
THE CITY OF TECUMSEH

(Including the Tecumseh Utility Authority and the Tecumseh Growth and Development Authority)

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Tecumseh, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the City of Tecumseh, Oklahoma, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Tecumseh, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tecumseh, Oklahoma, as of December 31, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note B.

Basis for Opinions

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

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1C2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note B, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tecumseh, Oklahoma's basic financial statements. The budgetary comparison schedule, schedule of expenditures of state awards and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2024, on our consideration of the City of Tecumseh Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tecumseh, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tecumseh, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
April 27, 2024

THE CITY OF TECUMSEH
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total 2023
ASSETS			
Current assets:			
Cash and demand deposits	1,649,439	1,725,954	3,375,393
Certificates of deposit	872,528	4,124,349	4,996,877
Restricted cash and investments	332,891	1,615,792	1,948,683
Internal balances	(53,304)	53,304	0
Total current assets	2,801,554	7,519,399	10,320,953
Noncurrent assets:			
Capital assets:			
Depreciable capital assets	15,917,478	22,694,436	38,611,914
Accumulated depreciation	(8,366,223)	(11,196,549)	(19,562,772)
Land	242,610	243,441	486,051
Water rights	0	2,624,609	2,624,609
Construction in progress	91,852	41,955	133,807
Net capital assets	7,885,717	14,407,892	22,293,609
Total assets	10,687,271	21,927,291	32,614,562
LIABILITIES			
Current liabilities:			
Current portion of notes payable	4,555	778,644	783,199
Accrued interest payable	0	29,303	29,303
Total current liabilities	4,555	807,947	812,502
Noncurrent liabilities:			
Refundable deposits	5,540	616,978	622,518
Notes payable, less current portion	24,686	3,866,251	3,890,937
Bond discount	0	(10,413)	(10,413)
Total noncurrent liabilities	30,226	4,472,816	4,503,042
Total liabilities	34,781	5,280,763	5,315,544
NET POSITION			
Net investment in capital assets	7,856,476	9,762,997	17,619,473
Restricted for:			
Fire department	214,602	0	214,602
Retirement plan	9,605	0	9,605
Insurance	108,684	0	108,684
Streets	1,002,719	0	1,002,719
Cemetery	486,204	0	486,204
Debt	0	885,084	885,084
Unrestricted	974,200	5,998,447	6,972,647
TOTAL NET POSITION	\$10,652,490	\$16,646,528	\$27,299,018

The accompanying notes are an integral part of these financial statements

THE CITY OF TECUMSEH
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total 2023
Governmental activities:							
General government	(646,768)	34,123	26,165	1,647,784	1,061,304	0	1,061,304
Court	(127,364)	186,519	0	0	59,155	0	59,155
Police	(946,592)	39,969	85,755	0	(820,868)	0	(820,868)
Fire	(592,887)	250	164,257	0	(428,380)	0	(428,380)
Code enforcement	(263,500)	70,926	0	0	(192,574)	0	(192,574)
Emergency management	(8,373)	0	0	0	(8,373)	0	(8,373)
Streets	(762,079)	0	65,646	75,000	(621,433)	0	(621,433)
Cemetery	(179,383)	68,419	0	0	(110,964)	0	(110,964)
Park	(281,475)	0	0	0	(281,475)	0	(281,475)
Total governmental activities	(3,808,421)	400,206	341,823	1,722,784	(1,343,608)	0	(1,343,608)
Business-type activities:							
Sewer *	(1,164,376)	642,999	0	0	0	(521,377)	(521,377)
Electric **	(3,098,742)	3,994,947	20,000	0	0	916,205	916,205
Water ***	(1,121,151)	1,197,169	0	0	0	76,018	76,018
Trash	(559,225)	742,548	0	0	0	183,323	183,323
Economic development	(56,984)	0	0	0	0	(56,984)	(56,984)
Total business-type activities	(6,000,478)	6,577,663	20,000	0	0	597,185	597,185
Total all activities	(9,808,899)	6,977,869	361,823	1,722,784	(1,343,608)	597,185	(746,423)
General revenues:							
Taxes:							
Sales taxes levied for general purposes					1,056,311	0	1,056,311
Sales taxes levied for capital improvements					522,855	0	522,855
Use taxes restricted for streets					394,769	0	394,769
Franchise and public service taxes					89,434	0	89,434
Tax incremental financing					134,580	0	134,580
Payments in lieu of taxes for general purposes					124,636	0	124,636
Shared taxes for general purposes					42,646	0	42,646
Fees and miscellaneous					85,922	408,041	493,963
Investment income					94,846	228,221	323,067
Transfers					(522,714)	522,714	0
Total general revenues and transfers					2,023,285	1,158,976	3,182,261
Change in net position					679,677	1,756,161	2,435,838
Beginning net position					9,972,813	14,890,367	24,863,180
Ending net position					\$10,652,490	\$16,646,528	\$27,299,018

* Includes \$72,967 interest

** Includes \$54 interest

*** Includes \$70,328 interest

THE CITY OF TECUMSEH
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Other Funds	Total 2023
ASSETS			
Cash and demand deposits	581,682	1,067,757	1,649,439
Certificates of deposit	456,052	416,476	872,528
Restricted cash and investments	332,891	0	332,891
Due from other funds	0	4,690	4,690
Total assets	1,370,625	1,488,923	2,859,548
LIABILITIES			
Refundable deposits	5,540	0	5,540
Due to other funds	57,994	0	57,994
Total liabilities	63,534	0	63,534
FUND BALANCE			
Restricted for:			
Fire department	214,602	0	214,602
Retirement plan	9,605	0	9,605
Insurance	108,684		108,684
Streets	0	1,002,719	1,002,719
Cemetery	0	486,204	486,204
Unrestricted			
Unassigned	974,200	0	974,200
Total fund balance	1,307,091	1,488,923	2,796,014
TOTAL LIABILITIES AND FUND BALANCE	\$1,370,625	\$1,488,923	\$2,859,548
Reconciliation of general fund balance			
to net position of governmental activities:			
Fund balance	1,307,091	1,488,923	2,796,014
Capital assets	16,251,940	0	16,251,940
Accumulated depreciation	(8,366,223)	0	(8,366,223)
Current portion of debt	(4,555)	0	(4,555)
Long-term portion of debt	(24,686)	0	(24,686)
Net position	\$9,163,567	\$1,488,923	\$10,652,490

