



# **DURANT**

**· OKLAHOMA ·**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**



# **THE CITY OF DURANT, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**TABLE OF CONTENTS**

---

	<b>Page</b>
<b>Independent Auditor's Report on Financial Statements.....</b>	<b>5-7</b>
<b>Management's Discussion and Analysis (Unaudited).....</b>	<b>9-19</b>
<b>The Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position .....	21
Statement of Activities .....	22
<b>Governmental Funds Financial Statements:</b>	
Balance Sheet .....	24
Statement of Changes in Fund Balances.....	25
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	26-27
<b>Proprietary Funds Financial Statements:</b>	
Statement of Net Position.....	29
Statement of Changes in Net Position.....	30
Statement of Cash Flows.....	31
<b>Footnotes to the Basic Financial Statements .....</b>	<b>32-69</b>
<b>Required Supplementary Information:</b>	
<b>Budgetary Comparison Information</b>	
Budgetary Comparison Schedule (Budgetary Basis) – General Fund.....	71
Budgetary Comparison Schedule (Budgetary Basis) – 1/4% Economic Development Fund, 5/8% Sales Tax Education Fund, and Durant Tax Increment Finance Authority.....	72
Footnotes to Budgetary Comparison Schedule.....	73
<b>Pension Plan Information</b>	
Schedule of share of the Net Pension Liability – Firefighter's Pension .....	74
Schedule of City Contributions – Firefighter's Pension & Retirement System .....	74
Schedule of share of the Net Pension Liability (Asset) – Police's Pension .....	75
Schedule of City Contributions – Police's Pension & Retirement System .....	75
Schedule of Changes in Net Pension Liability (Asset) - OkMRF .....	76
Schedule of Employer Contributions – OkMRF.....	77

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

---

**TABLE OF CONTENTS**

---

**Supplementary Information:**

**Combining and Individual Fund Financial Statements and Schedules:**

Combining Balance Sheet – General Fund Accounts.....	79
Combining Schedule of Changes in Fund Balance – General Fund Accounts .....	80
Combining Balance Sheet – Nonmajor Governmental Funds.....	81
Combining Statement of Changes in Fund Balance – Nonmajor Governmental Funds .....	82
Combining Statement of Net Position – Internal Service Funds.....	83
Combining Statement of Changes in Net Position – Internal Service Funds.....	83
Combining Schedule of Net Position – DCUA Accounts.....	84
Combining Schedule of Changes in Net Position – DCUA Accounts.....	85

**Single Audit and Internal Control and Compliance Information:**

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit in Accordance with Government Auditing Standards.....	87-88
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	89-90
Schedule of Expenditures of Federal Awards.....	91
Notes to Schedule of Expenditures of Federal Awards.....	92
Schedule of Findings and Questioned Costs.....	93
Schedule of Findings and Responses.....	94
Summary Schedule of Prior Year Audit Findings.....	95



## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Durant, Oklahoma

### Report on the Financial Statements

#### ***Opinions***

We have audited the accompanying 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 Durant, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Durant, Oklahoma, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Durant, 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.

#### ***Responsibilities of Management 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.

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Durant, 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 Durant, 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.

## ***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 the pension plan schedules, on pages 9-19 and 71-77, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Durant, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor governmental combining statements and the 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 and the schedule of expenditures of federal awards 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 May 25, 2023, on our consideration of the City of Durant, 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 City of Durant, 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 Durant, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma  
May 25, 2023



**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Durant's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2022, the City's total net position increased by \$8,972,305 or 7.8% from the prior year.
- During the year, the City's expenses for governmental activities were \$25,117,446 and were funded by program revenues of \$3,159,472 and further funded with taxes and other general revenues that totaled \$26,772,300.
- In the City's business-type activities, such as utilities, total program revenues exceeded expenses by \$2,752,498.
- For budgetary reporting purposes, the General Fund reported revenues exceeding estimates by \$2,208,152 or 12.2%, while expenditures were under the final appropriations by \$2,463,194 or 11.3%.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Durant (the "City") and its component units using the integrated approach as prescribed by GASB. Included in this report are government-wide statements for each of the three categories of activities, governmental, business-type, and discretely-presented component units. The government-wide financial statements present the complete financial picture of the City's reporting entity 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), and also include all deferred outflows and deferred inflows.

#### **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.

Unaudited

The Statement of Net Position and the Statement of Activities divide the City into three categories:

- Governmental activities -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, economic development and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities -- For certain 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 water, wastewater, sanitation and airport activities are reported here.
- Discretely-presented component units -- These account for activities of the City's reporting entity that do not meet the criteria for blending. The City's discretely-presented component units report industrial development activities, tourism-economic development activities and public works projects.

### **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.

*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. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements. 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.

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**CITY OF DURANT, OKLAHOMA**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**June 30, 2022**

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

**Net Position**

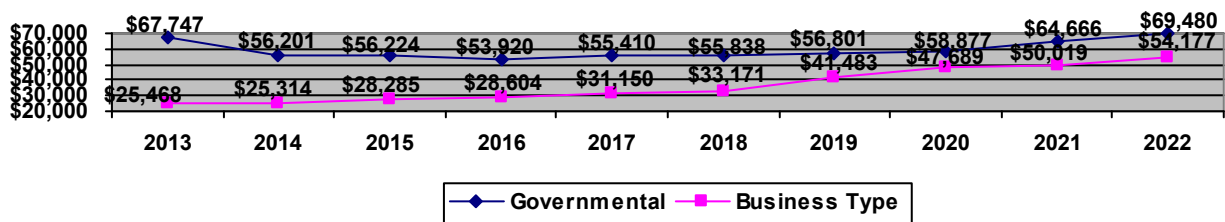
The City's combined net position increased from \$114,685,093 to \$123,657,398 between fiscal years 2021 and 2022. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$4,814,326, while business-type activities increased \$4,157,979.

**Table 1**  
**Net Position**

	Governmental Activities		% Inc. Dec.	Business-type Activities		% Inc. Dec.	Total Primary Government		% Inc. Dec.
	2022	2021		2022	2021		2022	2021	
<b>Assets:</b>									
Current and other assets	\$ 37,530,059	\$ 28,462,106	32%	\$ 25,255,784	\$ 20,913,478	21%	\$ 62,785,843	\$ 49,375,584	27%
Capital assets, net	51,643,501	51,455,130	0%	57,397,246	56,927,836	1%	109,040,747	108,382,966	1%
<b>Total assets</b>	<b>89,173,560</b>	<b>79,917,236</b>	<b>12%</b>	<b>82,653,030</b>	<b>77,841,314</b>	<b>6%</b>	<b>171,826,590</b>	<b>157,758,550</b>	<b>9%</b>
<b>Deferred Outflows of Resources:</b>									
Deferred amount related to pensions	3,024,377	4,152,372	-27%	269,194	549,014	-51%	3,293,571	4,701,386	-30%
<b>Total deferred outflows</b>	<b>3,024,377</b>	<b>4,152,372</b>	<b>-27%</b>	<b>269,194</b>	<b>549,014</b>	<b>-51%</b>	<b>3,293,571</b>	<b>4,701,386</b>	<b>-30%</b>
<b>Liabilities:</b>									
Long-term debt	7,472,378	12,403,077	-40%	25,098,392	27,612,897	-9%	32,570,770	40,015,974	-19%
Other liabilities	5,846,832	5,683,266	3%	756,078	477,238	58%	6,602,910	6,160,504	7%
<b>Total liabilities</b>	<b>13,319,210</b>	<b>18,086,343</b>	<b>-26%</b>	<b>25,854,470</b>	<b>28,090,135</b>	<b>-8%</b>	<b>39,173,680</b>	<b>46,176,478</b>	<b>-15%</b>
<b>Deferred Inflows of Resources:</b>									
Deferred inflow s-leases	264,808	-	100%	1,261,335	-	100%	1,526,143	-	100%
Deferred amount related to pensions	9,133,799	1,317,471	593%	1,629,141	280,894	480%	10,762,940	1,598,365	573%
<b>Total deferred inflows</b>	<b>9,398,607</b>	<b>1,317,471</b>	<b>613%</b>	<b>2,890,476</b>	<b>280,894</b>	<b>929%</b>	<b>12,289,083</b>	<b>1,598,365</b>	<b>669%</b>
<b>Net Position:</b>									
Net investment in capital assets	50,352,876	50,298,828	0%	43,999,329	41,088,432	7%	94,352,205	91,387,260	3%
Restricted	6,080,435	5,922,588	3%	659,740	832,224	-21%	6,740,175	6,754,812	0%
Unrestricted	13,046,809	8,444,378	55%	9,518,209	8,098,643	18%	22,565,018	16,543,021	36%
<b>Total net position</b>	<b>\$ 69,480,120</b>	<b>\$ 64,665,794</b>	<b>7%</b>	<b>\$54,177,278</b>	<b>\$50,019,299</b>	<b>8%</b>	<b>\$123,657,398</b>	<b>\$114,685,093</b>	<b>8%</b>

Total net position of the City's governmental activities increased to approximately \$69.5 million. \$56,433,311 of that net position is either restricted as to the purposes they can be used for or are invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position amounted to \$13,046,809 at the end of this year. Total net position of the business-type activities increased to approximately \$54.2 million. However, \$44,659,069 of net position is either restricted as to the purposes they can be used for or are invested in capital assets. Consequently, unrestricted net position amounted to \$9,518,209 at the end of the year.

**Total Net Position at Year End**  
**(in 000's)**



Unaudited

**CITY OF DURANT, OKLAHOMA**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**June 30, 2022**

**Changes in Net Position**

For the year ended June 30, 2022, net position of the primary government changed as follows:

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2022	2021		2022	2021		2022	2021	
Revenues:									
Program revenues:									
Charges for services	\$ 1,401,430	\$ 1,502,051	-7%	\$ 13,988,356	\$ 13,606,454	3%	\$ 15,389,786	\$ 15,108,505	2%
Operating grants/contributions	1,387,432	3,315,768	-58%	-	-	-	1,387,432	3,315,768	-58%
Capital grants/contributions	370,610	250,166	48%	776,181	2,459,778	-68%	1,146,791	2,709,944	-58%
General revenues:									
Sales and use taxes	23,899,781	22,421,540	7%	-	-	-	23,899,781	22,421,540	7%
Other taxes	2,267,458	4,612,615	-51%	-	-	-	2,267,458	4,612,615	-51%
Other general revenue	1,841,757	1,845,717	0%	168,785	157,052	7%	2,010,542	2,002,769	0%
Total revenues	31,168,468	33,947,857	-8%	14,933,322	16,223,284	-8%	46,101,790	50,171,141	-8%
Program expenses:									
General government	5,869,049	5,609,161	5%	-	-	-	5,869,049	5,609,161	5%
Public safety	9,130,530	12,703,521	-28%	-	-	-	9,130,530	12,703,521	-28%
Public works	2,836,769	3,228,412	-12%	-	-	-	2,836,769	3,228,412	-12%
Culture and recreation	2,715,485	2,681,754	1%	-	-	-	2,715,485	2,681,754	1%
Cemetery	139,184	169,901	-18%	-	-	-	139,184	169,901	-18%
Economic development	192,747	3,181,074	-94%	-	-	-	192,747	3,181,074	-94%
Industrial dev. (payment to DIA)	1,369,450	1,127,034	22%	-	-	-	1,369,450	1,127,034	22%
Community dev. (payment to DCFA)	2,390,152	2,217,243	8%	-	-	-	2,390,152	2,217,243	8%
Tourism-Econ dev (payment to DTEDA)	440,019	373,004	18%	-	-	-	440,019	373,004	18%
Interest on long-term debt	34,061	19,751	72%	378,170	400,480	-6%	412,231	420,231	-2%
Water	-	-	-	3,100,645	3,055,564	1%	3,100,645	3,055,564	1%
Sewer	-	-	-	2,600,316	2,625,579	-1%	2,600,316	2,625,579	-1%
Sanitation	-	-	-	3,843,945	3,257,473	18%	3,843,945	3,257,473	18%
Airport	-	-	-	2,088,963	1,402,333	49%	2,088,963	1,402,333	49%
Total expenses	25,117,446	31,310,855	-20%	12,012,039	10,741,429	12%	37,129,485	42,052,284	-12%
Excess (deficiency) before transfers	6,051,022	2,637,002	129%	2,921,283	5,481,855	-47%	8,972,305	8,118,857	11%
Transfers	(1,236,696)	3,152,037	-139%	1,236,696	(3,152,037)	-139%	-	-	-
<b>Increase in net position</b>	<b>\$ 4,814,326</b>	<b>\$ 5,789,039</b>	<b>-17%</b>	<b>\$ 4,157,979</b>	<b>\$ 2,329,818</b>	<b>78%</b>	<b>\$ 8,972,305</b>	<b>\$ 8,118,857</b>	<b>11%</b>

The City's governmental activities' current year increase in net position of \$4,814,326 represents a 17% decrease from the increase in net position from the prior year. The business-type activities' current year increase in net position of \$4,157,979 represents a 78% increase from the increase in net position from the prior year.

Some of the greater differences as noted in Table 1 and 2 are explained as follows:

- Governmental activities capital grants and contributions increased 48% due mainly to the increase in Emergency Management grant from prior year.
- Governmental activities operating grants and contributions decreased 58% due mainly to the receipt of the CARES grant in the prior year.
- Governmental activities other taxes decreased 51% due to a decrease in tax increment financing taxes from prior year.
- Business-type activities capital grants and contributions decreased 68% due mainly to the decrease in grants from the Department of the Interior and the U.S. Department of Commerce.
- Business-type activities airport expenses increased by 49% due to an increase in airport fuel purchases from prior year.

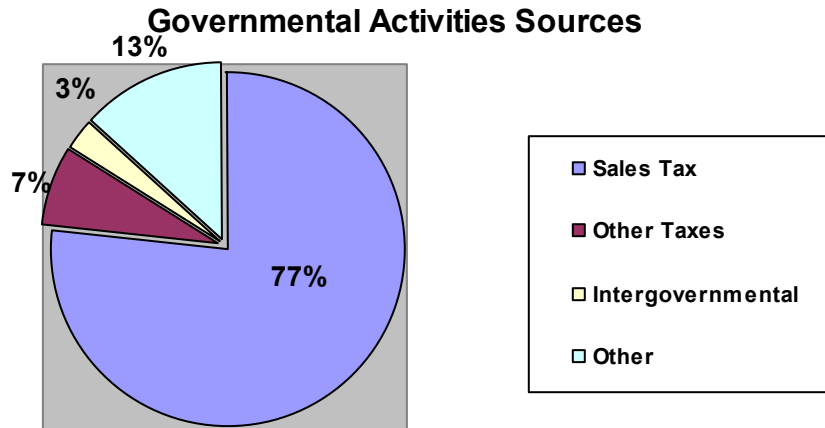
Unaudited

- Transfers changed significantly due to the reclassification of grant and capital asset activity between governmental and business-type activities.

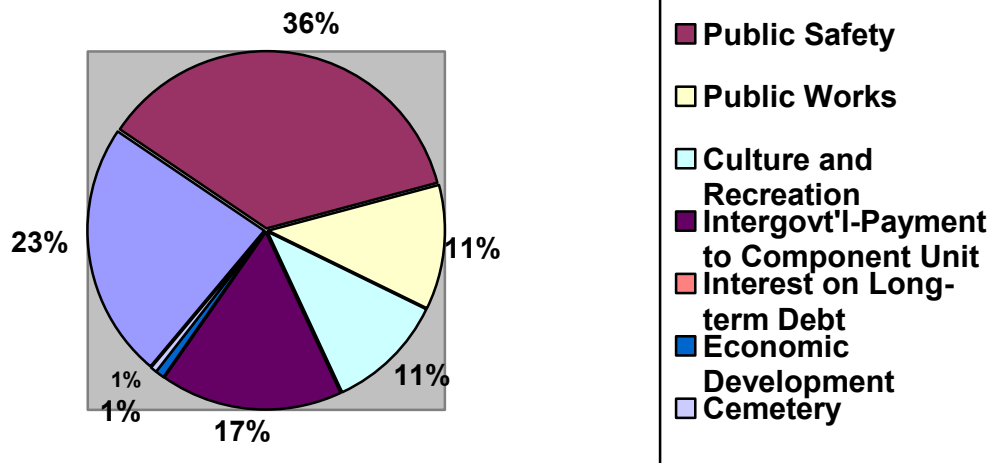
### **Governmental Activities**

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.

For the year ended June 30, 2022, the City's governmental activities were funded as follows:



### **Governmental Activities Uses**



Unaudited

**CITY OF DURANT, OKLAHOMA**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**June 30, 2022**

For the year ended June 30, 2022, total expenses for governmental activities amounted to \$25,117,446. Of these total expenses, taxpayers and other general revenues funded \$26,772,300, while those directly benefiting from the program funded \$1,758,042 from grants and other contributions and \$1,401,430 from charges for services.

**Net Cost of Durant's Governmental Activities**

	<b><u>Total Cost of Services</u></b>		<b><u>Percentage Change</u></b>	<b><u>Net Revenue (Expense) of Services</u></b>		<b><u>Percentage Change</u></b>
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022-2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022-2021</u></b>
General government	\$5,869,049	\$5,609,161	4.6%	(\$5,196,270)	(\$4,942,657)	5.1%
Public safety	9,130,530	12,703,521	-28.1%	(7,160,786)	(9,029,538)	-20.7%
Public works	2,836,769	3,228,412	-12.1%	(2,658,720)	(3,054,596)	-13.0%
Culture and recreation	2,715,485	2,681,754	1.3%	(2,432,247)	(2,386,185)	1.9%
Cemetery	139,184	169,901	-18.1%	(83,522)	(112,014)	-25.4%
Economic development	192,747	3,181,074	-93.9%	(192,747)	(2,980,848)	-93.5%
Industrial development - payments to DIA	1,369,450	1,127,034	21.5%	(1,369,450)	(1,127,034)	21.5%
Community development - payments to DCFA	2,390,152	2,217,243	7.8%	(2,390,152)	(2,217,243)	7.8%
Tourism-Econ development - payments to DTEDA	440,019	373,004	18.0%	(440,019)	(373,004)	18.0%
Interest on long-term debt	34,061	19,751	72.5%	(34,061)	(19,751)	72.5%
<b>Total</b>	<b><u>\$25,117,446</u></b>	<b><u>\$31,310,855</u></b>	<b><u>-19.8%</u></b>	<b><u>(\$21,957,974)</u></b>	<b><u>(\$26,242,870)</u></b>	<b><u>-16.3%</u></b>

**Business-type Activities**

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

**Net Cost of Durant's Business-Type Activities**

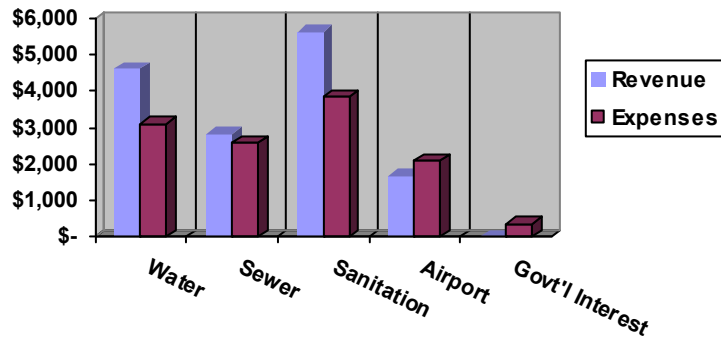
	<b><u>Total Cost of Services</u></b>		<b><u>Percentage Change</u></b>	<b><u>Net Revenue (Expense) of Services</u></b>		<b><u>Percentage Change</u></b>
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022-2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022-2021</u></b>
Water	\$3,100,645	\$3,055,564	1.5%	\$1,515,249	\$2,527,323	-40.0%
Sewer	2,600,316	2,625,579	-1.0%	228,161	1,096,346	-79.2%
Sanitation	3,843,945	3,257,473	18.0%	1,782,282	2,743,401	-35.0%
Airport	2,088,963	1,402,333	49.0%	(395,024)	(641,787)	-38.4%
Governmental interest on long-term debt	378,170	400,480	-5.6%	(378,170)	(400,480)	-5.6%
<b>Total</b>	<b><u>\$12,012,039</u></b>	<b><u>\$10,741,429</u></b>	<b><u>11.8%</u></b>	<b><u>\$2,752,498</u></b>	<b><u>\$5,324,803</u></b>	<b><u>-48.3%</u></b>

- Total business-type activities reported net revenues of \$2,752,498 for the year ended June 30, 2022.
- Water, sewer and sanitation activities reported net revenues for the year ended June 30, 2022, while airport and governmental interest on long-term debt reported net expenses of \$395,024 and \$378,170, respectively.

