



# **THE CITY OF DURANT, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

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## 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 70-76, 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 and state 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 April 4, 2024, 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.

*HBC CPAs & Advisors*

Oklahoma City, Oklahoma  
April 4, 2024

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

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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, 2023. Please read it in conjunction with the City’s financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2023, the City’s total net position increased by \$7,469,299 or 6.0% from the prior year.
- During the year, the City’s expenses for governmental activities were \$32,322,077 and were funded by program revenues of \$4,136,089 and further funded with taxes and other general revenues that totaled \$34,622,429.
- In the City’s business-type activities, such as utilities, total program revenues exceeded expenses by \$2,032,898.
- For budgetary reporting purposes, the General Fund reported revenues exceeding estimates by \$3,282,010 or 18.1%, while expenditures were under the final appropriations by \$3,458,670 or 17.2%.

### **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.

Unaudited

**CITY OF DURANT, OKLAHOMA  
MANAGEMENT DISCUSSION & ANALYSIS  
June 30, 2023**

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

**Net Position**

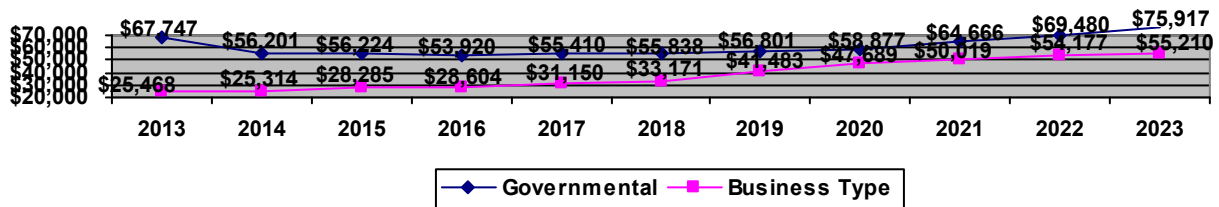
The City’s combined net position increased from \$123,657,398 to \$131,126,697 between fiscal years 2022 and 2023. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$6,436,441, while business-type activities increased \$1,032,858.

**Table 1  
Net Position**

	Governmental Activities		% Inc. Dec.	Business-type Activities		% Inc. Dec.	Total Primary Government		% Inc. Dec.
	2023	2022		2023	2022		2023	2022	
<b>Assets:</b>									
Current and other assets	\$ 37,256,415	\$ 37,530,059	-1%	\$ 23,240,847	\$ 25,255,784	-8%	\$ 60,497,262	\$ 62,785,843	-4%
Capital assets, net	53,813,066	51,643,501	4%	56,528,074	57,397,246	-2%	110,341,140	109,040,747	1%
<b>Total assets</b>	<u>91,069,481</u>	<u>89,173,560</u>	2%	<u>79,768,921</u>	<u>82,653,030</u>	-3%	<u>170,838,402</u>	<u>171,826,590</u>	-1%
<b>Deferred Outflows of Resources:</b>									
Deferred amount related to pensions	5,374,916	3,024,377	78%	1,113,096	269,194	313%	6,488,012	3,293,571	97%
<b>Total deferred outflows</b>	<u>5,374,916</u>	<u>3,024,377</u>	78%	<u>1,113,096</u>	<u>269,194</u>	313%	<u>6,488,012</u>	<u>3,293,571</u>	97%
<b>Liabilities:</b>									
Long-term debt	11,521,800	7,472,378	54%	23,626,880	25,098,392	-6%	35,148,680	32,570,770	8%
Other liabilities	7,578,217	5,846,832	30%	615,673	756,078	-19%	8,193,890	6,602,910	24%
<b>Total liabilities</b>	<u>19,100,017</u>	<u>13,319,210</u>	43%	<u>24,242,553</u>	<u>25,854,470</u>	-6%	<u>43,342,570</u>	<u>39,173,680</u>	11%
<b>Deferred Inflows of Resources:</b>									
Deferred inflow s-leases	208,631	264,808	-21%	1,111,351	1,261,335	-12%	1,319,982	1,526,143	-14%
Deferred amount related to pensions	1,219,188	9,133,799	-87%	317,977	1,629,141	-80%	1,537,165	10,762,940	-86%
<b>Total deferred inflows</b>	<u>1,427,819</u>	<u>9,398,607</u>	-85%	<u>1,429,328</u>	<u>2,890,476</u>	-51%	<u>2,857,147</u>	<u>12,289,083</u>	-77%
<b>Net Position:</b>									
Net investment in capital assets	52,688,817	50,352,876	5%	44,896,915	43,999,329	2%	97,585,732	94,352,205	3%
Restricted	5,400,210	6,080,435	-11%	664,504	659,740	1%	6,064,714	6,740,175	-10%
Unrestricted	17,827,534	13,046,809	37%	9,648,717	9,518,209	1%	27,476,251	22,565,018	22%
<b>Total net position</b>	<u>\$ 75,916,561</u>	<u>\$ 69,480,120</u>	9%	<u>\$55,210,136</u>	<u>\$54,177,278</u>	2%	<u>\$131,126,697</u>	<u>\$123,657,398</u>	6%