The accompanying notes are an integral part of these financial statements

THE CITY OF TECUMSEH
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Other Funds	Total 2023
REVENUES			
Taxes	1,280,325	394,769	1,675,094
Restricted taxes	522,855	0	522,855
Payments in lieu of taxes	124,636	0	124,636
Intergovernmental	105,550	56,784	162,334
Grants	1,773,390	0	1,773,390
Fines and fees	186,519	0	186,519
Licenses and permits	60,289	0	60,289
Rents and royalties	28,673	0	28,673
Cemetery fees	50,568	17,852	68,420
Interest	34,047	60,799	94,846
Other revenues	313,756	0	313,756
TOTAL REVENUES	4,480,608	530,204	5,010,812
EXPENDITURES			
General government	571,141	0	571,141
Court	127,364	0	127,364
Police	896,925	0	896,925
Fire	512,673	0	512,673
Code enforcement	252,991	0	252,991
Emergency management	8,373	0	8,373
Streets	325,181	0	325,181
Cemetery	173,468	3,410	176,878
Park	200,457	0	200,457
Debt service	960	0	960
Capital outlay	389,312	0	389,312
TOTAL EXPENDITURES	3,458,845	3,410	3,462,255
REVENUES OVER (UNDER) EXPENDITURES	1,021,763	526,794	1,548,557
OTHER FINANCING SOURCES (USES)			
Interfund transfers	(172,714)	(350,000)	(522,714)
NET OTHER FINANCING SOURCES (USES)	(142,737)	(350,000)	(492,737)
NET CHANGE IN FUND BALANCES	879,026	176,794	1,055,820
BEGINNING FUND BALANCE	428,065	1,312,129	1,740,194
ENDING FUND BALANCE	<u>\$1,307,091</u>	<u>\$1,488,923</u>	<u>\$2,796,014</u>
Reconciliation of the change in the general fund balance to the change in net position of governmental activities:			
Net change in fund balances - total governmental funds	879,026	176,794	1,055,820
Capital asset purchases capitalized	389,312	0	389,312
Loan proceeds	(29,977)	0	(29,977)
Debt service principal	737	0	737
Depreciation expense	(736,215)	0	(736,215)
Change in net position of governmental activities	<u>\$502,883</u>	<u>\$176,794</u>	<u>\$679,677</u>

The accompanying notes are an integral part of these financial statements

THE CITY OF TECUMSEH
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Tecumseh Utility Authority	Tecumseh Growth & Development Authority	Total 2023
ASSETS			
Current assets:			
Cash and cash equivalents	655,756	1,070,198	1,725,954
Certificates of deposits	4,016,307	108,042	4,124,349
Restricted cash and investments	1,615,792	0	1,615,792
Due from other funds	50,186	3,118	53,304
Total current assets	6,338,041	1,181,358	7,519,399
Noncurrent assets:			
Capital assets:			
Depreciable property and equipment	22,694,436	0	22,694,436
Accumulated depreciation	(11,196,549)	0	(11,196,549)
Land	151,339	92,102	243,441
Water rights	2,624,609	0	2,624,609
Construction in progress	41,955	0	41,955
Net capital assets	14,315,790	92,102	14,407,892
Total assets	20,653,831	1,273,460	21,927,291
LIABILITIES			
Current liabilities:			
Current portion of debt	778,644	0	778,644
Accrued interest payable	29,303	0	29,303
Total current liabilities	807,947	0	807,947
Noncurrent liabilities:			
Refundable deposits	616,978	0	616,978
Debt, less current portion	3,866,251	0	3,866,251
Bond discount	(10,413)	0	(10,413)
Total noncurrent liabilities	4,472,816	0	4,472,816
Total liabilities	5,280,763	0	5,280,763
NET POSITION			
Net investment in capital assets	9,670,895	92,102	9,762,997
Restricted for:			
Debt service	885,084	0	885,084
Unrestricted	4,817,089	1,181,358	5,998,447
Total net position	\$15,373,068	\$1,273,460	\$16,646,528

The accompanying notes are an integral part of these financial statements

THE CITY OF TECUMSEH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Tecumseh Utility Authority	Tecumseh Growth & Development Authority	Total 2023
OPERATING REVENUES			
Electric	3,994,947	0	3,994,947
Sewer	642,999	0	642,999
Trash	742,548	0	742,548
Water	1,197,169	0	1,197,169
Connection fees	28,850	0	28,850
Late payment fees	114,034	0	114,034
Operating grants	20,000	0	20,000
Other income	265,157	0	265,157
Total operating revenues	7,005,704	0	7,005,704
OPERATING EXPENSES			
Administration	823,486	4,563	828,049
Sewer treatment plant	623,992	0	623,992
Sewer & water lines	516,089	0	516,089
Electric	2,892,817	0	2,892,817
Water treatment plant	586,407	0	586,407
Trash	353,354	0	353,354
Economic development	0	52,421	52,421
Total operating expenses	5,796,145	56,984	5,853,129
OPERATING INCOME (LOSS)	1,209,559	(56,984)	1,152,575
NON-OPERATING REVENUES (EXPENSES)			
Interest income	224,120	4,101	228,221
Interest expense	(143,349)	0	(143,349)
Trustee fees	(4,000)	0	(4,000)
Total non-operating revenues (expenses)	76,771	4,101	80,872
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,286,330	(52,883)	1,233,447
Interfund transfers	388,134	134,580	522,714
CHANGE IN NET POSITION	1,674,464	81,697	1,756,161
BEGINNING NET POSITION	13,698,604	1,191,763	14,890,367
ENDING NET POSITION	<u>\$15,373,068</u>	<u>\$1,273,460</u>	<u>\$16,646,528</u>