Unaudited



**Business-Type Activities Revenue and Expense**  
**(in 000's)**



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

As the City completed its 2022 fiscal year, the governmental funds reported a combined total fund balance of \$23,473,544 or a 2.2% increase from the prior year. The enterprise funds reported total net position of \$53,176,266 or an 8.3% increase from 2021.

Other fund highlights include:

- For the year ended June 30, 2022, the General Fund's total fund balance increased by \$1,277,504 or 15.3%.
- The Durant Tax Increment Finance Authority Fund's total fund balance decreased by \$1,287,500 or 54.3%.

### **General Fund Budgetary Highlights**

For the year ended June 30, 2022, the General Fund reported actual budgetary basis revenues above final estimates by \$2,208,152 or a 12.2% positive variance. General Fund actual budgetary basis expenditures were under final appropriations by \$2,463,194 or an 11.3% positive variance.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of June 30, 2022, the City had \$109,040,747 invested in capital assets and leased equipment, net of depreciation and amortization, including police and fire equipment, buildings, park facilities, water lines and sewer lines. (See table below).

Unaudited

**CITY OF DURANT, OKLAHOMA**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**June 30, 2022**

Primary Government Capital Assets (Net of accumulated depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$5,381,392	\$5,381,392	\$2,674,435	\$2,674,435	\$8,055,827	\$8,055,827
Buildings	17,786,684	17,678,815	8,726,610	9,850,386	26,513,294	27,529,201
Improvements	1,718,826	1,863,055	11,136,429	11,712,575	12,855,255	13,575,630
Machinery & equipment	5,673,774	5,160,507	5,014,251	3,032,076	10,688,025	8,192,583
Infrastructure	18,383,560	19,776,907	23,782,127	24,264,361	42,165,687	44,041,268
Machinery & equip-leases	402,237	-	51,584	-	453,821	-
Construction in progress	2,297,028	1,594,454	6,011,810	5,394,003	8,308,838	6,988,457
<b>Totals</b>	<b>\$51,643,501</b>	<b>\$51,455,130</b>	<b>\$57,397,246</b>	<b>\$56,927,836</b>	<b>\$109,040,747</b>	<b>\$108,382,966</b>

This year's more significant capital asset additions are discussed below:

- The City placed in service a CAD Flex System totaling \$197,847.
- The City placed in service a Spillman CAD System totaling \$161,729.
- The City placed in service an Elgin Crosswind Sweeper totaling \$253,198.
- The City placed in service Senior Center Building Improvement project totaling \$753,526.
- The City placed in service a WWTP Sludge Press project totaling \$1,989,363.
- The City placed in service a 24" Forced Sewer Main project totaling \$414,666.
- The City placed in service a Solid Waste dump truck totaling \$399,706.

See Note 5 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 \$28,163,996 in long-term debt outstanding which represents a \$2,286,872 or 7.5% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt							Total Percentage Change
	Governmental Activities		Business-Type Activities		Total		
	2022	2021	2022	2021	2022	2021	2022-2021
Lease obligations	\$ 400,193	\$ -	\$ 55,105	\$ -	\$455,298	\$ -	100.0%
Notes payable	890,345	1,156,302	23,658,826	26,139,892	24,549,171	27,296,194	-10.1%
Landfill closure liability	-	-	562,874	457,016	562,874	457,016	23.2%
Meter deposit liability	-	-	574,187	551,047	574,187	551,047	4.2%
Accrued comp absences	1,775,066	1,892,132	247,400	254,479	2,022,466	2,146,611	-5.8%
<b>Totals</b>	<b>\$3,065,604</b>	<b>\$3,048,434</b>	<b>\$25,098,392</b>	<b>\$27,402,434</b>	<b>\$28,163,996</b>	<b>\$30,450,868</b>	<b>-7.5%</b>

Unaudited

For the year ended June 30, 2022, the significant transactions that occurred were the reporting of new lease obligations totaling \$592,474 for governmental activities and \$59,683 for business-type activities, along with normal debt retirements.

See Note 6 to the financial statements for more detail information on the City's long-term debt and changes therein.

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

**Sales Tax Collection** – Sales tax collections in fiscal year 2021-2022 increased over the previous fiscal year by -7.80% while sales tax collection for the fiscal year of 2022-2023 reflect a 5.07% increase over the same period in 2021-2022.

**Penny for the Sales Tax Extension** – In February 11, 2020, an extension of the one-cent sales tax was approved by voters for twenty more years. The extension began in July 1, 2021 after the first penny expired and will cease June 30, 2041.

The city sales tax collection has increased ten consecutive years since 2012-2013. The rate at June 30, 2022 was 4.375-cent tax on each dollar of taxable sales. The distribution of the distribution of the sales tax is as follows:

Economic Development (effective 1/1/04)	.25%
Multi-Sports Facilities (effective 10/1/04)	.25%
SOSU Improvements (effective 10/1/04)	.25%
Capital Improvements (effective 7/1/21)	1.00%
General Operations	2.00%
DISD Improvements (effective 7/1/08)	.625%

### **Major Economic Development projects:**

#### **BrucePac**

Bruce Packing Company, Inc., doing business as BrucePac, has started construction on a \$22.5 million expansion of its protein processing facility in Durant. The expansion will feature additional production areas, refrigeration, and processing equipment. To support future growth, the company plans to hire 100 employees. BrucePac, based in Woodburn, Oregon, supplies fully-cooked and ready-to-eat products. Proteins include beef, chicken, pork, turkey and plant-based goods under various brands. It has thus far invested \$45 million in Durant.

#### **SG Blocks, Inc.**

SG Blocks, Inc. announced it would purchase 114 acres of land in Durant for workforce housing and additional factory space. Days prior, the company stated they would lease their 55,000-square-foot facility in Durant Industrial Park and hire 75 employees. New York-based SG Blocks designs and fabricates container-based structures for the residential, commercial, healthcare, manufacturing, military, and EV charging markets.

Unaudited

**OG&E/Choctaw Nation**

Oklahoma Gas & Electric will expand its Choctaw Nation/OG&E Solar Energy Center in Durant by an additional 5-megawatts (MW), bringing the total solar capacity to 10 MW. OG&E will construct, own and operate the additional 5MW expansion. Oklahoma City-based OG&E is a regulated electric utility that serves over 843,000 customers in Oklahoma and Arkansas. The Choctaw Nation, based in Durant, is a federally-recognized Native American nation with 223,279 enrolled members, of whom 84,670 live in Oklahoma.

**Cardinal FG Company**

Cardinal FG officially opened its Durant facility after a \$25 million expansion, which includes a new tempering furnace as well as facility expansion. 16 new jobs will be added at an average salary of \$50,000, which is 30% higher than the average Bryan County wage. Cardinal Glass produces various types of glass for residential windows and doors. Based in Eden Prairie, Minnesota, Cardinal has more than 37 manufacturing plants that employ over 7,000.

**Small Business Boot Camp**

Durant Industrial Authority voted to invest funding for small business development, retention and expansion. Durant Industrial Authority with the backing of an USDA grant introduced an educational based business program to enable small business in local distressed tracks within the City of Durant for grants up to \$7,000.

**Projects in Process for Upcoming Fiscal year 2022-2023**

Durant Industrial Authority is in negotiations with Project Stone for a 136,000 square foot facility expansion, with 20 million investment and 100 new jobs created.

A New Jersey based company had a site visit to consider expanding in the Durant market. Negotiations are underway.

**CONTACTING THE CITY OF DURANT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Durant City Manager via phone at 580-931-6605 or the Durant City Treasurer at 580-931-6651 or via mail at City of Durant-P.O. Box 578-Durant, OK 74702-0578.

Unaudited

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Statement of Net Position— June 30, 2022**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Durant Industrial Authority	Durant Community Facilities Authority	Durant Tourism Economic Development Authority
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 24,387,998	\$ 18,894,346	\$ 43,282,344	\$ 2,544,198	\$ 2,521,581	\$ 901,426
Investments	41,419	-	41,419	-	-	-
Investment in Durant TIF Authority bonds	-	-	-	3,100,000	-	-
Accounts receivable, net of allowance	-	1,974,649	1,974,649	-	-	-
Miscellaneous taxes receivable	177,681	-	177,681	-	-	-
Court fine receivable, net of allowance	66,402	-	66,402	-	-	-
Internal balances	(1,001,099)	1,001,099	-	-	-	-
Due to/from component unit	(41,759)	-	(41,759)	-	-	41,759
Advance to/from other funds	(103,623)	103,623	-	-	-	-
Advance to/from component unit	2,850,000	-	2,850,000	(2,850,000)	-	-
Due from other governments	4,175,060	-	4,175,060	407,050	-	-
Notes receivable	-	-	-	1,418,336	-	-
Other receivables	78,453	-	78,453	-	-	-
Lease receivables	259,994	1,278,509	1,538,503	-	-	-
Net pension asset	6,639,533	2,003,558	8,643,091	-	-	-
Capital assets:						
Land and construction in progress	7,678,420	8,686,245	16,364,665	1,085,375	266,000	-
Other capital assets, net of depreciation	43,965,081	48,711,001	92,676,082	15,135	-	-
Total assets	89,173,560	82,653,030	171,826,590	5,720,094	2,787,581	943,185
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred amount related to pensions	3,024,377	269,194	3,293,571	1,446	-	-
Deferred amount on refunding	-	-	-	-	278,961	-
Total deferred outflows	3,024,377	269,194	3,293,571	1,446	278,961	-
<b>LIABILITIES:</b>						
Accounts payable	2,145,653	342,137	2,487,790	269,527	-	32,476
Accrued payroll liabilities	548,714	170,739	719,453	-	-	-
Accrued interest payable	-	243,202	243,202	58	83,368	-
Due to other governments	7,167	-	7,167	-	-	-
Claims liability	507,042	-	507,042	-	-	-
Due to bondholders	387	-	387	-	-	-
Unearned revenue	2,637,869	-	2,637,869	-	-	-
Long-term liabilities:						
Due within one year	598,317	2,261,986	2,860,303	130,722	1,478,138	-
Due in more than one year	6,874,061	22,836,406	29,710,467	369,322	2,310,388	-
Total liabilities	13,319,210	25,854,470	39,173,680	769,629	3,871,894	32,476
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred inflows-leases	264,808	1,261,335	1,526,143	-	-	-
Deferred amount related to pensions	9,133,799	1,629,141	10,762,940	1,424	-	-
Total deferred inflows	9,398,607	2,890,476	12,289,083	1,424	-	-
<b>NET POSITION:</b>						
Net investment in capital assets	50,352,876	43,999,329	94,352,205	1,062,770	266,000	-
Restricted	6,080,435	659,740	6,740,175	-	-	-
Unrestricted (deficit)	13,046,809	9,518,209	22,565,018	3,887,717	(1,071,352)	910,709
Total net position	\$ 69,480,120	\$ 54,177,278	\$ 123,657,398	\$ 4,950,487	\$ (805,352)	\$ 910,709

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Statement of Activities –Year Ended June 30, 2022**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Durant Industrial Authority	Durant Community Facilities Authority	Durant Tourism Economic Development Authority
<b>Primary government</b>										
Governmental activities:										
General government	\$ 5,869,049	\$ 387,579	\$ 285,200	\$ -	\$ (5,196,270)	\$ -	\$ (5,196,270)	\$ -	\$ -	\$ -
Public safety	9,130,530	724,298	874,836	370,610	(7,160,786)	-	(7,160,786)	-	-	-
Public works	2,836,769	8,784	169,265	-	(2,658,720)	-	(2,658,720)	-	-	-
Culture and recreation	2,715,485	226,694	56,544	-	(2,432,247)	-	(2,432,247)	-	-	-
Cemetery	139,184	54,075	1,587	-	(83,522)	-	(83,522)	-	-	-
Economic development	192,747	-	-	-	(192,747)	-	(192,747)	-	-	-
Industrial development (Payment to DIA)	1,369,450	-	-	-	(1,369,450)	-	(1,369,450)	-	-	-
Community development (Payment to DCFA)	2,390,152	-	-	-	(2,390,152)	-	(2,390,152)	-	-	-
Tourism-Econ Dev (Payment to DTEDA)	440,019	-	-	-	(440,019)	-	(440,019)	-	-	-
Interest on long-term debt	34,061	-	-	-	(34,061)	-	(34,061)	-	-	-
Total governmental activities	25,117,446	1,401,430	1,387,432	370,610	(21,957,974)	-	(21,957,974)	-	-	-
Business-type activities										
Water	3,100,645	4,357,932	-	257,962	-	1,515,249	1,515,249	-	-	-
Sewer	2,600,316	2,537,643	-	290,834	-	228,161	228,161	-	-	-
Sanitation	3,843,945	5,626,227	-	-	-	1,782,282	1,782,282	-	-	-
Airport	2,088,963	1,466,554	-	227,385	-	(395,024)	(395,024)	-	-	-
Governmental interest on long-term debt	378,170	-	-	-	-	(378,170)	(378,170)	-	-	-
Total business-type activities	12,012,039	13,988,356	-	776,181	-	2,752,498	2,752,498	-	-	-
Total primary government	\$ 37,129,485	\$ 15,389,786	\$ 1,387,432	\$ 1,146,791	(21,957,974)	2,752,498	(19,205,476)	-	-	-
<b>Component Units</b>										
Industrial development	\$ 1,294,795	\$ -	\$ 6,000	\$ -				(1,288,795)	-	-
Community development	811,306	-	-	-				-	(811,306)	-
Tourism-Economic development	415,346	-	-	-				-	-	(415,346)
Total component units	\$ 2,521,447	\$ -	\$ 6,000	\$ -				(1,288,795)	(811,306)	(415,346)
<b>General revenues:</b>										
Taxes:										
Sales and use taxes					23,899,781	-	23,899,781	-	-	-
Franchise and public service taxes					1,389,695	-	1,389,695	-	-	-
E-911 taxes					437,743	-	437,743	-	-	-
Tourism taxes					440,019	-	440,019	-	-	-
Tax increment financing (TIF) taxes					1	-	1	-	-	-
Intergovernmental revenue not restricted to specific programs					855,508	-	855,508	-	-	-
Investment income					47,562	51,190	98,752	399	4,665	2,420
Miscellaneous					408,454	117,595	526,049	411,141	-	-
Payments received from primary government					-	-	-	1,369,450	2,390,152	440,019
Payments received from component unit					530,233	-	530,233	-	-	-
Transfers - internal activity					(1,236,696)	1,236,696	-	-	-	-
Total general revenues and transfers					26,772,300	1,405,481	28,177,781	1,780,990	2,394,817	442,439
Change in net position					4,814,326	4,157,979	8,972,305	492,195	1,583,511	27,093
Net position - beginning, restated					64,665,794	50,019,299	114,685,093	4,458,292	(2,388,863)	883,616
Net position - ending					\$ 69,480,120	\$ 54,177,278	\$ 123,657,398	\$ 4,950,487	\$ (805,352)	\$ 910,709

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**



**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Governmental Funds Balance Sheet - June 30, 2022**

	Special Revenue Funds				Capital Project Funds			
	General	1/4% Economic Development Fund	5/8% Sales Tax Education Fund	Durant Tax Increment Finance Authority	Capital Improvement Fund	1% Sales Tax Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 8,904,940	\$ 2,442,715	\$ -	\$ 869,651	\$ 6,257,756	\$ -	\$ 2,168,296	\$ 20,643,358
Investments	-	-	-	-	-	-	41,419	41,419
Receivables:								
Advance to component unit	-	2,850,000	-	-	-	-	-	2,850,000
Due from other funds	-	-	-	-	-	-	498	498
Due from other governments	1,723,121	162,039	456,450	257,997	602,426	648,161	324,866	4,175,060
Miscellaneous taxes receivable	135,922	-	-	-	-	-	41,759	177,681
Court fines receivable, net	66,402	-	-	-	-	-	-	66,402
Other receivables	24,390	-	-	-	-	-	54,063	78,453
Lease receivables	259,994	-	-	-	-	-	-	259,994
Total assets	<u>\$ 11,114,769</u>	<u>\$ 5,454,754</u>	<u>\$ 456,450</u>	<u>\$ 1,127,648</u>	<u>\$ 6,860,182</u>	<u>\$ 648,161</u>	<u>\$ 2,630,901</u>	<u>\$ 28,292,865</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:								
Liabilities:								
Accounts payable	\$ 363,977	\$ -	\$ -	\$ -	\$ 629,019	\$ -	\$ 1,708	\$ 994,704
Accrued payroll liabilities	511,661	-	-	-	-	-	23,164	534,825
Advance from DCUA	-	-	-	-	103,623	-	-	103,623
Due to other funds	498	-	-	-	-	-	-	498
Due to component unit	-	-	-	-	-	-	41,759	41,759
Due to other governments	7,167	-	-	-	-	-	-	7,167
Due to bondholders	387	-	-	-	-	-	-	387
Unearned revenue	201,577	-	-	-	2,436,292	-	-	2,637,869
Total liabilities	<u>1,085,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,168,934</u>	<u>-</u>	<u>66,631</u>	<u>4,320,832</u>
Deferred Inflows of Resources:								
Deferred inflows-leases	264,808	-	-	-	-	-	-	264,808
Unavailable revenue	111,286	-	-	43,889	77,718	-	788	233,681
Total deferred inflows of resources	<u>376,094</u>	<u>-</u>	<u>-</u>	<u>43,889</u>	<u>77,718</u>	<u>-</u>	<u>788</u>	<u>498,489</u>
Fund balances:								
Restricted	42,800	3,737,805	456,450	1,083,759	264,600	646,480	932,300	7,164,194
Assigned	2,442,695	1,716,949	-	-	3,348,930	1,681	1,631,182	9,141,437
Unassigned	7,167,913	-	-	-	-	-	-	7,167,913
Total fund balances	<u>9,653,408</u>	<u>5,454,754</u>	<u>456,450</u>	<u>1,083,759</u>	<u>3,613,530</u>	<u>648,161</u>	<u>2,563,482</u>	<u>23,473,544</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,114,769</u>	<u>\$ 5,454,754</u>	<u>\$ 456,450</u>	<u>\$ 1,127,648</u>	<u>\$ 6,860,182</u>	<u>\$ 648,161</u>	<u>\$ 2,630,901</u>	<u>\$ 28,292,865</u>

