\$ 4,688,569
Sewer	1,617,115	-	-	-	1,617,115
Sanitation	2,230,889	-	-	-	2,230,889
Electric	22,704,810	-	-	-	22,704,810
Miscellaneous	1,404,328	-	-	-	1,404,328
Total operating revenues	<u>32,645,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,645,711</u>
<b>OPERATING EXPENSES</b>					
Administration	1,165,630	-	-	-	1,165,630
Water	1,674,070	-	-	-	1,674,070
Sewer	618,158	-	-	-	618,158
Sanitation	891,873	-	-	-	891,873
Landfill operations	333,985	-	-	-	333,985
Electric services	15,768,701	-	-	-	15,768,701
Depreciation	2,333,726	-	-	-	2,333,726
Total operating expenses	<u>22,786,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,786,143</u>
Operating income	<u>9,859,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,859,568</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	5,096	10,726	13,973	-	29,795
Miscellaneous revenue	6,114	-	-	-	6,114
Noncapital grants	586,500	-	-	-	586,500
Gain (loss) on capital asset disposal	(181,600)	-	-	-	(181,600)
Payments to school - MAPS	-	-	(458,313)	-	(458,313)
Interest expense	(1,165,774)	-	-	-	(1,165,774)
Miscellaneous expenses	(119,897)	-	-	-	(119,897)
Total non-operating revenue (expenses)	<u>(869,561)</u>	<u>10,726</u>	<u>(444,340)</u>	<u>-</u>	<u>(1,303,175)</u>
Income before transfers	<u>8,990,007</u>	<u>10,726</u>	<u>(444,340)</u>	<u>-</u>	<u>8,556,393</u>
Capital contributions	417,632	-	-	-	417,632
Special item - court settlement	660,000	-	-	-	660,000
Interaccount transfers In (out)	(8,996,434)	3,741,307	5,255,127	-	-
Transfers in	337,079	-	4,595,403	-	4,932,482
Transfers out	(6,712,279)	-	-	-	(6,712,279)
Change in net position	<u>(5,303,995)</u>	<u>3,752,033</u>	<u>9,406,190</u>	<u>-</u>	<u>7,854,228</u>
Total net position - beginning, restated	<u>26,720,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,720,592</u>
Total net position - ending	<u>\$ 21,416,597</u>	<u>\$ 3,752,033</u>	<u>\$ 9,406,190</u>	<u>\$ -</u>	<u>\$ 34,574,820</u>

**CITY OF ALTUS, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Combining Statement of Net Position – Internal Service Funds – June 30, 2015**

	<u>Workers Comp Fund</u>	<u>Assurance Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 294,488	\$ 657,377	\$ 951,865
Other receivables	-	12,384	12,384
Total assets	<u>294,488</u>	<u>669,761</u>	<u>964,249</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	11,439	26,539	37,978
Other accrued expenses	-	20,390	20,390
Claims liability	43,194	-	43,194
Total current liabilities	<u>54,633</u>	<u>46,929</u>	<u>101,562</u>
Non-current liabilities:			
Claims liability	41,055	-	41,055
Total non-current liabilities	<u>41,055</u>	<u>-</u>	<u>41,055</u>
Total liabilities	<u>95,688</u>	<u>46,929</u>	<u>142,617</u>
<b>NET POSITION</b>			
Unrestricted	198,800	622,832	821,632
Total net position	<u>\$ 198,800</u>	<u>\$ 622,832</u>	<u>\$ 821,632</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds – June 30, 2015**

	<u>Workers Comp Fund</u>	<u>Assurance Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Charges for services:			
Miscellaneous	\$ -	\$ 165,898	\$ 165,898
Total operating revenues	<u>-</u>	<u>165,898</u>	<u>165,898</u>
<b>OPERATING EXPENSES</b>			
General government	320,129	221,871	542,000
Total operating expenses	<u>320,129</u>	<u>221,871</u>	<u>542,000</u>
Operating income	<u>(320,129)</u>	<u>(55,973)</u>	<u>(376,102)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	405	715	1,120
Miscellaneous revenue	19,055	-	19,055
Total non-operating revenue (expenses)	<u>19,460</u>	<u>715</u>	<u>20,175</u>
Change in net position	<u>(300,669)</u>	<u>(55,258)</u>	<u>(355,927)</u>
Total net position - beginning	499,469	678,090	1,177,559
Total net position - ending	<u>\$ 198,800</u>	<u>\$ 622,832</u>	<u>\$ 821,632</u>

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>State Grantor/Pass Through Agency</b>		<b>Award</b>	<b>Awards</b>
<b>Grantor/Program Title</b>	<b>Grant #</b>	<b>Amount</b>	<b>Expended</b>
<b>STATE AWARDS:</b>			
Oklahoma Department of Commerce:			
Oklahoma Strategic Military Planning Commission Grant	N/A	\$216,000	\$9,450
Oklahoma Strategic Military Planning Commission Grant	N/A	133,000	9,530
Oklahoma Strategic Military Planning Commission Grant	N/A	100,000	9,561
Oklahoma Water Resources Board:			
Emergency Drought Relief Fund	N/A	575,000	227,434
Oklahoma Department of Emergency Management:			
2014 Drought - Disaster Assistance	PA State Disaster S1303	95,564	95,564
<b>TOTAL STATE AWARDS</b>		<u>\$1,119,564</u>	<u>\$351,539</u>

**Footnotes to Schedule of Expenditures of State Awards:**

1. The Schedule of Expenditures of State Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

2. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**CITY OF ALTUS, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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