The accompanying notes are an integral part of these financial statements

THE CITY OF TECUMSEH
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Tecumseh Utility Authority	Tecumseh Growth & Development Authority	Total 2023
Cash flows from operations:			
Cash received from:			
Customers	6,935,169	0	6,935,169
Other operating receipts	70,534	0	70,534
Cash payments for:			
Goods and services	(4,002,100)	(56,984)	(4,059,084)
Employees	(1,123,663)	0	(1,123,663)
Net cash provided from operations	1,879,940	(56,984)	1,822,956
Cash flows from capital financing activities:			
Capital expenditures	(2,185,442)	0	(2,185,442)
Net transfers to restricted accounts	392,216	0	392,216
Net cash from capital financing activities	(1,793,226)	0	(1,793,226)
Cash flows from non-capital financing activities:			
Interfund transfers	388,134	135,886	524,020
Net cash from non-capital financing activities	388,134	135,886	524,020
Cash flows from investing activities:			
Purchase certificates of deposit	(1,800,000)	0	(1,800,000)
Interest income	55,351	4,100	59,451
Net cash provided from investing activities	(703,408)	4,100	(699,308)
Net increase (decrease) in cash	(228,560)	83,002	(145,558)
Beginning cash	884,316	987,196	1,871,512
Ending cash	\$655,756	\$1,070,198	\$1,725,954

Reconciliation of income from operations			
to net cash from operations:			
Operating income (loss)	1,209,559	(56,984)	1,152,575
Adjustments to income from operations:			
Depreciation and amortization	671,722	0	671,722
Change in assets and liabilities:			
(Increase) decrease in interfund receivables	7,184	0	7,184
Increase (decrease) in payables	(8,525)	0	(8,525)
Net cash provided by operations	\$1,879,940	(\$56,984)	\$1,822,956

** Activity in debt service accounts:	Total
Beginning cash and investments	2,139,227
From operating accounts	(392,216)
Principal payments	(763,697)
Interest payments	(143,689)
Bank fees	(4,000)
Investment income	49,459
Ending cash and investments	\$885,084

** Activity in debt service accounts is presented as supplemental information.

The accompanying notes are an integral part of these financial statements

City of Tecumseh
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023

1. Summary of Significant Accounting Policies

1A. Introduction

The City of Tecumseh, Oklahoma, is a Home Rule City under Article 18, Section 3a of the Oklahoma constitution with its charter being approved April 10, 1969. The City operates under a council-manager form of government and provides the following services directly or through its component units: police, fire, streets, general administration, electric, sewer, trash, water, and economic development.

The City's financial statements are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. Generally, that means that only items arising from cash transactions are recorded. Accounts receivable and accounts payable, for instance, are not recorded.

1B. Financial Reporting Entity

In evaluating how to define the City for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB-61. The basic, but not the only, criteria for including a potential component unit within the reporting entity are the governing body's ability to exercise oversight control. The most significant manifestation of this ability is financial interdependency. Other considerations include, but are not limited to, selection of the governing authority, designation of management, the ability to significantly influence operations, and accountability for financial matters.

1B1. Blended Component Units

The Tecumseh Utility Authority (TUA) was established June 4th, 1959, to provide utility services to the citizens of the City. TUA is a legally separate entity established pursuant to the provisions of Title 60, Oklahoma Statutes 1971, section 176 to 180.3 of the Oklahoma Trust Act. The council members of the City are the trustees of the TUA, and the City is the beneficiary of the TUA. For financial reporting purposes, the TUA is reported as if it were part of the City's operations. The TUA does not present separate financial statements.

The Tecumseh Growth and Development Authority (TGDA) was established May 6, 1974, to develop and encourage industry in the City of Tecumseh. TGDA is a legally separate entity established pursuant to the provisions of Title 60, Oklahoma Statutes 1971, section 176 to 180.3 of the Oklahoma Trust Act. The trustees are appointed by the city council, with the mayor always

City of Tecumseh
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023

being one trustee. The City is the beneficiary of the TGDA. For financial reporting purposes, the TGDA is reported as if it were part of the City's operations. The TGDA does not present separate financial statements.

1B2. Related Organization

The Tecumseh Housing Authority (THA) is excluded from the reporting entity because the City's accountability does not extend beyond appointing the board of trustees. The THA administers federal and/or other funding for improvements in housing conditions in the City. The THA issues separate financial reports, copies of which may be obtained from the THA.

1C. Basis of Presentation

1C1. Fund Accounting

The City uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The City's funds are organized into two categories: governmental and proprietary. Within these categories, funds are further defined as major or non-major. The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories as defined by GASB 34. The City has five governmental funds and two business-type funds.

1C2. Basis of Accounting and Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Measurement focus is a term used to describe which transactions are recorded.

1C2a. Modified Cash Basis of Accounting

The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP and is a modification of the pure cash basis of accounting. Professional standards define the cash basis of accounting *as a basis of accounting an entity uses to record cash receipts and disbursements, and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets.)* Although the modified cash basis of accounting is not separately defined by professional standards, the modifications to the cash basis have evolved over time through common practice, and generally result when cash receipts or disbursements provide a benefit or obligation covering multiple reporting periods, and the reporting of the cash transaction would be more meaningful to financial statement users if spread over those multiple periods.

For modifications to be considered to have substantial support, they should:

1. be made as a result of cash receipts or disbursements;
2. have substantial support in GAAP or other accounting literature; and

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3. be logical.