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2022**

	General Fund	Special Revenue Funds			Capital Project Funds		Other Governmental Funds	Total Governmental Funds
		1/4% Economic Development Fund	5/8% Sales Tax Education Fund	Durant Tax Increment Finance Authority	Capital Improvement Fund	1% Sales Tax Revenue Fund		
<b>REVENUES</b>								
Taxes	\$ 13,450,305	\$ 1,203,559	\$ 3,414,255	\$ 1,244,452	\$ -	\$ 4,814,239	\$ 3,289,097	\$ 27,415,907
Intergovernmental	1,594,937	-	-	-	1,580,075	-	5,466	3,180,478
Charges for services	280,342	-	-	-	-	-	102,838	383,180
Licenses and permits	361,554	-	-	-	-	-	-	361,554
Fines and forfeitures	568,878	-	-	-	-	-	-	568,878
Investment income	23,056	7,158	-	455	11,488	-	2,591	44,748
Miscellaneous	221,505	-	-	-	647,254	-	10,000	878,759
Total revenues	16,500,577	1,210,717	3,414,255	1,244,907	2,238,817	4,814,239	3,409,992	32,833,504
<b>EXPENDITURES</b>								
Current:								
General government	2,426,672	-	3,392,555	-	-	-	-	5,819,227
Public safety	10,049,716	-	-	-	-	-	628,422	10,678,138
Public works	1,534,094	-	-	-	-	-	-	1,534,094
Culture and recreation	2,208,925	-	-	-	-	-	-	2,208,925
Cemetery	130,219	-	-	-	-	-	-	130,219
Economic development	219,186	-	-	2,532,407	-	-	-	2,751,593
Capital outlay	115,660	-	-	-	6,542,668	-	72,250	6,730,578
Debt service:								
Principal	-	-	-	-	366,308	-	36,653	402,961
Interest and other charges	-	-	-	-	23,583	-	8,798	32,381
Total expenditures	16,684,472	-	3,392,555	2,532,407	6,932,559	-	746,123	30,288,116
Excess (deficiency) of revenues over (under) expenditures	(183,895)	1,210,717	21,700	(1,287,500)	(4,693,742)	4,814,239	2,663,869	2,545,388
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	4,830,357	-	-	-	5,148,497	-	561,260	10,540,114
Transfers out	(3,847,191)	-	-	-	(279,592)	(4,780,305)	(10,461)	(8,917,549)
Transfers from component unit	478,233	52,000	-	-	-	-	-	530,233
Transfers to component unit	-	(1,369,450)	-	-	-	-	(2,830,171)	(4,199,621)
Total other financing sources and uses	1,461,399	(1,317,450)	-	-	4,868,905	(4,780,305)	(2,279,372)	(2,046,823)
Net change in fund balances	1,277,504	(106,733)	21,700	(1,287,500)	175,163	33,934	384,497	498,565
Fund balances - beginning	8,375,904	5,561,487	434,750	2,371,259	3,438,367	614,227	2,178,985	22,974,979
Fund balances - ending	\$ 9,653,408	\$ 5,454,754	\$ 456,450	\$ 1,083,759	\$ 3,613,530	\$ 648,161	\$ 2,563,482	\$ 23,473,544

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Fund Balance – Net Position:**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:**

<b>Total fund balance, governmental funds</b>	\$ 23,473,544
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$88,541,763	51,353,691
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Certain long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:

Due from other governments	43,889
Grants receivable	91,966
Court fines receivable	97,826
	233,681

Certain other long-term assets are not current financial resources and, therefore, they, along with deferred outflows, are not reported in the funds:

Net pension asset	6,639,533
Pension related deferred outflows	3,024,377
	9,663,910

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. A portion of the net position of the internal service fund is included in governmental activities in the Statement of Net Position:

Net position of the Internal Service Funds	3,292,314
Internal service fund interfund balance resulting from net revenues reported in business-type activities	(1,001,012)
	2,291,302

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

Lease obligations	(251,898)
Notes Payable	(890,345)
Due to others - TIF Authority	(1,127,648)
Accrued compensated absences	(1,725,544)
Net pension liability	(4,406,774)
Pension related deferred inflows	(9,133,799)
	(17,536,008)

Net Position of Governmental Activities in the Statement of Net Position	\$ 69,480,120
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See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Changes in Fund Balances - Net Position Reconciliation:**

**Net change in fund balances - total governmental funds:** \$ 498,565

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 expense to allocate those expenditures over the life of the assets:

Capital assets contributed or transferred	6,429
Capital asset purchases capitalized	2,738,391
Depreciation expense	(2,979,030)
Amortization expense-leases	(145,144)
	<u>(379,354)</u>

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

Change in unavailable revenue	(1,213,793)
	<u>(1,213,793)</u>

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

2,643,079
<u>2,643,079</u>

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:

Lease payable principal payments	142,249
Debt principal payments	260,712
	<u>402,961</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in due to others-TIF Authority	2,531,951
Change in accrued compensated absences	132,282
	<u>2,664,233</u>

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. A portion of the change in net position of the internal service fund is included in governmental activities in the Statement of Net Position:

Total change in net position of the internal service funds	264,286
Net revenues (expenses) of the internal service fund reported in business-type activities	(65,651)
	<u>198,635</u>

**Change in net position of governmental activities** \$ 4,814,326

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Proprietary Funds Statement of Net Position - June 30, 2022**

	Enterprise Funds			
	Utility Authority Fund	Airport Authority Fund	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 6,035,674	\$ 1,065,529	\$ 7,101,203	\$ 3,744,640
Restricted cash and cash equivalents	11,793,143	-	11,793,143	-
Advance to other funds	402,003	-	402,003	-
Accounts receivable, net	1,944,839	29,810	1,974,649	-
Total current assets	20,175,659	1,095,339	21,270,998	3,744,640
Noncurrent assets:				
Lease receivable	728,959	549,550	1,278,509	-
Net pension asset	1,896,707	106,851	2,003,558	-
Capital assets:				
Land and other non-depreciable assets	7,832,290	853,955	8,686,245	-
Other capital assets, net of depreciation	34,235,185	14,451,700	48,686,885	313,926
Total noncurrent assets	44,693,141	15,962,056	60,655,197	313,926
Total assets	64,868,800	17,057,395	81,926,195	4,058,566
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred amounts related to pensions	253,724	15,470	269,194	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	222,124	120,013	342,137	23,301
Accrued payroll liabilities	158,587	12,152	170,739	13,889
Advance from DCUA	-	298,380	298,380	-
Accrued interest payable	243,202	-	243,202	-
Estimated liability for claims	-	-	-	507,042
Current portion of:				
Meter deposit liability	114,837	-	114,837	-
Lease obligations	-	5,051	5,051	54,862
Notes payable	2,037,000	47,617	2,084,617	-
Landfill closure liability	28,144	-	28,144	-
Accrued compensated absences	23,769	971	24,740	4,952
Total current liabilities	2,827,663	484,184	3,311,847	604,046
Noncurrent liabilities:				
Meter deposit liability	459,350	-	459,350	-
Lease obligations	-	25,851	25,851	117,636
Notes payable	21,429,574	144,635	21,574,209	-
Landfill closure liability	534,730	-	534,730	-
Accrued compensated absences	213,925	8,735	222,660	44,570
Total noncurrent liabilities	22,637,579	179,221	22,816,800	162,206
Total liabilities	25,465,242	663,405	26,128,647	766,252
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows-leases	713,528	547,807	1,261,335	-
Deferred amounts related to pensions	1,539,139	90,002	1,629,141	-
Total current liabilities	2,252,667	637,809	2,890,476	-
<b>NET POSITION</b>				
Net investment in capital assets	28,916,915	15,082,501	43,999,416	141,428
Restricted for debt service	659,740	-	659,740	-
Unrestricted	7,827,960	689,150	8,517,110	3,150,886
Total net position	\$ 37,404,615	\$ 15,771,651	53,176,266	\$ 3,292,314

Amounts reported for business-type activities in the Statement of Net Position are different because: Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. An interfund receivable or payable has been recorded in the business-type activities for its share of the net income or loss of the internal service funds.

Net position of the Internal Service Funds	1,001,012
Net position of business-type activities	\$ 54,177,278

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2022**

	<b>Enterprise Funds</b>			
	<b>Utility Authority Fund</b>	<b>Airport Authority Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services:				
Water charges	\$ 4,180,822	\$ -	\$ 4,180,822	\$ -
Sewer charges	2,448,022	-	2,448,022	-
Water and sewer taps	81,036	-	81,036	-
Penalties	98,676	-	98,676	-
Non-payment fees	152,545	-	152,545	-
Sanitation charges	4,386,359	-	4,386,359	-
Landfill gate fees	519,699	-	519,699	-
Lab tests	16,126	-	16,126	-
Airport	-	1,448,405	1,448,405	-
Rentals	117,595	-	117,595	-
Transfer station fees	599,880	-	599,880	-
Recyclable products	8,089	-	8,089	-
Self insurance charges	-	-	-	3,010,463
Miscellaneous	30,548	18,149	48,697	1,105,002
Total operating revenues	<u>12,639,397</u>	<u>1,466,554</u>	<u>14,105,951</u>	<u>4,115,465</u>
<b>OPERATING EXPENSES</b>				
Public works administration	333,780	-	333,780	-
Utility billing	449,701	-	449,701	-
Water/sewer line maintenance	860,586	-	860,586	-
Water treatment plant	1,018,160	-	1,018,160	-
Wastewater treatment	871,193	-	871,193	-
Collection - solid waste	1,015,576	-	1,015,576	-
General government	174,794	-	174,794	-
Lake Durant	37,942	-	37,942	-
Disposal - solid waste	1,842,349	-	1,842,349	-
Airport	-	1,280,393	1,280,393	-
Claims expense	-	-	-	3,818,913
Depreciation and amortization expense	2,574,851	750,982	3,325,833	77,714
Total operating expenses	<u>9,178,932</u>	<u>2,031,375</u>	<u>11,210,307</u>	<u>3,896,627</u>
Operating income (loss)	3,460,465	(564,821)	2,895,644	218,838
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	44,376	6,814	51,190	2,814
Interest expense and fiscal charges	(858,574)	(8,809)	(867,383)	(1,898)
Total non-operating revenue (expenses)	<u>(814,198)</u>	<u>(1,995)</u>	<u>(816,193)</u>	<u>916</u>
Net income (loss) before contributions and transfers	2,646,267	(566,816)	2,079,451	219,754
Capital contributions	3,366,512	268,930	3,635,442	84,532
Transfers in	2,956,368	351,360	3,307,728	-
Transfers out	(4,760,094)	(170,199)	(4,930,293)	(40,000)
Change in net position	4,209,053	(116,725)	4,092,328	264,286
Total net position - beginning, restated	33,195,562	15,888,376	49,083,938	3,028,028
Total net position - ending	<u>\$ 37,404,615</u>	<u>\$ 15,771,651</u>	<u>\$ 53,176,266</u>	<u>\$ 3,292,314</u>
Change in net position - enterprise funds			\$ 4,092,328	
Amounts reported for business-type activities in the Statement of Activities are different because: Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. An interfund receivable or payable has been recorded in the business-type activities for its share of the net income or loss of the				
Change in net position of the Internal Service Fund			65,651	
Change in the net position of the business-type activities			<u>\$ 4,157,979</u>	

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2022**

	Enterprise Funds			Internal Service Funds
	Utilities Authority Fund	Airport Authority Fund	Total Proprietary Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 13,089,265	\$ 1,457,432	\$ 14,546,697	\$ 4,115,465
Payments to suppliers	(3,213,766)	(977,419)	(4,191,185)	(3,569,237)
Payments to employees	(3,628,971)	(258,532)	(3,887,503)	(353,278)
Receipts of customer meter deposits	134,440	-	134,440	-
Refunds of customer meter deposits	(111,300)	-	(111,300)	-
Other receipts (payments)	72,920	(21,303)	51,617	-
Net Cash Provided by Operating Activities	6,342,588	200,178	6,542,766	192,950
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	2,956,368	351,360	3,307,728	-
Transfers to other funds	(4,760,094)	(170,199)	(4,930,293)	(3,768)
Net Cash Provided by (Used in) Noncapital Financing Activities	(1,803,726)	181,161	(1,622,565)	(3,768)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(113,861)	(49,922)	(163,783)	-
Proceeds from capital grant and contributions	-	82,000	82,000	-
Principal paid on capital debt	(2,435,179)	(45,887)	(2,481,066)	(5,245)
Principal paid on leases	-	-	-	(54,610)
Interest and fiscal charges paid on capital debt and leases	(872,695)	(8,809)	(881,504)	(1,898)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(3,421,735)	(22,618)	(3,444,353)	(61,753)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	44,376	6,814	51,190	2,814
Net Cash Provided by Investing Activities	44,376	6,814	51,190	2,814
<b>Net Increase in Cash and Cash Equivalents</b>	1,161,503	365,535	1,527,038	130,243
<b>Balances - beginning of the year</b>	16,667,314	699,994	17,367,308	3,614,397
<b>Balances - end of the year</b>	\$ 17,828,817	\$ 1,065,529	\$ 18,894,346	\$ 3,744,640
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 6,035,674	\$ 1,065,529	\$ 7,101,203	\$ 3,744,640
Current restricted cash and cash equivalents	11,793,143	-	11,793,143	-
	\$ 17,828,817	\$ 1,065,529	\$ 18,894,346	\$ 3,744,640
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 3,460,465	\$ (564,821)	\$ 2,895,644	\$ 218,838
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	2,574,851	750,982	3,325,833	77,714
Change in assets, liabilities and deferrals:				
Receivables	465,299	(7,379)	457,920	-
Advance to other funds	72,920	-	72,920	-
Lease receivable	(728,959)	(549,550)	(1,278,509)	-
Accounts payable	100,715	59,527	160,242	(1,765)
Accrued payroll liabilities	122,701	10,018	132,719	1,908
Advance from DCUA	-	(21,303)	(21,303)	-
Estimated liability for claims	-	-	-	(118,961)
Landfill closure liability	105,858	-	105,858	-
Meter deposit liability	23,140	-	23,140	-
Deferred inflows related to leases	713,528	547,807	1,261,335	-
Pension liability & related accounts	(553,267)	(32,687)	(585,954)	-
Accrued compensated absences	(14,663)	7,584	(7,079)	15,216
Net Cash Provided by Operating Activities	\$ 6,342,588	\$ 200,178	\$ 6,542,766	\$ 192,950
<b>Noncash activities:</b>				
Contributed capital assets received	\$ 3,366,512	\$ 209,930	\$ 3,576,442	\$ 84,532

See accompanying notes to the basic financial statements.



**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

**Footnotes to the Basic Financial Statements:**

**1. Financial Reporting Entity**

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

The City's financial reporting entity includes the primary government (City of Durant), blended component units, and discretely presented component units as follows:

**The City of Durant** –operates the public safety, culture and recreation, streets and public works, cemetery, and administrative activities

The City of Durant is a Council/Manager form of government with a population of approximately 18,589 located in Bryan County in southeastern Oklahoma. The City is governed by a five-member council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a five-member governing body elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is 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, culture and recreation, cemetery, streets and public works.

**Blended Component Units [City Council serves as governing body (trustees)]:**

**The Durant City Utility Authority** –operates the water, sewer, and sanitation facilities of the City.

**The Durant Library Authority** –operates to promote, own, construct, lease and finance charitable, scientific, literary or educational facilities or purposes.

**The Durant Airport Authority** –operates to develop, construct, plan, establish, install, and enlarge, improve, maintain, equip, operate, control and regulate air transportation facilities.

**The Durant Development Authority** –operates to stimulate economic growth and development of the City – would be reported as a blended component unit, but currently has no financial activity.

**The Durant Tax Increment Finance Authority** –operates to assist the Beneficiary, the State of Oklahoma, its Governmental Agencies, and private entities, agencies and citizens in implementing provisions of the Local Development Act.

**Discretely Presented Component Units [Separate governing body (trustees) from the City Council]:**

**The Durant Industrial Authority** –operates to finance, operate, construct and administer any public works improvements or facilities on behalf of the City

**Durant Community Facilities Authority** –operates to promote and develop public works projects or facilities, recreation and/or tourism, and educational opportunities.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**Durant Tourism Economic Development Authority** –operates to encourage, promote and foster tourism economic development.

Each of these component units are Public Trusts 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 of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved. These trusts issue debt in their name for the acquisition of assets that benefit both other governments and their own.

## **2. Basis of Presentation and Accounting**

### *Government-Wide Financial Statements:*

The statements of net position and activities are reported on the accrual basis of accounting and the 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. In accordance with the economic resources measurement focus, all assets and liabilities, both current and noncurrent are reported, along with any related deferred outflows and deferred inflows.

Program revenues within the Statement of Activities 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, Police, Animal Control, Court, and Civil Emergency Management – fines and forfeitures, restricted operating grants and restricted capital grants and contributions
- Public works –Streets and City Garage – commercial vehicle and gasoline excise tax shared by the State, sidewalk and street repair fees, operating grants and contributions
- Cemetery – cemetery openings/closings and interments, operating grants and contributions
- Culture and recreation – swimming pool fees, library fees, multi-sports complex fees, operating and capital grants and contributions
- General Government – license and permits, mowing fees, reports and copy fees, digital mapping fees, operating grants and contributions
- Economic Development – Tax increment financing (TIF) taxes and operating grants and contributions

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 are comprised of the following:  
Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds.