Total net position of the City’s governmental activities increased to approximately \$75.9 million. \$58,089,027 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 \$17,827,534 at the end of this year. Total net position of the business-type activities increased to approximately \$55.2 million. However, \$45,561,419 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 \$9,648,717 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, 2023**

**Changes in Net Position**

For the year ended June 30, 2023, net position of the primary government changed as follows:

**Table 2  
Changes in Net Position**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Revenues:									
Program revenues:									
Charges for services	\$ 1,475,588	\$ 1,401,430	5%	\$ 14,768,818	\$ 13,988,356	6%	\$ 16,244,406	\$ 15,389,786	6%
Operating grants/contributions	1,563,774	1,387,432	13%	-	-	-	1,563,774	1,387,432	13%
Capital grants/contributions	1,096,727	370,610	196%	283,353	776,181	-63%	1,380,080	1,146,791	20%
General revenues:									
Sales and use taxes	25,245,719	23,899,781	6%	-	-	-	25,245,719	23,899,781	6%
Other taxes	5,065,389	2,267,458	123%	-	-	-	5,065,389	2,267,458	123%
Other general revenue	3,026,378	1,841,757	64%	284,903	168,785	69%	3,311,281	2,010,542	65%
Total revenues	<u>37,473,575</u>	<u>31,168,468</u>	20%	<u>15,337,074</u>	<u>14,933,322</u>	3%	<u>52,810,649</u>	<u>46,101,790</u>	15%
Program expenses:									
General government	2,722,759	5,869,049	-54%	-	-	-	2,722,759	5,869,049	-54%
Public safety	11,809,974	9,130,530	29%	-	-	-	11,809,974	9,130,530	29%
Public works	3,449,598	2,836,769	22%	-	-	-	3,449,598	2,836,769	22%
Culture and recreation	3,511,450	2,715,485	29%	-	-	-	3,511,450	2,715,485	29%
Cemetery	138,459	139,184	-1%	-	-	-	138,459	139,184	-1%
Economic development	6,465,320	192,747	3254%	-	-	-	6,465,320	192,747	3254%
Industrial dev. (payment to DIA)	1,209,763	1,369,450	-12%	-	-	-	1,209,763	1,369,450	-12%
Community dev. (payment to DCFA)	2,503,994	2,390,152	5%	-	-	-	2,503,994	2,390,152	5%
Tourism-Econ dev (payment to DTEDA)	477,786	440,019	9%	6,877	-	100%	484,663	440,019	10%
Interest on long-term debt	32,974	34,061	-3%	348,991	378,170	-8%	381,965	412,231	-7%
Water	-	-	-	3,506,829	3,100,645	13%	3,506,829	3,100,645	13%
Sewer	-	-	-	2,957,853	2,600,316	14%	2,957,853	2,600,316	14%
Sanitation	-	-	-	3,825,680	3,843,945	0%	3,825,680	3,843,945	0%
Airport	-	-	-	2,373,043	2,088,963	14%	2,373,043	2,088,963	14%
Total expenses	<u>32,322,077</u>	<u>25,117,446</u>	29%	<u>13,019,273</u>	<u>12,012,039</u>	8%	<u>45,341,350</u>	<u>37,129,485</u>	22%
Excess (deficiency) before transfers	5,151,498	6,051,022	-15%	2,317,801	2,921,283	-21%	7,469,299	8,972,305	-17%
Transfers	1,284,943	(1,236,696)	-204%	(1,284,943)	1,236,696	-204%	-	-	-
<b>Increase in net position</b>	<b><u>\$ 6,436,441</u></b>	<b><u>\$ 4,814,326</u></b>	<b>34%</b>	<b><u>\$ 1,032,858</u></b>	<b><u>\$ 4,157,979</u></b>	<b>-75%</b>	<b><u>\$ 7,469,299</u></b>	<b><u>\$ 8,972,305</u></b>	<b>-17%</b>

The City's governmental activities' current year increase in net position of \$6,436,441 represents a 34% increase from the increase in net position from the prior year. The business-type activities' current year increase in net position of \$1,032,858 represents a 75% decrease 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:

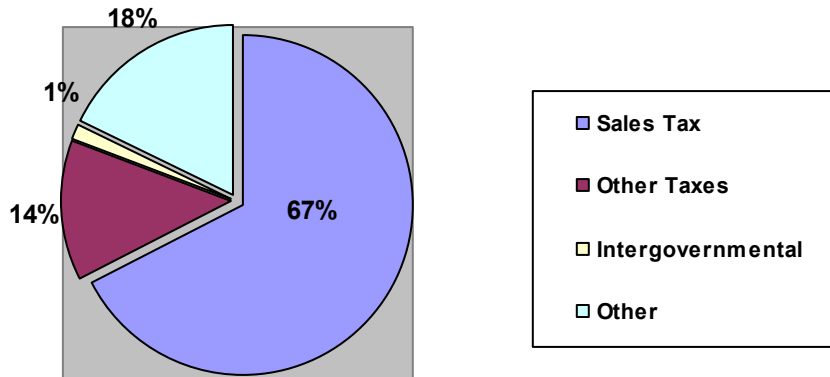
- Governmental activities capital grants and contributions increased 196% due mainly to the increase in Emergency Management grant from prior year.
- Governmental activities other taxes increased 123% due to an increase in tax increment financing taxes from prior year.
- Business-type activities capital grants and contributions decreased 63% due mainly to the decrease in grants from the Department of the Interior and the U.S. Department of Commerce.
- Governmental activities economic development expenses increased by 3254% due to a reclassification of payments to the school district from general government in the prior year to economic development expense in current year.
- Transfers changed significantly due to the reclassification of grant and capital asset activity between governmental and business-type activities.

**Governmental Activities**

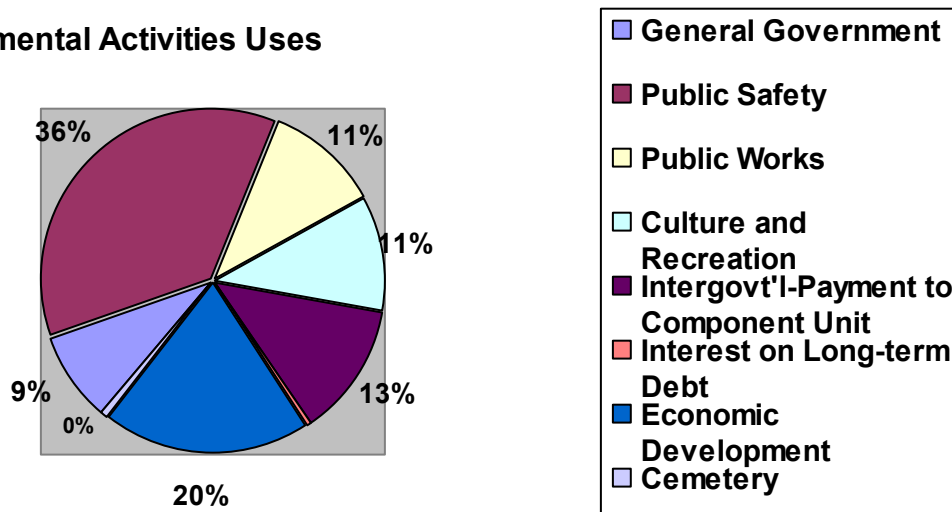
To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column 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, 2023, the City’s governmental activities were funded as follows:

**Governmental Activities Sources**



**Governmental Activities Uses**



Unaudited

**CITY OF DURANT, OKLAHOMA  
MANAGEMENT DISCUSSION & ANALYSIS  
June 30, 2023**

For the year ended June 30, 2023, total expenses for governmental activities amounted to \$32,322,077. Of these total expenses, taxpayers and other general revenues funded \$34,622,429, while those directly benefiting from the program funded \$2,660,501 from grants and other contributions and \$1,475,588 from charges for services.

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

	<b>Total Cost of Services</b>		<b>Percentage Change</b>	<b>Net Revenue (Expense) of Services</b>		<b>Percentage Change</b>
	<u>2023</u>	<u>2022</u>	<u>2023-2022</u>	<u>2023</u>	<u>2022</u>	<u>2023-2022</u>
General government	\$2,722,759	\$5,869,049	-53.6%	(\$1,868,346)	(\$5,196,270)	-64.0%
Public safety	11,809,974	9,130,530	29.3%	(9,130,733)	(7,160,786)	27.5%
Public works	3,449,598	2,836,769	21.6%	(3,275,169)	(2,658,720)	23.2%
Culture and recreation	3,511,450	2,715,485	29.3%	(3,111,043)	(2,432,247)	27.9%
Cemetery	138,459	139,184	-0.5%	(110,860)	(83,522)	32.7%
Economic development	6,465,320	192,747	3254.3%	(6,465,320)	(192,747)	3254.3%
Industrial development - payments to DIA	1,209,763	1,369,450	-11.7%	(1,209,763)	(1,369,450)	-11.7%
Community development - payments to DCFA	2,503,994	2,390,152	4.8%	(2,503,994)	(2,390,152)	4.8%
Tourism-Econ development - payments to DTEDA	477,786	440,019	8.6%	(477,786)	(440,019)	8.6%
Interest on long-term debt	32,974	34,061	-3.2%	(32,974)	(34,061)	-3.2%
<b>Total</b>	<u>\$32,322,077</u>	<u>\$25,117,446</u>	<u>28.7%</u>	<u>(\$28,185,988)</u>	<u>(\$21,957,974)</u>	<u>28.4%</u>