1C3. Government-wide Financial Statements

The government-wide financial statements are highly aggregated financial statements that present financial information for all assets, deferred outflows, liabilities, deferred inflows, and net assets using the economic resources measurement focus within the limitations of the modified cash basis of accounting. This means that revenues are recorded when received and expenses, with the exception of capitalizing and depreciating capital assets, are recorded when paid. The government-wide financial statements required are the statement of net assets and the statement of activities. These financial statements are designed to help users assess the finances of a government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current year services. They are also designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs; understand the extent to which the government has invested in capital assets; and make better comparisons between governments.

1C4. Governmental Fund Financial Statements

The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. They are presented using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received, and expenditures are recorded when paid. The financial statements required for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. The governmental fund balance sheet does not present capital assets or long-term liabilities. Instead, the statement of revenues, expenditures and changes in fund balance reports the financial resource inflows and outflows arising from the disposition and acquisition of capital assets, the issuance and repayment of long-term debt, and maturation of non-debt long-term liabilities. Capital assets and long-term liabilities associated with and generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

1C5. Proprietary Fund Financial Statements

The proprietary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting, the objectives of which involves the determination of operating income, changes in net position, net position, and cash flows. The accounting principles applicable are those similar to businesses in the private sector. The City maintains two proprietary funds, which are enterprise funds. Enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues; has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or establishes fees and charges based on a pricing policy designed to recover similar costs.

1D. Cash and Cash Equivalents

City of Tecumseh
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The City has defined cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1E. Investments

Investments are accounted for in accordance with GASB-31, *Accounting and Financial Reporting for Certain Investments*, which states that investments held at year end with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

1F. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other Interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

1G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Depreciation on these assets is provided on the straight-line basis over the following estimated useful lives:

Land improvements	5 years
Buildings and equipment	25 to 40 years
Vehicles and equipment	5 to 15 years
Infrastructure	40 years

1H. Equity Classifications

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

1. Net investment in capital assets – Capital assets, net of accumulated depreciation, are reduced by the outstanding balances of any debt attributable to their acquisition, construction, or improvement.
2. Restricted – Net assets that have had constraints placed upon them either by external sources such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

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3. Unrestricted – All other net assets that do not meet the definition of the previous two classifications.

In the fund financial statements, governmental fund equity is classified as fund balance and reported as needed in five components as follows:

1. Nonspendable – amounts not in a spendable form, or legally or contractually required to be maintained intact.
2. Restricted – constraints placed on fund balance are externally imposed by creditors, grantors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the individual government's highest level of decision-making authority.
4. Assigned – constraints placed on fund balance are imposed by the government's intent that it be used for specific purposes but are neither restricted nor committed. An individual government must define and disclose how it expresses its intent for purposes of making assignments. For the Town, this intent is expressed by the use of purchase orders encumbering amounts for assigned purposes as approved by the board of trustees.
5. Unassigned – remaining fund balance in excess of all other classifications.

1I. Revenues and Expenditures

Program revenues in the government-wide statements include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. In proprietary funds, operating revenues and expenses result from providing the goods or services that are the funds principal ongoing operations. Revenues and expenses not meeting this definition are non-operating revenues and expenses. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB-33. In applying GASB-33 to grant revenues, the provider recognizes liabilities and expenses, and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

1J. Use of Restricted Resources

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When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed. When both assigned and unassigned resources are available for use, it is the government's policy to use assigned resources first, and then unassigned resources as needed.

2. Deposits and Investments

The State of Oklahoma allows municipalities to invest in the following: direct obligations of the U.S. Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school district direct debt.

Custodial Credit Risk

Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized 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. At year end, the City had deposits of \$7,133,657 that were collateralized with securities held by the pledging financial institution, or its trust department, but not in the City's name, in accordance with the City's policy for excess deposits. The City had deposits of \$10,269 that were not insured or collateralized; and deposits of \$1,866,713 that were not insured or collateralized but were trust accounts invested in treasury deposits that met the requirements of legal collateral.

3. Restricted Cash and Investments

The TUA 2012 bond indenture requires the TUA to maintain a principal fund, an interest fund, and a sinking fund reserve for debt service at a trustee bank. Balances in these accounts at December 31 were \$106,163, \$48,939, and \$664,629 respectively, for a total of \$819,731. These investments consist of short-term treasury funds and are not insured or collateralized but are invested in the same types of securities that would be used for collateral.

The 2008-meter project lease-purchase equipment surcharge of \$6 per meter per month expired during 2023 when the debt was retired. A new \$6 fee per meter per month was passed in April 2023 to be used for metering systems and electric and water and sewer line system repairs and upgrades. At year end the balance of that account was \$113,730.

Reserves for payment of the Oklahoma Water Resources Board loan are deposited in a debt service account which is drafted semi-annually for the principal and interest payments. The balance on December 31 is \$65,353.

Meter deposits of \$616,978 are secured by deposits of the same amount.

4. Restricted Sales Taxes

City of Tecumseh
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A 1% sales tax amended by the city in 1993 is restricted "to make capital improvements to the water, sanitary sewer and electric systems and streets, public safety, parks and recreation properties of the City of Tecumseh, Oklahoma, and to pay the principal or the interest on indebtedness incurred for said purposes on behalf of said city". It is currently pledged to the 2012 bonds.

5. County Fire Department Sales Tax Funds

County sales taxes restricted for the city's fire department are reported in the city's financial statements for accountability and control purposes. The county spends the funds for city operations at the city's request and title for all equipment purchased with these funds resides with the city. Balances reflected in the financial statements are cash - \$214,602; intergovernmental revenues - \$62,904; and expenditures: \$42,043.

6. Risk Management

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For the year just ended, claims of \$35,855 were made for a police car, wind damage at the park, and building and equipment damages at the sewer treatment plant.