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022**

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*Special Revenue Funds:*

- 1/4 % Sales Tax Economic Development - accounts for one-quarter cent sales tax restricted for economic development.
- 5/8 % Sales Tax Education Fund - accounts for five-eighths cent sales tax restricted for Durant Public Schools for education capital projects.
- Durant Tax Increment Finance Authority - accounts for TIF taxes restricted for repayment of Tax Increment Revenue bonds.

*Capital Project Funds:*

- 1% Sales Tax Revenue Fund - accounts for revenues received from the third-penny city sales tax, earmarked for capital improvements and related debt service.
- Capital Improvement Fund - accounts for capital expenditures of all departments, in all funds. Receives transfers from other funds as its main revenue source.

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

*Special Revenue Funds:*

- Special 911 Tax Fund - accounts for the revenues received from the emergency service fees on telephone bills. Funds are used to pay monthly service charges for the enhanced 911 system. Remaining funds may be used for other emergency communications needs.
- R.L Williams Library Fund - accounts for revenues received from library fines, copies, memorials, etc. Funds are used for operations of the library.
- Drug Enforcement Fund - accounts for revenues received by police department from a proportionate distribution of funds related to property received from drug forfeitures. Funds are expended for purposes of surveillance, communications and related expenditures.
- 1/4 % Sales Tax M.S. Fund - accounts for one-quarter cent sales tax restricted for transfer to DCFA for multi-sports complex.
- 1/4 % Sales Tax SOSU Fund - accounts for one-quarter cent sales tax restricted for transfer to DCFA for SOSU capital projects.
- 5% Lodging Tourism Tax Fund – accounts for 5% lodging/tourism tax restricted for transfer to Durant Tourism Economic Development Authority (DTEDA)

*Capital Project Funds:*

- DWRF Community Center & Library Fund – accounts for donation revenue for community center & library project.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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- Cemetery Care Fund - accounts for the transfer of 12.5% of revenue from cemetery lot sales and interment fees, which, with the exception of interest earnings, may only be used to purchase additional land and for major capital improvements to the cemetery. Interest earnings in the fund are transferred to Cemetery Operations Account, which is combined with the General Fund for report purposes.
- CDBG Fund - accounts for Community Development Block Grant funds in accordance with state and federal program guidelines.

The governmental funds are reported on the modified accrual basis of accounting and current financial resources measurement focus. On 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.

The General Fund, 1% Sales Tax Revenue Fund, Capital Improvement Fund, 1/4% Sales Tax Economic Development Fund, 5/8% Sales Tax Education Fund, and Durant Tax Increment Finance Authority are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

*Proprietary Funds:*

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-type activities provided within the government. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The City's enterprise funds are the Durant City Utilities Authority, and Durant Airport Authority. The City's internal service funds include the Employee Health Fund, Worker's Compensation Fund, and the Info Tech Service Fund.

The Durant City Utilities Authority Fund and the Durant Airport Authority Fund are considered major funds and are therefore displayed in separate columns.

### **3. Cash, Cash Equivalents, Deposits and Investments**

For the purposes of the statement of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Revenue bond and promissory note trust account investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds' current share prices.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

Investments consist of non-negotiable certificates of deposit whose original maturity term exceeds three months and mutual funds. These non-negotiable certificates of deposit are carried at cost. Marketable investments are carried at fair value.

The City of Durant is governed by the deposit and investment limitations of state law. The deposits and investments held at June 30, 2022 are as follows:

**Deposits and Investments**

**PRIMARY GOVERNMENT:**

<u>Type of Deposits and Investments</u>	<u>Maturities</u>	<u>Carrying Value</u>
Demand deposits		\$31,196,100
Time deposit	02/04/23	41,419
Cash on hand		4,065
	<b><u>Credit Rating</u></b>	
Mutual Funds - First United Money Market	not rated	11,218,956
Mutual Funds - Blackrock Liq Fedfd-Csh Res	AAAm	863,223
<b>Total</b>		<b><u>\$43,323,763</u></b>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents		\$ 43,282,344
Investments		41,419
		<b><u>\$ 43,323,763</u></b>

**COMPONENT UNITS:**

**Durant Industrial Authority:**

<u>Type of Deposits and Investments</u>	<u>Maturities</u>	<u>Carrying Value</u>
Demand deposits		\$ 2,544,198
		<b><u>\$ 2,544,198</u></b>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents		\$ 2,544,198
		<b><u>\$ 2,544,198</u></b>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Durant Community Facilities Authority:**

<u>Type of Deposits and Investments</u>	<u>Carrying Value</u>
Demand deposits	\$ 2,276,490
	<b>Credit Rating</b>
Mutual Funds - Goldman Sachs Financial Sq Trsy Oblig	AAAm 245,091
<b>Total</b>	<b><u>\$ 2,521,581</u></b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 2,521,581
	<b><u>\$ 2,521,581</u></b>

**Durant Tourism Economic Development Authority:**

<u>Type of Deposits and Investments</u>	<u>Carrying Value</u>
Demand deposits	\$ 901,426
<b>Total</b>	<b><u>\$ 901,426</u></b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 901,426
	<b><u>\$ 901,426</u></b>

*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. 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. As of June 30, 2022, the City’s deposits were fully collateralized.

*Investment Interest Rate Risk* - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City’s only investments are in open ended mutual funds.

*Investment Credit Risk* – The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in:

- 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.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

- 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., d., and e.

*Concentration of Investment Credit Risk* - the City places no limit on the amount it may invest in any one issuer. The City had no investments in one issuer that exceeded the 10% threshold.

*Restricted Cash and Investments* - The amounts reported as restricted assets of the Enterprise Funds on the statement of net position are comprised of amounts held by the Durant City Utilities Authority and Durant Airport Authority for utility deposits (refunded upon termination of service or applied to final bill) and amounts held by the trustee bank related to debt activity. The restricted assets as of June 30, 2022 are as follows:

	Current Cash and cash Equivalents
Utility Deposits	\$ 574,187
OWRB Accounts (DCUA):	
2009A Principal Account	131,996
2009A Interest Account	68,523
2009B Principal Account	44,292
2009B Interest Account	23,606
2009B Construction Account	4
2010 Principal Account	55,599
2010 Interest Account	27,273
2012A Principal Account	12,235
2012A Interest Account	1,018
2012A Construction Account	14
2013 Principal Account	6,233
2013 Interest Account	3,725
2007 Revenue Account	4,701
2007 Project Account	78
2007 Principal Account	117,583
2007 Interest Account	33,479
2020 Construction Account	10,315,918
2020 Principal Account	243,564
2020 Interest Account	129,115
Total Restricted Assets	<u>\$ 11,793,143</u>



**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**4. Accounts and Leases Receivable**

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 police fines receivables.

	Receivable	Allowance for Bad Debts	Net Receivable
Governmental Activities:			
Court Fines Receivable	\$ 664,023	\$ (597,621)	\$ 66,402
Business-Type Activities:			
Airport Receivables	\$ 42,429	\$ (12,619)	\$ 29,810
Utility Receivables	\$ 2,569,535	\$ (624,696)	\$ 1,944,839

Lease Receivable – The City and DCUA/DAA as a lessor, have entered into lease agreements involving land and buildings. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$48,836 for governmental activities and \$133,524 for business-type activities. Lease receivable balances at June 30, 2022, were as follows:

	Governmental Lease Receivable
FBI - General Services Administration	\$ 123,722
Bryan County Government	79,197
GG&E - DAA	17,928
Matt Barnhill / 3B Grave Service LLC	39,147
	<u>\$ 259,994</u>
	Business-Type Lease Receivable
Verizon	\$ 88,484
T-Mobile	257,149
Trussworks	408,974
US Cellular	383,326
Air Evac EMS - DAA	34,452
Magnolia - DAA	106,124
	<u>\$ 1,278,509</u>

**5. Capital Assets and Depreciation**

*Capital Assets:*

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$5,000 is used to report capital assets with the exception of buildings and infrastructure assets which have a threshold of \$25,000. Capital assets are reported at actual or estimated historical cost. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003. Prior to July 1, 2003,

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

governmental funds' infrastructure assets, such as streets, bridges, drainage systems and traffic signal systems were not capitalized. Infrastructure assets acquired since that date are recorded at cost. Donated capital assets are recorded at their fair value at the date of donation. For the year ended June 30, 2022, capital assets balances changed as follows:

**Primary Government:**

	Balance at July 1, 2021	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2022
Governmental activities:				
Non-depreciable capital assets:				
Land	\$ 5,381,392	\$ -	\$ -	\$ 5,381,392
Construction-in-progress	1,594,454	1,744,078	(1,041,504)	2,297,028
Total non-depreciable assets at historical cost	6,975,846	1,744,078	(1,041,504)	7,678,420
Depreciable capital assets:				
Buildings	25,707,114	753,528	-	26,460,642
Improvements	4,452,629	-	-	4,452,629
Machinery and equipment	15,402,721	1,343,446	(216,782)	16,529,385
Infrastructure	84,686,343	-	-	84,686,343
Total depreciable assets at historical cost	130,248,807	2,096,974	(216,782)	132,128,999
Less accumulated depreciation				
Buildings	(8,028,299)	(645,659)	-	(8,673,958)
Improvements	(2,589,574)	(144,229)	-	(2,733,803)
Machinery and equipment	(10,242,214)	(823,750)	210,353	(10,855,611)
Infrastructure	(64,909,436)	(1,393,347)	-	(66,302,783)
Total accumulated depreciation	(85,769,523)	(3,006,985)	210,353	(88,566,155)
Lease assets:				
Machinery and equipment	-	592,474	-	592,474
Total lease assets being amortized	-	592,474	-	592,474
Less accumulated amortization				
Machinery and equipment	-	(190,237)	-	(190,237)
Total accumulated amortization	-	(190,237)	-	(190,237)
Total assets, net	44,479,284	(507,774)	(6,429)	43,965,081
Governmental activities assets, net	\$ 51,455,130	\$ 1,236,304	\$ (1,047,933)	\$ 51,643,501
Business-type activities:				
Non-depreciable capital assets:				
Land	\$ 2,674,435	\$ -	\$ -	\$ 2,674,435
Construction-in-progress	5,394,003	2,607,170	(1,989,363)	6,011,810
Total non-depreciable assets at historical cost	8,068,438	2,607,170	(1,989,363)	8,686,245
Depreciable capital assets:				
Buildings	33,568,297	-	-	33,568,297
Improvements	21,824,483	28,336	-	21,852,819
Machinery and equipment	12,999,129	2,694,416	-	15,693,545
Utility property and improvements	42,515,016	414,666	-	42,929,682
Total depreciable assets at historical cost	110,906,925	3,137,418	-	114,044,343
Less accumulated depreciation				
Buildings	(23,717,911)	(1,123,776)	-	(24,841,687)
Improvements	(10,111,908)	(604,482)	-	(10,716,390)
Machinery and equipment	(9,967,053)	(712,241)	-	(10,679,294)
Utility property and improvements	(18,250,655)	(896,900)	-	(19,147,555)
Total accumulated depreciation	(62,047,527)	(3,337,399)	-	(65,384,926)
Lease assets:				
Machinery and equipment	-	59,683	-	59,683
Total lease assets being amortized	-	59,683	-	59,683
Less accumulated amortization				
Machinery and equipment	-	(8,099)	-	(8,099)
Total accumulated amortization	-	(8,099)	-	(8,099)
Total assets, net	48,859,398	(148,397)	-	48,711,001
Business-type assets, net	\$ 56,927,836	\$ 2,458,773	\$ (1,989,363)	\$ 57,397,246

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Component Units:**

	Balance at July 1, 2021	Additions and Transfers	Deductions and Transfers	Balance at June 30, 2022
<b>COMPONENT UNITS:</b>				
<b>Durant Industrial Authority:</b>				
Non-depreciable:				
Land	\$ 1,875,565	\$ 288,402	\$ (1,078,592)	\$ 1,085,375
Total non-depreciable assets at historical cost	<u>1,875,565</u>	<u>288,402</u>	<u>(1,078,592)</u>	<u>1,085,375</u>
Depreciable:				
Utility property and improvements	17,664	5,000	(5,000)	17,664
Total depreciable assets at historical cost	<u>17,664</u>	<u>5,000</u>	<u>(5,000)</u>	<u>17,664</u>
Less accumulated depreciation				
Utility property and improvements	(2,504)	(442)	417	(2,529)
Total accumulated depreciation	<u>(2,504)</u>	<u>(442)</u>	<u>417</u>	<u>(2,529)</u>
Net depreciable assets	<u>15,160</u>	<u>4,558</u>	<u>(4,583)</u>	<u>15,135</u>
Durant Industrial Authority capital assets, net	<u>\$ 1,890,725</u>	<u>\$ 292,960</u>	<u>\$ (1,083,175)</u>	<u>\$ 1,100,510</u>
<b>Durant Community Facilities Authority:</b>				
Non-depreciable:				
Land	\$ 266,000	\$ -	\$ -	\$ 266,000
Durant Community Facilities Authority capital assets, net	<u>\$ 266,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,000</u>

*Depreciation/Amortization:*

Depreciable capital assets are depreciated on a straight-line basis over useful lives. The range of estimated useful lives by type of asset is as follows: Buildings 20-40 years, Improvements other than buildings 20-50 years, Machinery and equipment 3-15 years, and Infrastructure 30-40 years.

Depreciation/amortization 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. Leased assets are amortized over the life of the associated contract. Depreciation/amortization expense has been allocated as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 189,088	Water	\$ 804,941
Public safety	639,556	Sewer	1,159,563
Public works	1,477,411	Sanitation	610,347
Culture and recreation	691,965	Airport	747,548
Cemetery	8,965	Total depr/amort expense	<u>\$ 3,322,399</u>
Total depr/amort expense	<u>\$ 3,006,985</u>		
Transfers - accumulated depr.	-	Transfers - accumulated depr.	15,000
Total accumulated depr/amort	<u>\$ 3,006,985</u>	Total accumulated depr/amort	<u>\$ 3,337,399</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

## 6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within a Year</u>
<b>Governmental Activities:</b>					
Notes Payable - Direct Borrowings/Placements	\$ 1,156,302	\$ -	\$ 265,957	\$ 890,345	\$ 227,816
Lease Obligations	-	592,474	192,281	400,193	192,995
Accrued Compensated Absences	1,892,132	189,214	306,280	1,775,066	177,506
Total Governmental Activities	<u>\$ 3,048,434</u>	<u>\$ 781,688</u>	<u>\$ 764,518</u>	<u>\$ 3,065,604</u>	<u>\$ 598,317</u>
Plus: Net Pension Liability				4,406,774	
				<u>\$ 7,472,378</u>	
<b>Business-type Activities:</b>					
Notes Payable - Direct Borrowings/Placements	\$ 26,139,892	\$ -	\$ 2,481,066	\$ 23,658,826	\$ 2,084,617
Lease Obligations	-	59,683	4,578	55,105	9,648
Landfill Closure Liability	457,016	105,858	-	562,874	28,144
Meter Deposit Liability	551,047	134,440	111,300	574,187	114,837
Accrued Compensated Absences	254,479	25,448	32,527	247,400	24,740
Total Business-Type Activities	<u>\$ 27,402,434</u>	<u>\$ 325,429</u>	<u>\$ 2,629,471</u>	<u>\$ 25,098,392</u>	<u>\$ 2,261,986</u>
Plus: Net Pension Liability				-	
				<u>\$ 25,098,392</u>	
<b>Component Unit Debt:</b>					
<b>Durant Industrial Authority:</b>					
Notes Payable - Direct Borrowings/Placements	\$ 642,724	\$ -	\$ 147,518	\$ 495,206	\$ 130,238
Accrued Compensated Absences	2,375	2,463	-	4,838	484
Total Durant Industrial Authority	<u>645,099</u>	<u>2,463</u>	<u>147,518</u>	<u>500,044</u>	<u>130,722</u>
<b>Durant Community Facilities Authority:</b>					
Notes Payable - Direct Borrowings/Placements	\$ 331,420	\$ -	\$ 92,894	\$ 238,526	\$ 98,138
Revenue Bonds Payable	4,870,000	-	1,320,000	3,550,000	1,380,000
Total Durant Community Facilities Authority	<u>5,201,420</u>	<u>-</u>	<u>1,412,894</u>	<u>3,788,526</u>	<u>1,478,138</u>
Total Component Unit Debt	<u>\$ 5,846,519</u>	<u>\$ 2,463</u>	<u>\$ 1,560,412</u>	<u>\$ 4,288,570</u>	<u>\$ 1,608,860</u>

*Governmental activities long-term debt:*

### Notes Payable:

\$200,230 notes payable with First United Bank for a rescue pumper, payable in monthly installments of \$3,586, final payment due August 20, 2022, with interest at 2.85%	\$3,107
\$283,169 notes payable with Motorola for 911 equipment, payable in annual installments of \$45,451, final payment due December 31, 2025, with interest at 4.07%	179,517
\$499,590 notes payable with American Nation Bank for fire truck, payable in monthly installments of \$4,700, final payment due February 25, 2031, with interest at 2.375%	440,702
\$231,562 notes payable with Vision Bank for 5 police vehicles, payable in monthly installments of \$4,087, final payment due February 20, 2026, with interest at 2.251%	172,328
\$284,150 notes payable with Motorola for police body cameras, payable in annual installments of \$97,455, final payment due September 8, 2022, with interest at 2.882%	<u>94,691</u>
Total Notes Payable	<u>\$ 890,345</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

Current portion	\$ 227,816
Non-current portion	<u>662,529</u>
Total Notes Payable	<u>\$ 890,345</u>

Lease Obligations:

Current portion	\$ 192,995
Non-current portion	<u>207,198</u>
Total Lease Obligations	<u>\$400,193</u>

Accrued Compensated Absences:

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

Current portion	\$ 177,506
Non-current portion	<u>1,597,560</u>
Total Accrued Compensated Absences	<u>\$1,775,066</u>

Net Pension Liability:

Current portion	\$ -
Non-current portion	<u>4,406,774</u>
Total Net Pension Liability	<u>\$4,406,774</u>

*Business-type activities long-term debt:*

Notes Payable - Direct Borrowings/Placements:

Note Payable (DCUA) to Oklahoma Water Resources Board dated June 18, 2019, original amount of \$4,000,000 with an annual interest rate of 1.51%, admin fee of 0.5%, due in semi-annual principal installments each March 15 and September 15 of \$100,000 beginning September 15, 2020, final installment due March 15, 2040. Collateral for this note is a pledge of revenues. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Borrower contained in this Loan Agreement or in the Local Note; 2) accelerate the payment of principal of and interest accrued on the Local Note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the Local Note and any other Borrower indebtedness; 4) file suit to enforce or enjoin the action or inaction of the parties under the provisions of this Loan Agreement.

\$1,213,374

Note Payable (DCUA) to Oklahoma Water Resources Board dated June 1, 2020, original amount of \$12,935,000 with an annual interest rate of 1.2%, admin fee of 0.5%, due in semi-annual principal installments each March 15 and September 15 ranging from \$1,000 to \$612,000, beginning March 15, 2022, final installment due September 15, 2041. Collateral for this note is a pledge of revenues. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Borrower contained in this Loan Agreement or in the Local Note; 2) accelerate the payment of principal of and interest accrued on the Local Note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the Local Note and any other Borrower indebtedness; 4) file suit to enforce or enjoin the action or inaction of the parties under the provisions of this Loan Agreement.

263,200

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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Note Payable (DAA) to Vision Bank dated May 2, 2016, original amount of \$450,000 with an annual interest rate of 3.706%, due in monthly installments of \$4,493, final installment due May 1, 2026. The Note is unsecured. In the event of default, the lender may declare the entire principal amount of the Note and the accrued interest due and payable immediately. 192,252

Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated August 28, 2007, original amount of \$5,610,000 with an annual interest rate of 4.49%, due in semi-annual installments with principal ranging from \$80,000 to \$215,000, final installment due September 1, 2027. The collateral for this note is a pledge of revenues. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the note; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture. 2,075,000

Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated September 1, 2009, original amount of \$6,000,000 with an annual interest rate of 4.45%, due in semi-annual installments with principal ranging from \$90,000 to \$255,000, final installment due September 1, 2029. The collateral for this note is a pledge of revenues. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the note; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture. 2,925,000

Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated September 1, 2009, original amount of \$2,000,000 with an annual interest rate of 4.589%, due in semi-annual installments with principal ranging from \$25,000 to \$75,000, final installment due September 1, 2029. The collateral for this note is a pledge of revenues. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the note; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture. 975,000

Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated November 1, 2010, original amount of \$6,000,000 with an annual interest rate of 3.95%, due in semi-annual installments with principal ranging from \$100,000 to \$215,000, final installment due November 1, 2030. The collateral for this note is a pledge of sales tax and gross revenues of the system and a security interest in the lease agreement. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the note; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture. 3,130,000

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

---

Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated April 23, 2020, original amount of \$13,280,000 with an annual interest rate of 3.00%, due in semi-annual installments with principal ranging from \$10,000 to \$625,000, final installment due March 1, 2035. The collateral for this note is a pledge of sales tax and gross revenues of the system and a security interest in the lease agreement. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the note; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture.

12,885,000

Total Notes Payable (Direct Borrowings/Placements)

\$23,658,826

Current portion

\$2,084,617

Non-current portion

21,574,209

Total Notes Payable (Direct Borrowings/Placements)

\$23,658,826

Lease Obligations:

Current portion

\$ 9,648

Non-current portion

45,457

Total Lease Obligations

\$55,105

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation, holiday and compensatory time leave.

Current portion

\$24,740

Non-current portion

222,660

Total Accrued Compensated Absences

\$247,400

Meter Deposit Liability:

Meter deposit liability reported in the business-type activities:

Current portion

\$114,837

Non-current portion

459,350

Total Meter Deposit Liability

\$574,187

Landfill Closure Liability:

Landfill closure liability reported in the business-type activities:

Current portion

\$28,144

Non-current portion

534,730

Total Landfill Closure Liability

\$562,874

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

---

*Component Unit long-term debt:*

Notes Payable (DIA) – Direct Borrowings/Placements:

Notes payable of the Durant Industrial Authority to ODOC dated February 23, 2000, original amount of \$300,000 with an annual interest rate of 0%, due in monthly installments of \$1,250, final installment due February 1, 2023. The collateral for this note is a pledge of water and wastewater revenues. In the event of default, the lender may: 1) declare the entire principal amount of the Note and the accrued interest due and payable immediately. 2) charge a default rate of interest at 6% above the set per annum rate 3) charge a late fee not to exceed an amount equal to \$0.04 per each dollar of each payment not paid w/in 10 days of due date (not applicable if option #2 is elected) 4) charge a fee for collection costs. \$7,500

Notes payable of the Durant Industrial Authority to ODOC dated April 29, 2004, original amount of \$400,000 with an annual interest rate of 0%, due in monthly installments of \$1,667, final installment due January 1, 2025. The collateral for this note is a pledge of utility revenues. In the event of default, the lender may: 1) declare the entire principal amount of the Note and the accrued interest due and payable immediately. 2) charge a default rate of interest at 6% above the set per annum rate 3) charge a late fee not to exceed an amount equal to \$0.04 per each dollar of each payment not paid w/in 10 days of due date (not applicable if option #2 is elected) 4) charge a fee for collection costs. 48,333

Notes payable of the Durant Industrial Authority to ODOC dated May 8, 2003, original amount of \$500,000 with an annual interest rate of 0%, due in monthly installments of \$2,083, final installment due January 1, 2024. The collateral for this note is a pledge of utility revenues. In the event of default, the lender may: 1) declare the entire principal amount of the Note and the accrued interest due and payable immediately. 2) charge a default rate of interest at 6% above the set per annum rate 3) charge a late fee not to exceed an amount equal to \$0.04 per each dollar of each payment not paid w/in 10 days of due date (not applicable if option #2 is elected) 4) charge a fee for collection costs. 35,415

Note Payable of the Durant Industrial Authority to private individuals dated February 20, 2003, for land, original amount of \$700,000 with an annual interest rate of 5.5%, due in monthly installments of \$4,815, final installment due February 20, 2023. There is no collateral for this note. In the event of default, the lender may declare the entire principal amount of the Note and the accrued interest due and payable immediately. 37,740

Notes payable of the Durant Industrial Authority to ODOC dated August 25, 2006, original amount of \$400,000 with an annual interest rate of 0%, due in monthly installments of \$1,667, final installment due December 1, 2026. The collateral for this note is a pledge of utility revenues. In the event of default, the lender may: 1) declare the entire principal amount of the Note and the accrued interest due and payable immediately. 2) charge a default rate of interest at 6% above the set per annum rate 3) charge a late fee not to exceed an amount equal to \$0.04 per each dollar of each payment not paid w/in 10 days of due date (not applicable if option #2 is elected) 4) charge a fee for collection costs. 262,895

Notes payable of the Durant Industrial Authority to ODOC dated November 8, 2006, original amount of \$399,956 with an annual interest rate of 0%, due in monthly installments of \$1,666, final installment due September 1, 2027. The collateral for this note is a pledge of utility revenues. In the event of default, the lender may: 1) declare the entire principal amount of the Note and the accrued interest due and payable immediately. 2) charge a default rate of interest at 6% above the set per annum rate 3) charge a late fee not to exceed an amount equal to \$0.04 per each dollar of each payment not paid w/in 10 days of due date (not applicable if option #2 is elected) 4) charge a fee for collection costs. 103,323

\$495,206



**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

Current portion	\$ 130,238
Non-current portion	<u>364,968</u>
Total Notes Payable (Direct Borrowings/Placements)	<u>\$495,206</u>

Accrued Compensated Absences (DIA):

Accrued compensated absences reported in the component unit activities are comprised of accrued vacation, holiday and compensatory time leave.

Current portion	\$484
Non-current portion	<u>4,354</u>
Total Accrued Compensated Absences	<u>\$4,838</u>

Notes Payable (DCFA) – Direct Borrowing/Placement:

Sales Tax Revenue Note (DCFA) to First United Bank dated February 1, 2007, original amount of \$1,275,000 with an annual interest rate of 5.6%, due in monthly installments of \$9,099, final installment due October 30, 2024. Final draw-downs equal \$1,085,320. Collateral for this note is a pledge sales tax revenues. In the event of default, the lender may: 1) pursue any available remedy at law or equity by suit, action, foreclosure, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the indebtedness then Outstanding; 2) enforce and compel the performance of the duties and obligations of the Authority as set for within the Note.

\$ 238,526

Current portion	\$ 98,138
Non-current portion	<u>140,388</u>
Total Notes Payable (Direct Borrowing/Placement)	<u>\$ 238,526</u>

Revenue Bonds Payable (DCFA):

Refunding revenue bonds payable of the Durant Community Facilities Authority dated December 22, 2011, original amount of \$14,115,000 with an annual interest rate of 3.1%, due in semi-annual principal installments each May 1 and November 1 ranging from \$350,000 to \$735,000 beginning November 1, 2012, final installment due November 1, 2024.

\$ 3,550,000

Current portion	\$1,380,000
Non-current portion	<u>2,170,000</u>
Total Revenue Bonds Payable	<u>\$3,550,000</u>

*Long-term debt service requirements to maturity:*

Year Ending June 30,	Governmental Activities			
	Notes Payable - Direct Borrowings/Placements		Lease Obligations	
	Principal	Interest	Principal	Interest
2023	\$ 227,816	\$ 23,659	\$ 192,995	\$ 1,978
2024	133,720	17,168	118,328	1,057
2025	137,594	13,294	37,436	586
2026	142,531	9,376	23,614	366
2027	50,968	5,429	23,827	152
2028-2031	<u>197,716</u>	<u>9,071</u>	<u>3,993</u>	<u>5</u>
Total	<u>\$ 890,345</u>	<u>\$ 77,997</u>	<u>\$ 400,193</u>	<u>\$ 4,144</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

<b>Business-Type Activities</b>				
<u>Year Ending June 30,</u>	<u>Notes Payable - Direct Borrowings/Placements</u>		<u>Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,084,617	\$ 1,018,766	\$ 9,648	\$ 348
2024	2,161,412	942,732	20,147	249
2025	2,243,274	861,609	15,023	135
2026	2,310,949	778,619	4,723	73
2027	2,347,000	693,355	4,766	31
2028-2032	10,770,374	2,303,081	798	1
2033-2037	9,081,000	914,439	-	-
2038-2042	5,331,000	232,615	-	-
Subtotal	\$ 36,329,626	\$ 7,745,216	\$ 55,105	\$ 837
Less: Amount not yet drawn	(12,670,800)			
Total	\$ 23,658,826			

<b>Component Units</b>		
<u>Durant Industrial Authority</u>		
<u>Year Ending June 30,</u>	<u>Notes Payable-Direct Borrowings/Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 130,238	\$ 782
2024	70,413	-
2025	48,331	-
2026	39,998	-
2027	39,998	-
2028-2032	103,334	-
2033-2035	62,894	-
Total	\$ 495,206	\$ 782

<b>Durant Community Facilities Authority</b>				
<u>Year Ending June 30,</u>	<u>Notes Payable-Direct Borrowings/Placements</u>		<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 98,138	\$ 11,049	\$ 1,380,000	\$ 99,510
2024	103,844	5,342	1,435,000	56,343
2025	36,544	450	735,000	11,392
Total	\$ 238,526	\$ 16,841	\$ 3,550,000	\$ 167,245

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Component Unit – Conduit Debt:**

<u>Original Debt</u>	<u>Project</u>	<u>Remaining Principal</u>
<b>Durant Tax Increment Finance Authority:</b>		
Durant TIF Authority Rev Bonds 2017A \$ 20,433,380	(1) Commercial Metals Co mill site	\$ 12,829,563
Durant TIF Authority Rev Bonds 2017B \$ 3,100,000	(1) Commercial Metals Co mill site	3,100,000

*(1) Commercial Metals Co mill site Tax Apportionment Bonds*

The Tax Apportionment Bonds were issued to fund reimbursement of a portion of the projected plant construction and equipping costs of a technologically advanced processing building having the operational capability of producing steel products. The TIF Bonds were issued in two series, with the senior series purchased by a group of banking institutions with locations in the City and the junior series purchased by Durant Industrial Authority (DIA). The TIF Bonds would not be a general obligation bond of the City and would not be recourse to the City. The TIF Bonds would be secured only by the TIF Revenues. The TIF Revenues would be limited to the amount of the incentive provided to the Company, plus any amounts necessary (i) to pay interest and other financing costs, including costs of issuance, as well as to fund any capitalized interest and reasonably required reserves associated with the TIF Bonds, and/or (ii) to pay or reimburse the costs incurred or to be incurred by or on behalf of the City or the TIF Trust in implementing and administering this Project Plan. The City began receiving incremental taxes in 2018. These are paid to the trustee bank to be applied to the debt. If the incremental taxes are insufficient to service the debt, the Durant TIF Authority has no further liability. The apportionment of the TIF Revenues shall begin on the effective date of the debt, or July 3, 2017, and shall continue for that period required for the payment of the TIP Costs, or a period not to exceed twenty-five (25) full fiscal years, whichever is less. It is expected that TIP Revenues generated during the initial sixteen (16) years following the Effective Date will be sufficient to pay all TIF Costs and that the Increment District would terminate at such time.

*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 for eight years after closure. Although 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 Utilities 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 \$562,874 reported as accrued landfill closure cost liability at June 30, 2022, represents the cumulative amount of such costs reported to date based on the use of 85.37% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$96,432 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 2022. The Authority expects to close the landfill in the year 2023 and actual costs may be higher or lower at that time due to inflation, changes in technology or changes in regulations.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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The City has qualified under the Department of Environmental Quality (DEQ) financial assurance test relating to these future closure and post-closure care 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 these costs.

**Pledge of Future Revenues**

*Sales Tax and Utility Net Revenues Pledge* - The City has pledged, for debt covenant coverage purposes, three cents (or 69%) of future sales tax revenues, and net utility revenues to repay the \$6,000,000 of the 2010 Sales Tax and Utility Revenue Note, \$6,000,000 of the 2009A Sales Tax and Utility Revenue Note, \$2,000,000 of the 2009B Sales Tax and Utility Revenue Note, \$5,610,000 of the 2007 Sales Tax Revenue Note, \$4,000,000 of the 2019 OWRB ORF Note, \$12,935,000 of the 2020 OWRB ORF Note, and \$13,280,000 of the 2020 Sales Tax & Utility Revenue Note. Proceeds from the notes provided for the purchase or construction of capital assets. The notes are payable from the pledged sales tax revenues and net utility revenues. The notes are payable through 2030, 2029, 2029, 2027, 2040, 2041 and 2035 respectively. The total principal and interest, including amounts not yet drawn as of June 30, 2022, payable for the remainder of the life of these notes are \$43,868,409. Pledged sales taxes in the current year were \$14,442,716 and net utility revenues and interest were \$3,106,776. Maximum annual debt service payments of \$4,233,401 for the applicable debt were 24.1% of pledged sales taxes and net utility revenues.

*Sales Tax Revenue Pledge – Component Unit (DCFA)* – The City has pledged one-half cent of future sales tax revenues to repay the \$14,115,000 of the 2011 Refunding Sales Tax Revenue Bonds and the \$1,275,000 of the 2007 Sales Tax Revenue Note. Proceeds from the notes provided for the purchase or construction of capital assets. The notes are payable from the pledged sales tax revenue. The notes are payable through 2024 and 2025. The total principal and interest for the remainder of the life of these notes are \$3,972,612. Pledged sales taxes received in the current year were \$2,390,152. Current annual debt service payments of \$1,572,314 for the applicable debt were 65.8% of pledged and transferred sales taxes.

**7. Net Position and Fund Balances**

*Net Position:*

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

- a. *Net investment in capital assets* - Consists of capital assets and related accounts, 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.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022**

---

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.

*Fund Balances*

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

- 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 place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance. The City currently reports no committed fund balance. Public trusts reported as governmental funds use a resolution as their highest level of decision-making authority.
- d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of 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.

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

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

	General Fund	1/4% Economic Development Fund	5/8% Sales Tax Education Fund	Durant Tax Increment Finance Authority	Capital Improvement Fund	1% Sales Tax Revenue Fund	Other Governmental Funds	Total
Fund Balance:								
Restricted For:								
Economic development	\$ -	\$ 3,737,805	\$ -	\$ 1,083,759	\$ -	\$ -	\$ -	\$ 4,821,564
Education	-	-	456,450	-	-	-	-	456,450
Capital improvements and debt service	-	-	-	-	264,600	646,480	305,274	1,216,354
Cemetery	-	-	-	-	-	-	125,934	125,934
Multi-sports complex	-	-	-	-	-	-	162,039	162,039
SOSU capital projects	-	-	-	-	-	-	162,039	162,039
Public safety	-	-	-	-	-	-	3,628	3,628
Nutrition	40,000	-	-	-	-	-	-	40,000
Community center & library	-	-	-	-	-	-	127,533	127,533
Library	2,800	-	-	-	-	-	45,853	48,653
Sub-total Restricted	42,800	3,737,805	456,450	1,083,759	264,600	646,480	932,300	7,164,194
Assigned to:								
Economic development	-	1,716,949	-	-	-	-	-	1,716,949
Capital improvements and debt service	-	-	-	-	3,348,930	1,681	-	3,350,611
Public safety	-	-	-	-	-	-	146	146
Community center & library	-	-	-	-	-	-	805,003	805,003
Library	-	-	-	-	-	-	2,644	2,644
Insurance	174,863	-	-	-	-	-	-	174,863
Christmas lighting	1,026	-	-	-	-	-	-	1,026
Beautification	112,634	-	-	-	-	-	-	112,634
Cemetery	83,710	-	-	-	-	-	21,640	105,350
Recreation	350,462	-	-	-	-	-	-	350,462
E911 services	-	-	-	-	-	-	801,749	801,749
Budget balancing purposes	1,720,000	-	-	-	-	-	-	1,720,000
Sub-total Assigned	2,442,695	1,716,949	-	-	3,348,930	1,681	1,631,182	9,141,437
Unassigned	7,167,913	-	-	-	-	-	-	7,167,913
Total Fund Balance	\$ 9,653,408	\$ 5,454,754	\$ 456,450	\$ 1,083,759	\$ 3,613,530	\$ 648,161	\$ 2,563,482	\$ 23,473,544

## Restricted Net Position – Governmental Activities

The following table shows the net position restricted for other purposes as shown on the Government-Wide Statement of Net Position:

Fund	Restricted By	Amount
1/4% Economic Development Fund	Enabling legislation	\$ 3,737,805
5/8% Sales Tax Education Fund	Enabling legislation	456,450
1% Sales Tax Revenue Fund	Enabling legislation	646,480
1/4% Sales Tax M.S. Fund	Enabling legislation	162,039
1/4% Sales Tax SOSU Fund	Enabling legislation	162,039
General Fund	External parties	42,800
Capital Improvement Fund	External parties	264,600
DWRF Community Center & Library Fund	External parties	127,533
R.L. Williams Library Fund	External parties	45,853
CDBG Grant Fund	External parties	305,274
Drug Enforcement Fund	State statutes and/or debt indentures	3,628
Cemetery Care Fund	State statutes and/or debt indentures	125,934
		<u>\$ 6,080,435</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**8. 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, 2022 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	Capital Improvement	\$3,017,500	Capital purchase
General Fund	Special 911 Tax Fund	561,260	Operational subsidy
General Fund	Durant City Utilities Authority	77,600	Reimbursement of expenses
General Fund	Durant Airport Authority Fund	190,831	Operational subsidy
1% Sales Tax Revenue Fund	Capital Improvement	2,120,997	Capital projects/debt service
1% Sales Tax Revenue Fund	Durant City Utilities Authority	2,659,308	Sales tax transfer
Capital Improvement Fund	General Fund	225,000	Reimbursement of expenses
Capital Improvement Fund	Durant City Utilities Authority	54,592	Debt payments
Special 911 Tax Fund	General Fund	5,922	Operational subsidy
Cemetery Care Fund	General Fund	200	Cemetery annual interest
CDBG Fund	Durant City Utilities Authority	4,339	City match for capital project
Durant Airport Authority Fund	General Fund	9,670	Reimbursement of expenses
Durant Airport Authority Fund	Durant City Utilities Authority	160,529	Debt payments
Durant City Utilities Authority	General Fund	4,355,261	Sales tax transfer
Durant City Utilities Authority	Capital Improvement	10,000	Operational subsidy
Durant City Utilities Authority	Durant Airport Authority Fund	160,529	Debt payments
Durant City Utilities Authority	General Fund	234,304	Reimbursement of expenses
		<u>\$ 13,847,842</u>	