7. Capital Assets

Depreciation for the year just ended was as follows:

Governmental Activities		Business-type Activities	
General government	75,626	Administration	15,804
Court department	0	Sewer treatment plant	118,044
Police department	49,666	Sewer & water lines	258,468
Fire department	80,214	Electric department	157,117
Code enforcement	10,287	Water treatment plant	122,290
Emergency management	0	Economic development	0
Street department	436,899		<u>671,722</u>
Cemetery department	2,504		
Park department	81,018		
	<u>736,215</u>		

Capital asset activity for the year just ended is summarized as follows:

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	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Depreciation	Additions	Disposals	Ending Depreciation	Book Value
Governmental Activities									
Non-depreciable									
Construction in progress	274,729	46,151	(229,028)	91,852	0	0	0	0	91,852
Land	242,610	0	0	242,610	0	0	0	0	242,610
Total non-depreciable	517,339	46,151	(229,028)	334,462	0	0	0	0	334,462
Depreciable									
Land improvements	106,030	0	0	106,030	69,191	1,170	0	70,360	35,670
Buildings & bldg equipment	2,879,431	7,750	0	2,887,181	1,815,330	86,278	0	1,901,608	985,573
Equipment	3,577,141	127,092	0	3,704,233	2,530,997	184,026	0	2,715,023	989,210
Roads, bridges, sidewalks	8,782,686	437,347	0	9,220,034	3,214,490	464,741	0	3,679,231	5,540,802
Total depreciable	15,345,288	572,190	0	15,917,478	7,630,008	736,215	0	8,366,223	7,551,255
Total governmental	15,862,627	618,340	(229,028)	16,251,939	7,630,008	736,215	0	8,366,223	7,885,717
Business-type Activities									
Non-depreciable									
Construction in progress	329,781	29,630	(317,456)	41,955	0	0	0	0	41,955
Water rights	2,624,609	0	0	2,624,609	0	0	0	0	2,624,609
Land	243,442	0	0	243,442	0	0	0	0	243,442
Total non-depreciable	3,197,831	29,630	(317,456)	2,910,006	0	0	0	0	2,910,006
Depreciable									
Buildings & bldg equipment	227,522	0	0	227,522	125,465	8,807	0	134,271	93,250
Equipment	1,304,632	365,444	(9,764)	1,660,312	1,037,624	78,547	(9,764)	1,106,406	553,905
Equipment - capital lease	1,125,265	0	0	1,125,265	1,012,738	75,018	0	1,087,756	37,509
Utility systems	17,573,513	2,107,825	0	19,681,338	8,358,764	509,351	0	8,868,115	10,813,222
Total depreciable	20,230,932	2,473,268	(9,764)	22,694,436	10,534,591	671,722	(9,764)	11,196,549	11,497,887
Total business-type	23,428,763	2,502,898	(327,220)	25,604,442	10,534,591	671,722	(9,764)	11,196,549	14,407,893

8. Long-term Debt

December 18, 2012, the TUA issued \$8,190,000 in revenue bonds with variable interest rates from 1.75% to 2.35% and maturing November 1, 2026. The bonds were issued with a discount of \$48,592 which is being amortized over the life of the bonds beginning in 2013. Proceeds from the bonds were used to refund \$8,160,000 of bonds issued in 2004 with interest rates of 3% to 4.75%, resulting in interest savings in excess of \$1,000,000. The TUA is required to maintain sufficient utility rates so that net revenues meet or exceed 1.25 times the maximum annual debt service of \$655,740, which is \$819,675. For the year just ended, the TUA did meet these requirements.

October 17, 2013, the TUA executed a \$4,000,000 note payable with the Oklahoma Water Resources Board for water system improvements. The note carries an annual interest rate of 2.64%, an annual administrative fee of 0.5%, and matures March 15, 2034.

Outstanding debt at December 31, 2023, was as follows:

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		Interest Rate	Maturity Date	Amount Issued	Outstanding	Security
Governmental Activities:						
Capital lease		4.31%	11/30/28	\$29,977	\$29,240	vehicle
Business-type Activities:						
Revenue Bonds	Sewer system	1.75 - 2.35%	11/1/26	\$8,141,408	\$2,515,000	utility revenues - 1cent sales tax
Direct Borrowing	Water system	3.14%	3/15/34	\$3,604,457	\$2,129,895	utility revenues - 1cent sales tax

Long-term debt activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental activities:					
Capital lease	\$0	\$29,977	(\$737)	\$29,240	\$4,555
Business-type activities:					
Revenue bonds:					
Sewer system revenue bonds	3,105,000	0	(590,000)	2,515,000	605,000
Direct borrowings:					
OWRB water system note	2,298,323	0	(168,428)	2,129,895	173,644
Meter project note payable	17,553	0	(17,553)	0	0
Total direct borrowings	2,315,876	0	(185,981)	2,129,895	173,644
Total long-term debt	\$5,420,876	\$29,977	(\$776,718)	\$4,674,135	\$783,199

Debt service requirements to maturity for all debt are as follows:

Business-type Activities				
	Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	590,000	69,496	185,981	70,481
2024	605,000	55,919	173,644	65,010
2025	620,000	42,198	179,405	59,196
2026	1,290,000	25,263	185,162	53,386
2027	0	0	191,104	47,389
2028-2032	0	0	1,051,347	140,239
2033-2034	0	0	349,233	7,931
	\$3,105,000	\$192,876	\$2,315,876	\$443,632

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9. Water Rights

The Pottawatomie County Development Authority (PCDA), Shawnee Municipal Authority (SMA), and TUA, entered into an agreement dated July 1, 1990, for construction of a reservoir for flood prevention, municipal water supply, and water-based recreation. The PCDA holds title to the reservoir and the SMA operates the reservoir and public raw water supply system. The SMA owns 85% of the water rights and the TUA owns 15% of the water rights. The project was financed with a grant of approximately \$3,267,840 from the Soil Conservation Service of the United States Department of Agriculture and by tax-exempt public purpose bonds of \$18,180,000. The SMA treats the water, retains its share, and the TUA's 15% share is available as needed.