**Reconciliation to fund financial statements:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 10,540,114	\$ (8,917,549)	\$ 1,622,565
Enterprise Funds	3,307,728	(4,930,293)	(1,622,565)
Total	<u>\$ 13,847,842</u>	<u>\$ (13,847,842)</u>	<u>\$ -</u>

**Reconciliation to statement of activities:**

	<u>Governmental</u>	<u>Business-Type</u>
Net transfers	\$ 1,622,565	\$ (1,622,565)
Reclassification of capital asset activity	(3,576,442)	3,576,442
Reclassification of activities at the govt-wide statements	717,181	(717,181)
Total Transfers - Internal Activity	<u>\$ (1,236,696)</u>	<u>\$ 1,236,696</u>

*Interfund Balances:*

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
E911 Fund	General Fund	\$ 498	Service fees initially posted to wrong account
Total		<u>\$ 498</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Internal Service Funds</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 498	\$ (498)	\$ (1,001,099)	\$ (1,001,099)
Proprietary Funds	-	-	1,001,099	1,001,099
Total	<u>\$ 498</u>	<u>\$ (498)</u>	<u>\$ -</u>	<u>\$ -</u>

## **9. Sales and Property Tax**

### *Sales Tax:*

The City levies a 4.375 cent sales tax on each dollar of taxable sales of which is recorded as follows:

- 2 cents recorded as revenue within the General Fund then transferred to the Durant City Utilities Authority for pledging purposes as required by resolution. Any unused portion is transferred back to the General Fund.
- 1 cent recorded as revenue within the 1% Sales Tax Revenue Fund then transferred to the Durant City Utilities Authority as required by bond indenture for debt service. Any unused portion is transferred back to the 1% Sales Tax Revenue Fund.
- 1/4 cent recorded as revenue within the 1/4 % Sales Tax Economic Development Fund to be used for economic development.
- 1/4 cent recorded as revenue within the 1/4 % Sales Tax M.S. Fund to be transferred to the Durant Community Facilities Authority for debt service.
- 1/4 cent recorded as revenue within the 1/4 % Sales Tax S.O.S.U. Fund to be transferred to the Durant Community Facilities Authority for debt service.
- 5/8 cent recorded as revenue within the 5/8% Sales Tax Education Fund to be transferred to and used by Durant Public Schools for education-related capital projects.

### *Property Tax:*

The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

## **10. 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; and natural disasters. The City manages these various risks of loss by securing commercial insurance for general liability and physical property and being self-insured for workers compensation. For workers compensation, the City has a third-party administrator for the claims process. Claims Administrative Services and the City signed an agreement for these services, effective November 22, 2011. Management believes such insurance coverage is sufficient to preclude any significant losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

### *Claims Liability Analysis – Internal Service Funds:*

The claims liabilities related to the risks of loss that are retained reports a liability for claims 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. Such accrued losses include an estimated liability for incurred but not reported claims based on past historical experience.



**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

For the risk management internal service self-insurance funds, changes in the estimated claims liability for the City from July 1, 2019, to June 30, 2022, are as follows:

	Employee Health	Worker's Compensation	Total Internal Service
Claims liability, June 30, 2019	\$ -	\$ 765,154	\$ 765,154
Claims incurred and changes in estimates	2,699,321	181,605	2,880,926
Claims paid	(2,699,321)	(267,648)	(2,966,969)
Claims liability, June 30, 2020	-	679,111	679,111
Claims incurred and changes in estimates	2,539,632	199,714	2,739,346
Claims paid	(2,539,632)	(252,822)	(2,792,454)
Claims liability, June 30, 2021	-	626,003	626,003
Claims incurred and changes in estimates	2,550,077	484,232	3,034,309
Claims paid	(2,550,077)	(603,193)	(3,153,270)
Claims liability, June 30, 2022	\$ -	\$ 507,042	\$ 507,042
Assets available to pay claims at June 30, 2022	\$ 2,523,392	\$ 691,899	\$ 3,215,291

## 11. 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 Durant participates in various federal or state grant/loan programs from year to year. In 2022, 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.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**12. Outstanding Notes Receivable – City and Component Units**

The component units have five outstanding notes receivable as of June 30, 2022.

The Durant Industrial Authority executed a \$400,000 note receivable in April 2004 with Cardinal FG Company at a zero percent (0%) interest rate, due in 240 monthly installments of \$1,667, maturity date January 2025	\$52,359
The Durant Industrial Authority executed a \$399,956 note receivable in November 2006 with Eagle Suspensions, Inc at a zero percent (0%) interest rate, due in 240 monthly installments of \$1,666, maturity date September 2027	103,320
The Durant Industrial Authority executed a \$400,000 note receivable in August 2006 with Earth Biofuels at a zero percent (0%) interest rate, due in 240 monthly installments of \$1,667, maturity date October 2023 . In the prior year, it was determined that this note receivable meets the definition of uncollectible; therefore, an allowance was recorded in the DIA to offset this receivable.	283,417
The Durant Industrial Authority executed a \$520,000 note receivable in August 2012 with PharmcareOK at a zero percent (0%) interest rate, due in 120 monthly installments of \$4,333, maturity date January 2023	45,990
The Durant Industrial Authority executed a \$700,000 forgivable note receivable in July 2016 with Bruce Packing Company, Inc. at a zero percent (0%) interest rate, forgivable in 3 annual amounts of \$233,333, beginning July 21, 2021 and maturing on July 21, 2023	466,667
The Durant Industrial Authority executed a \$750,000 note receivable (w/\$225,000 forgivable Portion) in October 2021 with SG Echo, LLC at a zero percent (0%) interest rate, due in 90 monthly installments of \$8,333, 27 months forgivable if full compliance with terms of agreement, maturity date April 2029	<u>750,000</u>
Total Notes Receivable – DIA	1,701,753
Less: Allowance for Uncollectible	<u>(283,417)</u>
Notes Receivable – DIA, net	<u>\$1,418,336</u>

The following schedule shows the current year activity related to these notes receivable:

	Beginning Balance	Additions	Deletions	Ending Balance
DIA:				
Cardinal FG Company	72,359	-	20,000	52,359
Abbott Family LLC/Pharmcare	97,990	-	52,000	45,990
Eagle Suspension	123,318	-	19,998	103,320
Earth Biofuels	283,417	-	-	283,417
Earth Biofuels-Allowance	(283,417)	-	-	(283,417)
SG Echo, LLC	-	750,000	-	750,000
Bruce Packing Company dba BrucePac	700,000	-	233,333	466,667
Total	<u>\$ 993,667</u>	<u>\$ 750,000</u>	<u>\$ 325,331</u>	<u>\$ 1,418,336</u>

### **13. Pension Plan Participation**

The City of Durant participates in four 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 System Master Defined Benefit Plan and Trust (OkMRF) – an agent multiple-employer defined benefit plan
- Oklahoma Municipal Retirement System Defined Contribution Plan (OkMRF) – an agent multiple-employer defined contribution plan

#### ***Firefighters' Plan:***

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

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

#### **Normal Retirement:**

- Hired Prior to November 1, 2013  
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- Hired After November 1, 2013  
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters,

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

**Contributions** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$292,878. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$661,454 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$487,968. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the City reported a liability of \$4,406,774 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was .6691%.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of (\$75,536). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,598,237	\$ 77,390
Changes of assumptions	-	97,742
Net difference between projected and actual earnings on pension plan investments	-	3,503,198
Changes in proportion and differences between City contributions and proportionate share of contributions	271,045	186,803
City contributions during measurement date	1,804	7,003
City contributions subsequent to the measurement date	292,878	-
Total	<u>\$ 2,163,964</u>	<u>\$ 3,872,136</u>

\$292,878 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

Year ended June 30:

2023	\$	(310,691)
2024		(379,168)
2025		(493,054)
2026		(818,137)
	<u>\$</u>	<u>(2,001,050)</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

Mortality rates were based on the 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, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.53%
Domestic equity	47%	5.73%
International equity	15%	8.50%
Real estate	10%	7.97%
Other assets	8%	4.73%

**Discount Rate**- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**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	\$ 6,886,497	\$ 4,406,774	\$ 2,330,739

**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 Plan:**

**Plan description** - The City of Durant, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$326,228. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$277,864 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$211,878. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the City reported an asset of \$3,582,947 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was .7469%.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of (\$360,142). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,443	\$ 141,418
Changes of assumptions	54,485	-
Net difference between projected and actual earnings on pension plan investments	-	2,613,637
Changes in proportion and differences between City contributions and proportionate share of contributions	13,997	15,791
City contributions during measurement date	2,510	11,916
City contributions subsequent to the measurement date	326,228	-
Total	<u>\$ 448,663</u>	<u>\$ 2,782,762</u>

\$326,228 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net pension liability (asset) in the year ended June 30, 2023. 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:		
2023	\$	(598,136)
2024		(525,949)
2025		(664,989)
2026		(876,295)
2027		5,042
	<u>\$</u>	<u>(2,660,327)</u>

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022**

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**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality rates:	<p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.</p>

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private Equity	9.36%
Commodities	0.00%



**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ (1,343,714)	\$ (3,582,947)	\$ (5,476,386)

**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).

**OkMRF Defined Benefit Plan:**

**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.

**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.

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022**

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**Eligibility Factors and Benefit Provisions**

<u>Provision</u>	As of 07/01/21 <u>OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	7 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 7 years of service -Disability retirement upon disability with 7 years of service -Death benefit with 7 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	2.625% of final average salary multiplied by credited years of service
Early Retirement	Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	Same as normal retirement
Death Benefit	50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 7 Years of Service	No benefits
f. Benefit Authorization	Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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*B. Employees Covered by Benefit Terms*

	<u>City</u>	<u>DIA</u>	<u>Total</u>
Active Employees	128	0	128
Deferred Vested Former Employees	42	0	42
Retirees or Retiree Beneficiaries	<u>70</u>	<u>0</u>	<u>70</u>
Total	<u>240</u>	<u>0</u>	<u>240</u>

**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 5.25% of covered payroll as of 7-1-22 and 7.23% of covered payroll as of 7-1-21. For the year ended June 30, 2022, the City recognized \$475,415 of employer contributions to the plan which is more than the actuarially determined amount based on covered payroll of \$6,247,240.

**Actuarial Assumptions**

Date of Last Actuarial Valuation	July 1, 2021
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.25%
c. Projected Salary Increase	Varies between 7.5% and 4.5% based on age
d. Post Retirement Cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 <sup>st</sup> based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%.
e. Inflation Rate	2.75%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. 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: 225
	Year 2: 140
	Year 3: 100
	Year 4: 70
	Year 5: 40

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Discount Rate** – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.5% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2021 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
<b>TOTAL</b>	<u><u>100%</u></u>		
Average Real Return			4.75%
Inflation			<u>2.75%</u>
Long-term expected return			<u><u>7.50%</u></u>

**Changes in Net Pension Liability** – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2021 which is also the measurement date. There were several changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were no changes between the measurement date of July 1, 2021 and the City’s report ending date of June 30, 2022, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)		
	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<b>Balances Beginning of Year</b>	<u>\$ 25,243,702</u>	<u>\$ 24,681,957</u>	<u>\$ 561,745</u>
<b>Changes for the Year:</b>			
Service cost	592,412	-	592,412
Interest expense	1,848,312	-	1,848,312
Differences between expected and actual experience	(609,076)	-	(609,076)
Contributions--City	-	440,305	(440,305)
Contributions--members	-	289,293	(289,293)
Net investment income	-	6,774,152	(6,774,152)
Benefits paid	(1,221,164)	(1,221,164)	-
Plan administrative expenses	-	(50,213)	50,213
<b>Net Changes</b>	<u>610,484</u>	<u>6,232,373</u>	<u>(5,621,889)</u>
<b>Balances End of Year</b>	<u>\$ 25,854,186</u>	<u>\$ 30,914,330</u>	<u>\$ (5,060,144)</u>

***Sensitivity of the net pension liability (asset) to changes in the discount rate***-The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability (Asset)	\$ (1,854,909)	\$ (5,060,144)	\$ (7,720,246)

The City reported (\$997,786) in pension expense (benefit) for the year ended June 30, 2022. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Primary Government	DIA	Total	Primary Government	DIA	Total
Differences between expected and actual experience	\$ 4,102	\$ -	\$ 4,102	\$ 682,410	\$ -	\$ 682,410
Changes of assumptions	186,680	-	186,680	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	3,410,855	-	3,410,855
Changes in proportion and differences between City contributions and proportionate share of contributions	5,348	67	5,415	4,674	737	5,411
City contributions during measurement date	9,399	1,379	10,778	10,103	687	10,790
City contributions subsequent to the measurement date	475,415	-	475,415	-	-	-
<b>Total</b>	<u>\$ 680,944</u>	<u>\$ 1,446</u>	<u>\$ 682,390</u>	<u>\$ 4,108,042</u>	<u>\$ 1,424</u>	<u>\$ 4,109,466</u>

The \$475,415 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net pension liability (asset) in the year ended June 30, 2023.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Amortization of Pension Deferrals** - Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in pension expense as follows:

	<b>Total</b>	<b>Primary Government</b>	<b>DIA</b>
<b>Year ended June 30:</b>			
2023	\$ (1,121,608)	\$ (1,121,684)	\$ 76
2024	(965,158)	(965,104)	(54)
2025	(827,134)	(827,134)	-
2026	(988,591)	(988,591)	-
	<u>\$ (3,902,491)</u>	<u>\$ (3,902,513)</u>	<u>\$ 22</u>

***OkMRF Defined Contribution Plan:***

The City has also provided a defined contribution plan and trust known as the City of Durant Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by Bank One of Oklahoma City. The defined contribution plan is available to all full-time employees except those participating in state fire or police programs. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment, and are required to make contributions to the plan of 5% (not to exceed 10%), effective July 1, 2001. By City ordinance, the City, as employer, intends to make contributions to the plan at a variable rate effective July 1, 2001. Voluntary nondeductible contributions by employees shall be allowed under the provisions of the plan. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 100% after 7 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.

By City adopted ordinance in 2007, a plan for the City Manager and Assistant City Manager was approved in which employees in these positions contribution rate is 7% and employer contribution rate is 13% and they are immediately vested (no year limit).

For the year ended June 30, 2022, the City contributed \$18,657 to the plan, while the employee contributions totaled \$53,035.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway, Oklahoma City, Oklahoma, 73102.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2022**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 3,500,000	\$ 3,662,229	\$ 8,425,268	\$ 4,763,039
<b>Resources (Inflows):</b>				
Taxes	10,884,340	10,884,340	13,450,305	2,565,965
Intergovernmental	637,275	697,080	655,619	(41,461)
Charges for services	102,400	102,400	132,344	29,944
Fines and forfeitures	434,000	434,000	568,878	134,878
Licenses and permits	428,500	428,500	361,554	(66,946)
Investment income	18,000	18,000	21,747	3,747
Miscellaneous	141,950	227,553	198,978	(28,575)
Other financing sources	4,783,673	5,290,573	4,901,173	(389,400)
<b>Total Resources</b>	<b>17,430,138</b>	<b>18,082,446</b>	<b>20,290,598</b>	<b>2,208,152</b>
<b>Amounts available for appropriation</b>	<b>20,930,138</b>	<b>21,744,675</b>	<b>28,715,866</b>	<b>6,971,191</b>
<b>Charges to Appropriations (Outflows):</b>				
City Administration	693,428	736,447	719,984	16,463
City Clerk	159,371	113,569	103,115	10,454
City Treasurer	357,289	395,374	377,143	18,231
City Attorney	238,050	100,000	54,731	45,269
General Government	769,185	915,186	457,801	457,385
Neighborhood Services	341,419	440,325	361,288	79,037
Police	5,460,073	5,372,663	5,066,965	305,698
Fire	3,669,688	3,861,415	3,672,783	188,632
Municipal Court	169,864	182,504	135,731	46,773
Civil Emergency Management	327,479	352,896	332,559	20,337
Community Development	343,257	321,644	288,621	33,023
Economic Development	184,831	255,804	217,924	37,880
Streets	3,667,296	1,620,024	1,053,204	566,820
City Garage	348,789	355,669	184,769	170,900
Parks, Recreation and General Services	960,690	957,518	843,351	114,167
Swimming Pool	152,812	164,812	124,593	40,219
Public Library	675,235	785,662	754,899	30,763
Senior Citizens Center	115,977	178,803	108,380	70,423
Other Financing Uses - Transfers Out	2,295,405	4,634,360	4,423,640	210,720
<b>Total Charges to Appropriations</b>	<b>20,930,138</b>	<b>21,744,675</b>	<b>19,281,481</b>	<b>2,463,194</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,434,385</b>	<b>\$ 9,434,385</b>

Unaudited



**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2022, Continued**

<b>SPECIAL REVENUE - 1/4% ECONOMIC DEVELOPMENT FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ 2,188,662	\$ 2,188,662	\$ 5,561,487	\$ 3,372,825
Resources (Inflows):				
Taxes	1,018,980	1,018,980	1,203,559	184,579
Investment income	5,000	5,000	7,158	2,158
Transfers in - component unit	52,000	52,000	52,000	-
Amounts available for appropriation	<u>3,264,642</u>	<u>3,264,642</u>	<u>6,824,204</u>	<u>3,559,562</u>
Charges to appropriations (outflows):				
Economic development	2,905,192	1,895,192	-	1,895,192
Transfers out - component unit	<u>359,450</u>	<u>1,369,450</u>	<u>1,369,450</u>	<u>-</u>
Total Charges to Appropriations	<u>3,264,642</u>	<u>3,264,642</u>	<u>1,369,450</u>	<u>1,895,192</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,454,754</u>	<u>\$ 5,454,754</u>

<b>SPECIAL REVENUE - 5/8% SALES TAX EDUCATION FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 434,750	\$ 434,750
Resources (Inflows):				
Taxes	2,835,450	2,835,450	3,414,255	578,805
Amounts available for appropriation	<u>2,835,450</u>	<u>2,835,450</u>	<u>3,849,005</u>	<u>1,013,555</u>
Charges to appropriations (outflows):				
General government	2,835,450	2,835,450	3,392,555	(557,105)
Total Charges to Appropriations	<u>2,835,450</u>	<u>2,835,450</u>	<u>3,392,555</u>	<u>(557,105)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456,450</u>	<u>\$ 456,450</u>

<b>SPECIAL REVENUE - DURANT TAX INCREMENT FINANCE AUTHORITY</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance, Restated	\$ 3,494	\$ 3,494	\$ 2,371,259	\$ 2,367,765
Resources (Inflows):				
Taxes	2,529,244	2,529,244	1,244,452	(1,284,792)
Investment income	-	-	455	455
Amounts available for appropriation	<u>2,532,738</u>	<u>2,532,738</u>	<u>3,616,166</u>	<u>1,083,428</u>
Charges to appropriations (outflows):				
Economic development	<u>2,532,738</u>	<u>2,532,738</u>	<u>2,532,407</u>	<u>331</u>
Total Charges to Appropriations	<u>2,532,738</u>	<u>2,532,738</u>	<u>2,532,407</u>	<u>331</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,083,759</u>	<u>\$ 1,083,759</u>

Unaudited

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**Footnotes to Budgetary Comparison Schedules:**

1. The City prepares its budgets for all funds on the modified accrual basis of accounting with the exception of payroll accruals and certain expenditures related to on-behalf payments for police and fire and tax apportionment revenue transfers. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid. All unexpended encumbrances lapse at year-end and therefore are not recorded as expenditures for budgetary purposes.
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:

	<u>General Fund</u>
Total budgetary amounts available for appropriation	\$28,715,866
Current year on-behalf payments made by state	939,318
Less: Other financing sources	(4,901,173)
Beginning budgetary fund balance	<u>( 8,425,268)</u>
Actual revenues per Statement of Revenues and Expenditures and Changes in Fund Balance	<u>\$16,328,743</u>
Total budgetary charges to appropriations	\$19,281,481
Net difference in prior year and current year payroll accruals	(35,671)
Less: Other financing uses	(4,423,640)
Current year on-behalf payments made by state	<u>939,318</u>
Actual expenditures and transfers per Statement of Revenues and Expenditures and Changes in Fund Balance	<u>\$15,761,488</u>

4. In the 5/8% Sales Tax Education Fund, the City had a negative variance in the following department and for the following amount:

5/8% Sales Tax Education Fund - General Government	(\$557,105)
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Unaudited

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY OF DURANT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years\*

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability	0.688374%	0.685132%	0.650685%	0.662943%	0.643774%	0.676549%	0.656971%	0.669146%
City's proportionate share of the net pension liability	\$7,078,874	\$7,272,054	\$7,949,524	\$8,337,995	\$7,246,617	\$7,148,870	\$8,093,308	\$4,406,774
City's covered-employee payroll	\$1,788,012	\$1,868,206	\$1,900,625	\$1,951,518	\$1,914,700	\$2,097,823	\$2,106,650	\$2,105,993
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	396%	389%	418%	427%	378%	341%	384%	209%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%

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

**Notes to Schedule:**

Only eight years are presented because 10-year data is not yet available.  
Current measurement date is June 30, 2021

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Statutorially required contribution	\$ 262,072	\$ 266,089	\$ 273,213	\$ 268,059	\$ 293,695	\$ 294,930	\$ 294,192	\$ 292,878
Contributions in relation to the statutorially required contribution	262,072	266,089	273,213	268,059	293,695	294,930	294,192	292,878
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,868,206	\$ 1,900,625	\$ 1,951,518	\$ 1,914,700	\$ 2,097,823	\$ 2,106,650	\$ 2,105,993	\$ 2,079,143
Contributions as a percentage of covered-employee payroll	14.03%	14.00%	14.00%	14.00%	14.00%	14.00%	13.97%	14.09%

**Notes to Schedule:**

Only eight years are presented because 10-year data is not yet available.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability (asset)	0.8113%	0.8804%	0.8469%	0.8646%	0.7956%	0.7485%	0.7924%	0.7469%
City's proportionate share of the net pension liability (asset)	\$ (273,169)	\$ 35,899	\$ 1,296,951	\$ 66,503	\$ (378,977)	\$ (47,783)	\$ 910,053	\$ (3,582,947)
City's covered-employee payroll	\$ 2,191,728	\$ 2,395,574	\$ 2,498,075	\$ 2,674,985	\$ 2,393,906	\$ 2,447,776	\$ 2,660,910	\$ 2,463,796
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.46%	1.50%	51.92%	2.49%	15.83%	1.95%	34.20%	145.42%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

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

**Notes to Schedule:**

Only eight years are presented because 10-year data is not yet available.  
Current year measurement date is June 30, 2021.

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

	2015	2016	2017	2018	2019	2020	2021	2022
Statutorially required contribution	\$ 312,317	\$ 324,679	\$ 347,748	\$ 313,991	\$ 317,698	\$ 345,918	\$ 322,718	\$ 326,228
Contributions in relation to the statutorially required contribution	312,317	324,679	347,748	313,991	317,698	345,918	322,718	326,228
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 2,395,574	\$ 2,498,075	\$ 2,674,985	\$ 2,393,906	\$ 2,447,776	\$ 2,660,910	\$ 2,463,796	\$ 2,483,593
Contributions as a percentage of covered-employee payroll	13.04%	13.00%	13.00%	13.12%	12.98%	13.00%	13.10%	13.14%

**Notes to Schedule:**

Only eight years are presented because 10-year data is not yet available.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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

**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**

**Last Eight Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total pension liability</b>								
Service cost	\$ 474,442	\$ 504,423	\$ 535,334	\$ 520,170	\$ 567,186	\$ 498,246	\$ 586,155	\$ 592,412
Interest	1,339,625	1,397,991	1,511,043	1,524,210	1,617,469	1,670,475	1,802,092	1,848,312
Changes of benefit terms	-	-	-	-	-	-	10,144	-
Differences between expected and actual experience	-	224,049	(1,156,893)	73,474	(557,229)	13,151	(630,750)	(609,076)
Changes of assumptions	-	-	-	577,148	-	598,473	-	-
Benefit payments, including refunds of member contributions	(555,849)	(618,337)	(719,024)	(720,157)	(874,167)	(968,910)	(1,084,067)	(1,221,164)
<b>Net change in total pension liability</b>	<b>1,258,218</b>	<b>1,508,126</b>	<b>170,460</b>	<b>1,974,845</b>	<b>753,259</b>	<b>1,811,435</b>	<b>683,574</b>	<b>610,484</b>
<b>Total pension liability - beginning</b>	<b>17,083,785</b>	<b>18,342,003</b>	<b>19,850,129</b>	<b>20,020,589</b>	<b>21,995,434</b>	<b>22,748,693</b>	<b>24,560,128</b>	<b>25,243,702</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 18,342,003</b>	<b>\$ 19,850,129</b>	<b>\$ 20,020,589</b>	<b>\$ 21,995,434</b>	<b>\$ 22,748,693</b>	<b>\$ 24,560,128</b>	<b>\$ 25,243,702</b>	<b>\$ 25,854,186</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 493,430	\$ 461,861	\$ 442,455	\$ 467,299	\$ 358,545	\$ 386,867	\$ 407,750	\$ 440,305
Contributions - member	174,621	177,044	179,833	186,706	178,254	182,243	245,863	289,293
Net investment income	2,676,643	532,000	176,438	2,411,380	1,609,044	1,571,394	988,086	6,774,152
Benefit payments, including refunds of member contributions	(555,849)	(618,337)	(719,024)	(720,157)	(874,167)	(968,910)	(1,084,067)	(1,221,164)
Administrative expense	(39,638)	(39,943)	(38,554)	(42,698)	(46,535)	(48,991)	(49,785)	(50,213)
<b>Net change in plan fiduciary net position</b>	<b>2,749,207</b>	<b>512,625</b>	<b>41,148</b>	<b>2,302,530</b>	<b>1,225,141</b>	<b>1,122,603</b>	<b>507,847</b>	<b>6,232,373</b>
<b>Plan fiduciary net position - beginning</b>	<b>16,220,856</b>	<b>18,970,063</b>	<b>19,482,688</b>	<b>19,523,836</b>	<b>21,826,366</b>	<b>23,051,507</b>	<b>24,174,110</b>	<b>24,681,957</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 18,970,063</b>	<b>\$ 19,482,688</b>	<b>\$ 19,523,836</b>	<b>\$ 21,826,366</b>	<b>\$ 23,051,507</b>	<b>\$ 24,174,110</b>	<b>\$ 24,681,957</b>	<b>\$ 30,914,330</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (628,060)</b>	<b>\$ 367,441</b>	<b>\$ 496,753</b>	<b>\$ 169,068</b>	<b>\$ (302,814)</b>	<b>\$ 386,018</b>	<b>\$ 561,745</b>	<b>\$ (5,060,144)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>103.42%</b>	<b>98.15%</b>	<b>97.52%</b>	<b>99.23%</b>	<b>101.33%</b>	<b>98.43%</b>	<b>97.77%</b>	<b>119.57%</b>
<b>Covered employee payroll</b>	<b>\$ 4,936,396</b>	<b>\$ 5,050,820</b>	<b>\$ 5,146,282</b>	<b>\$ 5,529,720</b>	<b>\$ 5,092,952</b>	<b>\$ 5,208,258</b>	<b>\$ 5,487,903</b>	<b>\$ 5,785,855</b>
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	<b>12.72%</b>	<b>7.27%</b>	<b>9.65%</b>	<b>3.06%</b>	<b>5.95%</b>	<b>7.41%</b>	<b>10.24%</b>	<b>-87.46%</b>

**Notes to Schedule:**

Only eight years are presented because 10-year data is not yet available.  
This information includes activity for the City and the DIA, a discretely presented component unit.

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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

**Schedule of Employer Contributions**

**Last Eight Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 462,585	\$ 443,916	\$ 483,908	\$ 358,544	\$ 386,867	\$ 399,519	\$ 527,094	\$ 451,675
Contributions in relation to the actuarially determined contribution	462,585	443,916	483,908	358,544	386,867	407,750	440,305	475,415
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,231)</u>	<u>\$ 86,789</u>	<u>\$ (23,740)</u>
Covered employee payroll	\$ 5,050,820	\$ 5,146,282	\$ 5,529,720	\$ 5,092,952	\$ 5,208,258	\$ 5,487,903	\$ 5,785,855	\$ 6,247,240
Contributions as a percentage of covered-employee payroll	9.16%	8.63%	8.75%	7.04%	7.43%	7.43%	7.61%	7.61%

**Notes to Schedule:**

- Only eight years are presented because 10-year data is not yet available.
- Latest Valuation Date: July 1, 2021
- Actuarially determined contribution rate is calculated as of July 1, 2014, July 1, 2015, July 1, 2016, July 1, 2017, July 1, 2018, July 1, 2019 and July 1, 2020  
 Fiscal year 2014-2015 contributions were at a rate of 9.13%.  
 Fiscal year 2015-2016 contributions are set at a rate of 8.59%.  
 Fiscal year 2016-2017 contributions are set at a rate of 8.76%.  
 Fiscal year 2017-2018 contributions are set at a rate of 7.04%.  
 Fiscal year 2018-2019 contributions are set at a rate of 7.43%.  
 Fiscal year 2019-2020 contributions are set at a rate of 7.28%.  
 Fiscal year 2020-2021 contributions are set at a rate of 9.11%. City decided to have employees pay 1.5% of this instead of the City, therefore, the true city contribution rate is 7.61%.  
 Fiscal year 2021-2022 contributions are set at a rate of 7.23%. City decided to continue paying the prior year percentage rate of 7.61%.
- Methods and assumptions used to determine contribution rates:  
 Actuarial cost method - Entry age normal  
 Amortization method - Level percent of payroll, closed  
 Remaining amortization period - 22 years  
 Asset valuation method - Actuarial:  
   Smoothing period - 4 years  
   Recognition method - Non-asymptotic  
   Corridor - 70% - 130%  
   Salary increases - 4.50% to 7.50% (varies by attained age)  
   Investment rate of return - 7.25%
- This information includes activity for the City and DIA, a discretely presented component unit

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**SUPPLEMENTARY INFORMATION**

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Combining Balance Sheet – General Fund Accounts – June 30, 2022**

	General Fund Accounts						Total
	General Fund	Cemetery Operations Account	Beautification Account	Christmas Lighting Account	Insurance Cash Account	Multi-Sports Complex Account	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,152,999	\$ 98,665	\$ 117,162	\$ 1,026	\$ 174,863	\$ 360,225	\$ 8,904,940
Due from other governments	1,723,121	-	-	-	-	-	1,723,121
Miscellaneous taxes receivable	135,922	-	-	-	-	-	135,922
Court fines receivable, net	66,402	-	-	-	-	-	66,402
Other receivables	23,390	1,000	-	-	-	-	24,390
Lease receivables	202,919	39,147	17,928	-	-	-	259,994
Total assets	<u>\$ 10,304,753</u>	<u>\$ 138,812</u>	<u>\$ 135,090</u>	<u>\$ 1,026</u>	<u>\$ 174,863</u>	<u>\$ 360,225</u>	<u>\$ 11,114,769</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 343,238	\$ 15,970	\$ 2,995	\$ -	\$ -	\$ 1,774	\$ 363,977
Accrued payroll liabilities	503,672	-	-	-	-	7,989	511,661
Due to other funds	498	-	-	-	-	-	498
Due to other governments	7,167	-	-	-	-	-	7,167
Due to bondholders	387	-	-	-	-	-	387
Unearned revenue	201,577	-	-	-	-	-	201,577
Total liabilities	<u>1,056,539</u>	<u>15,970</u>	<u>2,995</u>	<u>-</u>	<u>-</u>	<u>9,763</u>	<u>1,085,267</u>
Deferred Inflows of Resources:							
Deferred inflows-leases	206,215	39,132	19,461	-	-	-	264,808
Unavailable revenue	111,286	-	-	-	-	-	111,286
Total deferred inflows of resources	<u>317,501</u>	<u>39,132</u>	<u>19,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,094</u>
Fund balances:							
Restricted	42,800	-	-	-	-	-	42,800
Assigned	1,720,000	83,710	112,634	1,026	174,863	350,462	2,442,695
Unassigned	7,167,913	-	-	-	-	-	7,167,913
Total fund balances	<u>8,930,713</u>	<u>83,710</u>	<u>112,634</u>	<u>1,026</u>	<u>174,863</u>	<u>350,462</u>	<u>9,653,408</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,304,753</u>	<u>\$ 138,812</u>	<u>\$ 135,090</u>	<u>\$ 1,026</u>	<u>\$ 174,863</u>	<u>\$ 360,225</u>	<u>\$ 11,114,769</u>



**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2022**

	General Fund	Cemetery Operations Account	Beautification Account	Christmas Lighting Account	Insurance Cash Account	Multi-Sports Complex Account	Total
<b>REVENUES</b>							
Taxes	\$ 13,450,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,450,305
Intergovernmental	1,594,937	-	-	-	-	-	1,594,937
Charges for services	132,344	48,844	-	-	-	99,154	280,342
Licenses and permits	361,554	-	-	-	-	-	361,554
Fines and forfeitures	568,878	-	-	-	-	-	568,878
Investment income	21,747	282	319	3	-	705	23,056
Miscellaneous	198,978	3,036	16,467	-	-	3,024	221,505
Total revenues	<u>16,328,743</u>	<u>52,162</u>	<u>16,786</u>	<u>3</u>	<u>-</u>	<u>102,883</u>	<u>16,500,577</u>
<b>EXPENDITURES</b>							
Current:							
General government	2,078,297	-	14,859	-	333,516	-	2,426,672
Public safety	10,049,716	-	-	-	-	-	10,049,716
Public works	1,534,094	-	-	-	-	-	1,534,094
Culture, tourism and recreation	1,838,549	-	-	-	-	370,376	2,208,925
Cemetery	-	130,219	-	-	-	-	130,219
Economic development	219,186	-	-	-	-	-	219,186
Capital Outlay	41,646	-	-	-	-	74,014	115,660
Total expenditures	<u>15,761,488</u>	<u>130,219</u>	<u>14,859</u>	<u>-</u>	<u>333,516</u>	<u>444,390</u>	<u>16,684,472</u>
Excess (deficiency) of revenues over expenditures	567,255	(78,057)	1,927	3	(333,516)	(341,507)	(183,895)
<b>OTHER FINANCING SOURCES (USES)</b>							
Interaccount transfers	(576,449)	95,590	-	-	141,783	339,076	-
Transfers in	4,580,261	200	-	-	249,896	-	4,830,357
Transfers out	(3,847,191)	-	-	-	-	-	(3,847,191)
Transfer from component unit	320,912	-	-	-	22,321	135,000	478,233
Total other financing sources and uses	<u>477,533</u>	<u>95,790</u>	<u>-</u>	<u>-</u>	<u>414,000</u>	<u>474,076</u>	<u>1,461,399</u>
Net change in fund balances	<u>1,044,788</u>	<u>17,733</u>	<u>1,927</u>	<u>3</u>	<u>80,484</u>	<u>132,569</u>	<u>1,277,504</u>
Fund balances - beginning	<u>7,885,925</u>	<u>65,977</u>	<u>110,707</u>	<u>1,023</u>	<u>94,379</u>	<u>217,893</u>	<u>8,375,904</u>
Fund balances - ending	<u>\$ 8,930,713</u>	<u>\$ 83,710</u>	<u>\$ 112,634</u>	<u>\$ 1,026</u>	<u>\$ 174,863</u>	<u>\$ 350,462</u>	<u>\$ 9,653,408</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2022**

	SPECIAL REVENUE FUNDS				
	Special 911 Tax Fund	R.L. Williams Library Fund	Drug Enforcement Fund	1/4% Sales Tax M.S. Fund	1/4% Sales Tax SOSU Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 772,060	\$ 7,078	\$ 3,774	\$ -	\$ -
Investments	-	41,419	-	-	-
Miscellaneous taxes receivable	-	-	-	-	-
Due from other funds	498	-	-	-	-
Due from other governments	-	-	-	162,039	162,039
Other receivables	54,063	-	-	-	-
Total assets	<u>\$ 826,621</u>	<u>\$ 48,497</u>	<u>\$ 3,774</u>	<u>\$ 162,039</u>	<u>\$ 162,039</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,708	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	23,164	-	-	-	-
Due to other component unit	-	-	-	-	-
Total liabilities	<u>24,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Fund balances:					
Restricted	-	45,853	3,628	162,039	162,039
Assigned	801,749	2,644	146	-	-
Total fund balances	<u>801,749</u>	<u>48,497</u>	<u>3,774</u>	<u>162,039</u>	<u>162,039</u>
Total liabilities and fund balances	<u>\$ 826,621</u>	<u>\$ 48,497</u>	<u>\$ 3,774</u>	<u>\$ 162,039</u>	<u>\$ 162,039</u>