10. Pension Plans

Defined Contribution Pension Plans

Eligible city employees participate in the City of Tecumseh defined contribution pension plan in the form of the Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF), administered by Bank One of Oklahoma City. Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the OMRF to the respective employer entities. All full-time regular employees of the city, other than the city manager, who are not covered by another plan, are eligible to participate in the OMRF and are fully vested after 10 years. Covered employees are required to contribute 4% of their gross payroll which the city pays for them. City contributions are variable and were 8% for the current year. Employee contributions over 4% are optional. The payroll for city employees for the year was \$2,347,786. The payroll for city employees covered by the OMRF for the year was \$1,289,024. Actual city and employee contributions for the year were \$103,122, and \$55,368 respectively, equal to the required contributions for the year.

The city manager participates in the City of Tecumseh defined contribution pension plan in the form of the Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF CMO), administered by Bank One of Oklahoma City. Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the OMRF CMO to the respective employer entities. The city manager is required to contribute 7.5% of his gross payroll which the city pays for him. City contributions are variable and are currently 10%. City manager contributions over 7.5% are optional. Covered payroll for the city manager for the year was \$104,785. Actual city and city manager contributions for the year were \$10,478 and \$7,859 respectively, equal to the required contributions for the year.

Defined Benefit Pension Plans

Oklahoma Firefighters Pension and Retirement System (OFPRS)

Plan description. The city contributes to the Oklahoma Firefighters Pension and Retirement System (OFPRS), a state-wide cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan

City of Tecumseh
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interpretations. The OFPRS is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained at www.ok.gov/fprs.

Benefits provided. OFPRS provides retirement, disability, and death benefits to members of the plan. A paid firefighter with 20 years of credited service is entitled to 50% or 2.5% of final average salary. "Final average salary" means the highest 30 consecutive months of the last 60 months of credited service. A paid firefighter with more than 20 years of service will receive an additional 2.5% for each year of credited service not to exceed 30 years or 75%.

A disability in line of duty pension for a paid firefighter is 50% of the average monthly salary which was paid to the firefighter during the last 30 months of service. For a paid firefighter with over 20 years of service, the pension is the same as a regular service pension.

A disability not in the line of duty pension is 50% of the average monthly salary which was paid to the firefighter during the last 60 months of service if the firefighter has less than 20 years of credited service. Firefighters with over 20 years of service do not qualify.

Volunteer firefighters retiring after 20 years of service receive a pension in the amount retired volunteers are receiving at the time the volunteer begins to receive a pension for each year of credited service not to exceed 30 years. The amount is subject to change each year and shall not be less than what retired volunteers were receiving on July 1, 2008. A copy of the payment schedule is available from OFPRS.

A disability in line of duty pension for volunteer firefighters is paid the same as a 20-year volunteer service pension unless the volunteer has more than 20 years of credited service, in which case the benefit would be the same as a volunteer retiring after 20 years of service.

A firefighter is not entitled to a pension benefit unless the firefighter has completed 10 years of credited service, except for a line of duty disability benefit. A firefighter with 10 or more years of credited service who terminates service with less than 20 years of credited service may apply for a vested benefit. A vested benefit entitles a firefighter to receive a monthly retirement annuity once the firefighter reaches 50 years of age or the date the firefighter would have completed 20 years of uninterrupted employment, whichever is later. A vested benefit for a paid firefighter is 2.5% of the final average salary multiplied by the number of years of credited service. A vested benefit for a volunteer is a flat amount determined by the OFPRS for each year of service.

A \$5,000 lump sum death benefit is payable to a qualified beneficiary upon a firefighter's death, except for those receiving a vested benefit.

Contributions. The contribution requirements of the OFPRS are determined by Oklahoma Statutes and are not based on actuarial calculations. Paid firefighters are required to contribute 9% of covered compensation to the Plan while the City is required to contribute 14%. Since the City also has volunteer firefighters, the City is required to contribute \$60 per volunteer per year. Volunteers

City of Tecumseh
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are not required to contribute. The City's actual contributions to OFPRS for the year ended December 31, 2023 were \$32,339 and employee contributions were \$20,789. Contributions for 19 volunteer firefighters were \$1,140. Covered payroll was \$230,993.

Oklahoma Police Pension and Retirement System (OPPRS)

Plan description. The city contributes to the Oklahoma Police Pension and Retirement System (OPPRS), a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The OPPRS is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 50-103.1 et. seq. The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained at www.ok.gov/opprs.

Benefits provided. OPPRS provides retirement, disability, and death benefits to members of the plan. Normal retirement begins at age 50, or after 20 years of service, whichever is later. Benefits are 2.5% of the highest average salary multiplied by the years of credited service. Highest average salary is the highest consecutive 30 months of salary from the last 60 months of employment.

Members are vested after 10 years of service. Member contributions are refundable without interest upon termination prior to normal retirement. Members who have completed 10 years of service may elect a vested benefit in lieu of having their contributions refunded. A vested benefit begins when a member reaches the age of 50, or the date the member would have had 20 years of credited service, whichever is later.

Duty disability does not have a minimum service requirement and is paid at 50%, 75%, or 100% of a normal 20-year retirement benefit based on an impairment rating. Non-duty disability requires a minimum 10 years of service and is paid at 25%, 50%, 75%, 90%, or 100% based on an impairment rating.

Benefits for a duty related death include a \$5,000 death benefit and a normal 20-year retirement benefit. Non-duty related death benefits require a minimum 10 years of service and include a \$5,000 death benefit and accrued retirement benefits. Members with less than 10 years' service will receive a refund of member contributions and a \$5,000 death benefit. The beneficiary of a retired member will receive a \$5,000 death benefit.