(Continued)

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2022, (Continued)**

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS		
	5% Lodging Tourism Tax Fund	DWRF Community Center & Library Fund	Cemetery Care Fund	CDBG Fund	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 932,536	\$ 147,574	\$ 305,274	\$ 2,168,296
Investments	-	-	-	-	41,419
Miscellaneous taxes receivable	41,759	-	-	-	41,759
Due from other funds	-	-	-	-	498
Due from other governments	-	-	-	788	324,866
Other receivables	-	-	-	-	54,063
Total assets	<u>\$ 41,759</u>	<u>\$ 932,536</u>	<u>\$ 147,574</u>	<u>\$ 306,062</u>	<u>\$ 2,630,901</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,708
Accrued payroll liabilities	-	-	-	-	23,164
Due to other component unit	41,759	-	-	-	41,759
Total liabilities	<u>41,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,631</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	788	788
Fund balances:					
Restricted	-	127,533	125,934	305,274	932,300
Assigned	-	805,003	21,640	-	1,631,182
Total fund balances	<u>-</u>	<u>932,536</u>	<u>147,574</u>	<u>305,274</u>	<u>2,563,482</u>
Total liabilities and fund balances	<u>\$ 41,759</u>	<u>\$ 932,536</u>	<u>\$ 147,574</u>	<u>\$ 306,062</u>	<u>\$ 2,630,901</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2022**

	SPECIAL REVENUE FUNDS				
	Special 911 Tax Fund	R.L. Williams Library Fund	Drug Enforcement Fund	1/4% Sales Tax M.S. Fund	1/4% Sales Tax SOSU Fund
<b>REVENUES</b>					
Taxes	\$ 441,960	\$ -	\$ -	\$ 1,203,559	\$ 1,203,559
Intergovernmental	-	-	1,556	-	-
Charges for services	97,607	-	-	-	-
Investment earnings	1,576	106	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	541,143	106	1,556	1,203,559	1,203,559
<b>EXPENDITURES</b>					
Current:					
Public safety	628,252	-	170	-	-
Debt Service:					
Principal	36,653	-	-	-	-
Interest and other charges	8,798	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	673,703	-	170	-	-
Excess (deficiency) of revenues over expenditures	(132,560)	106	1,386	1,203,559	1,203,559
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	561,260	-	-	-	-
Transfers out	(5,922)	-	-	-	-
Transfer to component unit	-	-	-	(1,195,076)	(1,195,076)
Net change in fund balances	422,778	106	1,386	8,483	8,483
Fund balances - beginning	378,971	48,391	2,388	153,556	153,556
Fund balances - ending	\$ 801,749	\$ 48,497	\$ 3,774	\$ 162,039	\$ 162,039

(Continued)

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2022, (Continued)**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS			
		DWRF Community Center & Library Fund	Cemetery Care Fund	CDBG Fund	Totals
<b>REVENUES</b>					
Taxes	\$ 440,019	\$ -	\$ -	\$ -	\$ 3,289,097
Intergovernmental	-	-	-	3,910	5,466
Charges for services	-	-	5,231	-	102,838
Investment earnings	-	540	369	-	2,591
Miscellaneous	-	10,000	-	-	10,000
Total revenues	440,019	10,540	5,600	3,910	3,409,992
<b>EXPENDITURES</b>					
Current:					
Public safety	-	-	-	-	628,422
Debt Service:					
Principal	-	-	-	-	36,653
Interest and other charges	-	-	-	-	8,798
Capital outlay	-	67,430	4,820	-	72,250
Total expenditures	-	67,430	4,820	-	746,123
Excess (deficiency) of revenues over expenditures	440,019	(56,890)	780	3,910	2,663,869
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	561,260
Transfers out	-	-	(200)	(4,339)	(10,461)
Transfer to component unit	(440,019)	-	-	-	(2,830,171)
Net change in fund balances	-	(56,890)	580	(429)	384,497
Fund balances - beginning	-	989,426	146,994	305,703	2,178,985
Fund balances - ending	\$ -	\$ 932,536	\$ 147,574	\$ 305,274	\$ 2,563,482

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Combining Statement of Net Position – Internal Service Funds – June 30, 2022**

	Employee Health Fund	Worker's Compensation Fund	Info Tech Service Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,523,392	\$ 691,899	\$ 529,349	\$ 3,744,640
Total current assets	2,523,392	691,899	529,349	3,744,640
Non-current assets:				
Capital Assets:				
Other capital assets, net of depreciation	-	-	313,926	313,926
Total non-current assets	-	-	313,926	313,926
Total assets	2,523,392	691,899	843,275	4,058,566
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,896	-	21,405	23,301
Accrued payroll liabilities	-	-	13,889	13,889
Estimated liability for claims	-	507,042	-	507,042
Lease payable - current	-	-	54,862	54,862
Accrued compensated absences - current	-	-	4,952	4,952
Total current liabilities	1,896	507,042	95,108	604,046
Non-current liabilities:				
Lease payable - noncurrent	-	-	117,636	117,636
Accrued compensated absences - noncurrent	-	-	44,570	44,570
Total noncurrent liabilities	-	-	162,206	162,206
Total liabilities	1,896	507,042	257,314	766,252
<b>NET POSITION</b>				
Net investment in capital assets	-	-	141,428	141,428
Unrestricted	2,521,496	184,857	444,533	3,150,886
Total net position	\$ 2,521,496	\$ 184,857	\$ 585,961	\$ 3,292,314

**Combining Statement of Changes in Net Position—Internal Service Funds—Year Ended June 30, 2022**

	Employee Health Fund	Worker's Compensation Fund	Info Tech Service Fund	Total
<b>REVENUES</b>				
Charges for services:				
Self insurance charges	\$ 2,281,763	\$ 728,700	\$ -	\$ 3,010,463
Miscellaneous	192,378	653	911,971	1,105,002
Total operating revenues	2,474,141	729,353	911,971	4,115,465
<b>OPERATING EXPENSES</b>				
Claims expense	2,550,077	484,232	-	3,034,309
Info tech services	-	-	784,604	784,604
Depreciation and amortization expense	-	-	77,714	77,714
Total operating expenses	2,550,077	484,232	862,318	3,896,627
Operating income (loss)	(75,936)	245,121	49,653	218,838
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	57	1,479	1,278	2,814
Interest expense	-	-	(1,898)	(1,898)
Total non-operating revenue (expenses)	57	1,479	(620)	916
Income before contributions	(75,879)	246,600	49,033	219,754
Capital contributions	-	-	84,532	84,532
Transfers out	-	-	(40,000)	(40,000)
Change in net position	(75,879)	246,600	93,565	264,286
Total net position - beginning	2,597,375	(61,743)	492,396	3,028,028
Total net position - ending	\$ 2,521,496	\$ 184,857	\$ 585,961	\$ 3,292,314

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Combining Schedule of Net Position – DCUA Accounts – June 30, 2022**

	<b>Utilities Authority Fund Accounts</b>		
	<b>Utilities Authority Account</b>	<b>UA Bonds Sinking Account</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,085,813	\$ 949,861	\$ 6,035,674
Restricted cash and cash equivalents	730,028	11,063,115	11,793,143
Advance to other funds	402,003	-	402,003
Accounts receivable, net of allowance	1,944,839	-	1,944,839
Total current assets	<u>8,162,683</u>	<u>12,012,976</u>	<u>20,175,659</u>
Non-current assets:			
Lease receivable	728,959	-	728,959
Net pension asset	1,896,707	-	1,896,707
Capital Assets:			
Land and other non-depreciable assets	7,832,290	-	7,832,290
Other capital assets, net of depreciation	34,235,185	-	34,235,185
Total noncurrent assets	<u>44,693,141</u>	<u>-</u>	<u>44,693,141</u>
Total assets	<u>52,855,824</u>	<u>12,012,976</u>	<u>64,868,800</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	<u>253,724</u>	<u>-</u>	<u>253,724</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	222,124	-	222,124
Accrued payroll liabilities	158,587	-	158,587
Accrued interest payable	243,202	-	243,202
Current portion of:			
Meter deposit liability	114,837	-	114,837
Notes payable	2,037,000	-	2,037,000
Landfill closure liability	28,144	-	28,144
Accrued compensated absences	23,769	-	23,769
Total current liabilities	<u>2,827,663</u>	<u>-</u>	<u>2,827,663</u>
Non-current liabilities:			
Meter deposit liability	459,350	-	459,350
Notes payable	21,429,574	-	21,429,574
Landfill closure liability	534,730	-	534,730
Accrued compensated absences	213,925	-	213,925
Total noncurrent liabilities	<u>22,637,579</u>	<u>-</u>	<u>22,637,579</u>
Total liabilities	<u>25,465,242</u>	<u>-</u>	<u>25,465,242</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows-leases	713,528	-	713,528
Deferred amounts related to pensions	1,539,139	-	1,539,139
Total current liabilities	<u>2,252,667</u>	<u>-</u>	<u>2,252,667</u>
<b>NET POSITION</b>			
Net investment in capital assets	18,600,979	10,315,936	28,916,915
Restricted for debt service	(87,439)	747,179	659,740
Unrestricted	6,878,099	949,861	7,827,960
Total net position	<u>\$ 25,391,639</u>	<u>\$ 12,012,976</u>	<u>\$ 37,404,615</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2022

**Combining Schedule of Revenues, Expenses, and Changes in Net Position – DCUA Accounts – Year Ended June 30, 2022**

	<b>Utilities Authority Fund Accounts</b>		
	<b>Utilities Authority Account</b>	<b>UA Bonds Sinking Account</b>	<b>Total</b>
<b>REVENUES</b>			
Charges for services:			
Water charges	\$ 4,180,822	\$ -	\$ 4,180,822
Sewer charges	2,448,022	-	2,448,022
Water and sewer taps	81,036	-	81,036
Penalties	98,676	-	98,676
Non-payment fees	152,545	-	152,545
Sanitation charges	4,386,359	-	4,386,359
Landfill gate fees	519,699	-	519,699
Lab tests	16,126	-	16,126
Rentals	117,595	-	117,595
Transfer station fees	599,880	-	599,880
Recyclable products	8,089	-	8,089
Miscellaneous	30,548	-	30,548
Total operating revenues	<u>12,639,397</u>	<u>-</u>	<u>12,639,397</u>
<b>OPERATING EXPENSES</b>			
Public works administration	333,780	-	333,780
Utility billing	449,701	-	449,701
Water/sewer line maintenance	860,586	-	860,586
Water treatment plant	1,018,160	-	1,018,160
Wastewater treatment	871,193	-	871,193
Collection - solid waste	1,015,576	-	1,015,576
General government	174,794	-	174,794
Lake Durant	37,942	-	37,942
Disposal - solid waste	1,842,349	-	1,842,349
Depreciation and amortization expense	2,574,851	-	2,574,851
Total operating expenses	<u>9,178,932</u>	<u>-</u>	<u>9,178,932</u>
Operating income	<u>3,460,465</u>	<u>-</u>	<u>3,460,465</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	25,396	18,980	44,376
Interest expense and fiscal changes	(858,574)	-	(858,574)
Total non-operating revenue (expenses)	<u>(833,178)</u>	<u>18,980</u>	<u>(814,198)</u>
Income before contributions and transfers	<u>2,627,287</u>	<u>18,980</u>	<u>2,646,267</u>
Capital contributions	3,366,512	-	3,366,512
Interaccount transfers	3,035,498	(3,035,498)	-
Transfers in	136,531	2,819,837	2,956,368
Transfers out	(4,760,094)	-	(4,760,094)
Change in net position	<u>4,405,734</u>	<u>(196,681)</u>	<u>4,209,053</u>
Total net position - beginning, restated	<u>20,985,905</u>	<u>12,209,657</u>	<u>33,195,562</u>
Total net position - ending	<u>\$ 25,391,639</u>	<u>\$ 12,012,976</u>	<u>\$ 37,404,615</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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**SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION**



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

To the City Council  
City of Durant, 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 the City of Durant, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Durant, Oklahoma's basic financial statements, and have issued our report thereon dated May 25, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Durant, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Durant, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Durant, 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. We identified a significant deficiency in internal control, which is described in the accompanying schedule of findings and responses as item 2022-001, but we do not consider this to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Durant, 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.

Handwritten signature in black ink that reads "HBC CPA & Advisors".

Oklahoma City, Oklahoma  
May 25, 2023



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

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

**Report on Compliance for Each Major Federal Program**

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

We have audited the City of Durant, 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 Durant Oklahoma's major federal programs for the year ended June 30, 2022. City of Durant, 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 Durant, 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, 2022.

***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 Durant, 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 Durant, 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 Durant, 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 Durant, 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 Durant, 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 Durant, 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 Durant, 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 Durant, 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  
May 25, 2023

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Durant, Oklahoma**  
**Schedule of Federal Awards**  
**For the Year Ended June 30, 2022**

<b>Federal Grantor/Pass through agency Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF COMMERCE:</b>				
Economic Development Cluster				
EDA Infrastructure Grant	11.300	08-01-05284	\$ 1,500,000	\$ 288,665
Economic Development Cluster			1,500,000	288,665
Total U.S. Department of Commerce			<b>1,500,000</b>	<b>288,665</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>				
Passed through Oklahoma Department of Commerce:				
Community Development Block Grant	14.228	17980 CDBG 20	152,222	-
Community Development Block Grant	14.228	17488 CDBG ED 18	939,366	-
Community Development Block Grant	14.228	18114 CDBG CR 20	638,300	4,339
Total U.S. Department of Housing and Urban Development			<b>1,729,888</b>	<b>4,339</b>
<b>U.S. DEPARTMENT OF THE INTERIOR:</b>				
WaterSMART (Sustain and Manage America's Resources for Tomorrow)	15.507	N/A	1,498,000	101,996
Total U.S. Department of the Interior			<b>1,498,000</b>	<b>101,996</b>
<b>U.S. DEPARTMENT OF LABOR:</b>				
Passed through Oklahoma Department of Commerce:				
Strategic Planning Workforce Grant	17.258	000730 NLV 06010413 01	20,000	-
Total U.S. Department of Labor			<b>20,000</b>	<b>-</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>				
Passed through Oklahoma Highway Safety Office:				
Highway Safety Cluster				
State and Community Highway Safety - Traffic Enforcement	20.600	PT-22-03-11-19	57,805	14,940
State and Community Highway Safety - Traffic Enforcement	20.600	PT-21-03-11-18	49,137	3,550
Total Highway Safety Cluster			<b>106,942</b>	<b>18,490</b>
OEM 911 Management Authority Grant-CAD	20.615	F305202	156,346	19,408
OEM 911 Management Authority Grant-GIS	20.615	F172103-S9	51,748	24,084
Total Oklahoma Highway Safety Office			<b>315,036</b>	<b>61,982</b>
Highway Planning and Construction Cluster				
Passed through Oklahoma Department of Transportation:				
78S Utility Relocation	20.205	STPY-107C (158)	153,796	153,796
Total Highway Planning and Construction Cluster			<b>153,796</b>	<b>153,796</b>
Federal Aviation Administration:				
Airport Improvement Program	20.106	3-40-0025-018-2021	59,000	59,000
Airport Improvement Program	20.106	3-40-0025-017-2021	194,220	128,197
Airport Improvement Program	20.106	3-40-0025-019-2022	130,923	40,188
Total Federal Aviation Administration			<b>384,143</b>	<b>227,385</b>
Total U.S. Department of Transportation			<b>852,975</b>	<b>443,163</b>
<b>U.S. DEPARTMENT OF THE TREASURY:</b>				
Passed through Oklahoma Office of Management and Enterprise Services:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,630,669	481,715
Total U.S. Department of the Treasury			<b>1,630,669</b>	<b>481,715</b>
<b>U.S. DEPARTMENT OF LIBRARIES:</b>				
ARPA Targeted Grant to Libraries	45.310	N/A	23,631	20,831
Health Literacy Grant - FY 21	45.310	N/A	4,000	4,000
Total U.S. Department of Libraries			<b>27,631</b>	<b>24,831</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>				
Passed through Oklahoma Office of Homeland Security:				
Homeland Security Grant Program-RD Comm Trailer Cell Service	97.073	1050.067	750	62
Passed through Oklahoma Department of Civil Emergency Management:				
Disaster Assistance Grant-CARES PPE			14,797	14,797
Passed through Oklahoma Department of Civil Emergency Management:				
Emergency Management Performance Grant - FY 21-22	97.042	N/A	40,000	30,000
Emergency Management Performance Grant - FY 20-21	97.042	N/A	40,000	10,000
			80,000	40,000
Total U.S. Department of Homeland Security			<b>95,547</b>	<b>54,859</b>
<b>Total Federal Awards</b>			<b>\$ 7,354,710</b>	<b>\$ 1,399,568</b>

See notes to Schedule of Expenditures of Federal Awards.

**CITY OF DURANT, OKLAHOMA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2022

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2022. The information in this SEFA 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 SEFA presents only a selected portion of the operations of City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE C – SUBRECIPIENTS**

During the year end June 30, 2022, the City did not provide federal awards to subrecipients.

**City of Durant**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2022**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
• Noncompliance which is material to the financial statements noted?	No

**Federal Rewards**

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

**Identification of major programs**

<b>C DFA Number</b>	<b>Name of Federal Program or Cluster</b>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold to distinguish between Type A and Type B programs	\$750,000
Auditee qualifies as a low-risk auditee?	No

**II. Financial Statement Findings**

2022-001 in the following page.

**CITY OF DURANT, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2022**

**Findings - Financial Statement Audit**

**Finding No.** 2022-001

**Criteria:** Payroll testing is intended to ensure that payroll is being properly calculated, employees are authorized to work, pay rates are accurate, and internal controls are working properly.

**Condition:** Payroll testing revealed that the City was overpaying some employees between April and August of 2022 when they moved to manual entry of payroll in April 2022 due to a system upgrade.

**Cause and Effect:** A payroll clerk was using the 'override' function within the payroll check calculation to pay employees more hours than they documented and this was not caught by the City's internal controls. The City's payroll expense was miscalculated on numerous occasions during the time period noted above. Potential effect is overstatement of salary expense.

**Recommendation:** Payroll should be reviewed by a second person who agrees pay to time reports or other documentation. There should not be overriding of controls without supervisory or management approval.

**Management's Response** Our HR found out this issue and corrected it right away. 1. Turn off the overriding function. 2. Another person check the calculation. 3. Complete set up the Executive Time to eliminate manual key in.

**City of Comanche**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2022**

**III. Financial Statement Findings**

See prior year findings on the financial audit. These have been corrected in the current year.