Contributions. The contribution requirements of the OPPRS are determined by Oklahoma Statutes and are not based on actuarial calculations. Participants are required to contribute 8% of covered compensation to the Plan while the City is required to contribute 13%. The City's actual contributions to OPPRS for the year ended December 31, 2023 were \$45,412 and employee contributions were \$27,946. Covered payroll was \$349,323.

City of Tecumseh Retiree Only Plan (Plan)

City of Tecumseh
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Plan description. The city contributes to the City of Tecumseh Retiree Only Plan, an agent defined benefit pension plan administered by the Oklahoma Municipal Retirement Fund (OkMRF). OkMRF issues a publicly available financial report that includes financial statements and required supplementary information for the Plan and may be obtained at www.okmrf.org/reports.html.

Plan benefits. The Plan provides retirement benefits to 8 retirees, with a minimum benefit of 60 monthly payments calculated at 2.25% of average monthly compensation multiplied by years of service. No cost-of-living option is provided. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101 et seq.

Contributions. The Plan is closed to new entrants and no additional employee contributions are required or allowed. Actuarially determined City contributions for the year were \$4,268.

11. Deferred Compensation Plan

The City provides a deferred compensation plan for its employees in accordance with Section 457 of the Internal Revenue Code that allows any employee to voluntarily defer receipt of up to 33 1/3% of gross compensation, not to exceed \$7,500 per year. Such deferred amount may be distributed to the employee upon retirement or other termination of employment, disability, death, or certain defined instances of financial hardship. All amounts of deferred compensation, property rights, and income attributable to such deferred compensation is the property of the City until paid to the employee or other beneficiary.

12. Budgets and Budgetary Accounting

The board of trustees adopts legally required annual operating budgets each year for each fund. The same modified cash basis of accounting used for fund financial reporting purposes is used for budgetary purposes. At the fund level, actual expenditures cannot exceed budgeted appropriations at the department level. Budgetary transfers between departments of the same fund are approved by the board when required. Supplemental appropriations, if needed, are approved by the board and submitted to the state auditor's office as required by state statutes. All appropriations lapse at the end of the fiscal year. Encumbrance accounting is not used. There were 3 general fund amendments during the year; no street and alley fund amendments; and none for the cemetery funds.

13. Inter-fund Activity

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Inter-fund Transfers	General Fund	Street & Alley Fund	Utility Fund	TGDA Fund	Net Transfers
General operations	0	0	0	0	0
TIF taxes	(134,580)	0	0	134,580	0
Sales taxes for debt	(522,855)	0	522,855	0	0
Sales taxes for debt	522,855	0	(522,855)	0	0
Grants	988,135	0	(988,135)	0	0
Capital assets	350,000	(350,000)	0	0	0
	<u>\$1,203,555</u>	<u>(\$350,000)</u>	<u>(\$988,135)</u>	<u>\$134,580</u>	<u>\$0</u>

Interfund Receivables and Payables	General Fund	Street & Alley Fund	Utility Fund	TGDA Fund	Net Internal Balances
TIF taxes	(3,118)	0	0	3,118	0
General operations	(54,876)	4,690	50,186		0
Capital assets	0	0	0	0	0
	<u>(\$57,994)</u>	<u>\$4,690</u>	<u>\$50,186</u>	<u>\$3,118</u>	<u>\$0</u>

14. Subsequent Events

Management performed an evaluation of the City's activity through April 27, 2024, the date the audit report was available to be released and has concluded that there are no significant subsequent events requiring disclosure through that date.

**THE CITY OF TECUMSEH
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	1,042,000	1,042,000	1,280,325	238,325
Restricted taxes	610,000	610,000	522,855	(87,145)
Payments in lieu of taxes	110,000	110,000	124,636	14,636
Shared taxes	98,000	98,000	105,550	7,550
Grants	1,450,000	2,250,000	1,773,390	(476,610)
Fines and fees	220,000	220,000	186,519	(33,481)
Licenses and permits	55,000	55,000	60,289	5,289
Rents and royalties	16,000	16,000	28,673	12,673
Cemetery fees	66,500	66,500	50,568	(15,932)
Interest	2,500	2,500	34,047	31,547
Other revenues	300,000	300,000	313,756	13,756
TOTAL REVENUES	3,970,000	4,770,000	4,480,608	(289,392)
EXPENDITURES				
General government	532,300	617,300	571,141	46,159
Court	111,650	119,650	127,364	(7,714)
Police	1,204,100	1,214,100	896,925	317,175
Fire	518,000	543,000	512,673	30,327
Code enforcement	305,000	305,000	252,991	52,009
Emergency management	12,000	12,000	8,373	3,627
Streets	373,000	373,000	325,181	47,819
Cemetery	174,750	224,750	173,468	51,282
Park	215,000	245,000	200,457	44,543
Debt service	0	0	960	(960)
Capital outlay	421,000	505,000	389,312	115,688
TOTAL EXPENDITURES	3,866,800	4,158,800	3,458,845	699,955
REVENUES OVER (UNDER) EXPENDITURES	103,200	611,200	1,021,763	410,563
OTHER FINANCING SOURCES (USES)				
Loan proceeds	0	0	29,977	29,977
Transfers-in (out)	950,000	150,000	(172,714)	322,714
NET OTHER FINANCING SOURCES (USES)	950,000	150,000	(142,737)	352,691
NET CHANGE IN FUND BALANCES	1,053,200	761,200	879,026	117,826
BEGINNING FUND BALANCE	428,065	428,065	428,065	0
ENDING FUND BALANCE	\$1,481,265	\$1,189,265	\$1,307,091	\$117,826

THE CITY OF TECUMSEH
BUDGETARY COMPARISON SCHEDULE
STREET AND ALLEY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	325,000	325,000	394,769	69,769
Shared taxes	61,000	61,000	56,784	(4,216)
Interest	0	0	43,783	43,783
TOTAL REVENUES	386,000	386,000	495,336	109,336
EXPENDITURES				
Streets	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0
REVENUES OVER (UNDER) EXPENDITURES	386,000	386,000	495,336	109,336
OTHER FINANCING SOURCES (USES)				
Transfers-in (out)	(350,000)	(350,000)	(350,000)	0
NET OTHER FINANCING SOURCES (USES)	(350,000)	(350,000)	(350,000)	0
NET CHANGE IN FUND BALANCES	36,000	36,000	145,336	109,336
BEGINNING FUND BALANCE	857,383	857,383	857,383	0
ENDING FUND BALANCE	<u>\$893,383</u>	<u>\$893,383</u>	<u>\$1,002,719</u>	<u>\$109,336</u>

**THE CITY OF TECUMSEH
BUDGETARY COMPARISON SCHEDULE
CEMETERY TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest	45	45	1,154	1,109
TOTAL REVENUES	45	45	1,154	1,109
EXPENDITURES				
Cemetery	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0
REVENUES OVER (UNDER) EXPENDITURES	45	45	1,154	1,109
BEGINNING FUND BALANCE	33,381	33,381	33,381	0
ENDING FUND BALANCE	<u>\$33,426</u>	<u>\$33,426</u>	<u>\$34,535</u>	<u>\$1,109</u>

**THE CITY OF TECUMSEH
BUDGETARY COMPARISON SCHEDULE
CEMETERY PERPETUAL CARE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Monument sales	100	100	385	285
Interest	350	350	4,258	3,908
TOTAL REVENUES	450	450	4,643	4,193
EXPENDITURES				
Cemetery	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0
REVENUES OVER (UNDER) EXPENDITURES	450	450	4,643	4,193
BEGINNING FUND BALANCE	121,101	121,101	121,101	0
ENDING FUND BALANCE	<u>\$121,551</u>	<u>\$121,551</u>	<u>\$125,744</u>	<u>\$4,193</u>

**THE CITY OF TECUMSEH
BUDGETARY COMPARISON SCHEDULE
CEMETERY CARE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Lot sales and interments	18,500	18,500	17,467	(1,033)
Interest	775	775	11,604	10,829
Other income	0	0	0	0
TOTAL REVENUES	19,275	19,275	29,071	9,796
EXPENDITURES				
Cemetery	15,000	15,000	3,410	11,590
Debt service	0	0	0	0
Capital outlay	0	0	0	0
TOTAL EXPENDITURES	15,000	15,000	3,410	11,590
REVENUES OVER (UNDER) EXPENDITURES	4,275	4,275	25,661	21,386
OTHER FINANCING SOURCES (USES)				
Loan proceeds	0	0	0	0
Transfers-in (out)	0	0	0	0
NET OTHER FINANCING SOURCES (USES)	0	0	0	0
NET CHANGE IN FUND BALANCES	4,275	4,275	25,661	21,386
BEGINNING FUND BALANCE	300,264	300,264	300,264	0
ENDING FUND BALANCE	<u>\$304,539</u>	<u>\$304,539</u>	<u>\$325,925</u>	<u>\$21,386</u>

CITY OF TECUMSEH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Modified Cash Basis)

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
Oklahoma Department of Transportation <i>Oklahoma Highway Safety Office</i> Total U.S. Department of Transportation	20.205	STP-163B(195)UT	2,005
U.S. Department of Homeland Security <i>Oklahoma Department of Emergency Management</i> Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-FEMA-DR-4706-PW-10	12,900
U.S. Department of Commerce <i>Oklahoma Department of Commerce</i> Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	14.228	18553 CDBG 21	847,784
U.S. Department of the Treasury <i>Pottawatomie County</i> American Rescue Plan Act <i>Oklahoma Office of Management and Enterprise Services</i> American Rescue Plan Act	21.027 21.027	None None	27,625 908,593
Total U.S. Department of the Treasury			936,218
TOTAL FEDERAL AWARDS			<u>\$1,798,907</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal activity of the City of Tecumseh under programs of the federal government for the year ended December 31, 2023. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Tecumseh, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Tecumseh.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The City of Tecumseh has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF TECUMSEH
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Modified Cash Basis)

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANTOR'S NUMBER	EXPENDITURES
Oklahoma Department of Commerce		
<i>Central Oklahoma Economic Development District</i>		
Community Expansion of Nutrition Assistance (CENA)	2023 CENA #021	2,800
Rural Economic Action Plan	2023 REAP #43	75,000
Total Oklahoma Department of Commerce		77,800
Oklahoma Department of Agriculture, Food, and Forestry		
<i>N/A</i>		
Rural Fire Defense	None	9,994
TOTAL STATE AWARDS		\$87,794

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

To the City Council
City of Tecumseh, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Tecumseh, Oklahoma, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City of Tecumseh, Oklahoma's basic financial statements, and have issued our report thereon dated April 27, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Russell & Williams CPAs PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
April 27, 2024

Russell & Williams CPAs, PC

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

To the City Council
City of Tecumseh, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Tecumseh, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Tecumseh, Oklahoma's major federal programs for the year ended December 31, 2023. City of Tecumseh, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of Tecumseh, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Tecumseh, Oklahoma's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Tecumseh, Oklahoma's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate,

it would influence the judgment made by a reasonable user of the report on compliance about City of Tecumseh, Oklahoma's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Tecumseh, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Tecumseh, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Tecumseh, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Oklahoma City, Oklahoma
April 27, 2024

City of Tecumseh, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ending December 31, 2023

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statement of the City of Tecumseh, Oklahoma
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the City of Tecumseh, Oklahoma was disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for the U.S. Department of Commerce CDBG and U.S. Department of the Treasury ARPA grants expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 2 CFR 200.561(a) of the Uniform Guidance in the Schedule.
7. The program tested as a major programs were the U.S. Department of Commerce CDBE, 14.228 and U.S. Department of Treasury, ARPA 21.027
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. City of Tecumseh, Oklahoma did not qualify as a low-risk auditee.

Findings-Financial Statement Audit

None