**Business-type Activities**

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

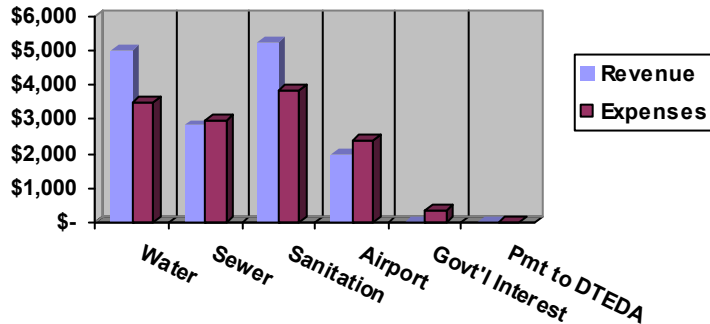
**Net Cost of Durant's Business-Type Activities**

	<b>Total Cost of Services</b>		<b>Percentage Change</b>	<b>Net Revenue (Expense) of Services</b>		<b>Percentage Change</b>
	<u>2023</u>	<u>2022</u>	<u>2023-2022</u>	<u>2023</u>	<u>2022</u>	<u>2023-2022</u>
Water	\$3,506,829	\$3,100,645	13.1%	\$1,516,939	\$1,515,249	0.1%
Sewer	2,957,853	2,600,316	13.7%	(132,577)	228,161	-158.1%
Sanitation	3,825,680	3,843,945	-0.5%	1,391,772	1,782,282	-21.9%
Airport	2,373,043	2,088,963	13.6%	(387,368)	(395,024)	-1.9%
Governmental interest on long-term debt	348,991	378,170	-7.7%	(348,991)	(378,170)	-7.7%
Tourism-Econ Dev (Payments to DTEDA)	6,877	-	N/A	(6,877)	-	N/A
<b>Total</b>	<u>\$13,019,273</u>	<u>\$12,012,039</u>	<u>8.4%</u>	<u>\$2,032,898</u>	<u>\$2,752,498</u>	<u>-26.1%</u>

- Total business-type activities reported net revenues of \$2,032,898 for the year ended June 30, 2023.
- Water and sanitation activities reported net revenues for the year ended June 30, 2023, while sewer, airport, governmental interest on long-term debt and payments to DTEDA reported net expenses of \$132,577, \$387,368, \$348,991 and \$6,877, respectively.

Unaudited

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



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

As the City completed its 2023 fiscal year, the governmental funds reported a combined total fund balance of \$27,422,765 or a 16.8% increase from the prior year. The enterprise funds reported total net position of \$54,199,694 or a 1.9% increase from 2022.

Other fund highlights include:

- For the year ended June 30, 2023, the General Fund's total fund balance increased by \$4,961,857 or 51.4%.
- The Capital Improvement Fund's total fund balance decreased by \$1,200,172 or 33.2%.

**General Fund Budgetary Highlights**

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues above final estimates by \$3,282,010 or an 18.1% positive variance. General Fund actual budgetary basis expenditures were under final appropriations by \$3,458,670 or a 17.2% positive variance.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2023, the City had \$110,341,140 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, 2023**

<b>Primary Government Capital Assets</b> (Net of accumulated depreciation and amortization)						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$5,429,060	\$5,381,392	\$2,871,323	\$2,674,435	\$8,300,383	\$8,055,827
Buildings	17,157,549	17,786,684	7,602,834	8,726,610	24,760,383	26,513,294
Improvements	1,560,918	1,718,826	10,569,337	11,136,429	12,130,255	12,855,255
Machinery & equipment	5,602,559	5,673,774	5,654,035	5,014,251	11,256,594	10,688,025
Infrastructure	18,008,358	18,383,560	22,892,517	23,782,127	40,900,875	42,165,687
Machinery & equip-leases	272,132	402,237	43,485	51,584	315,617	453,821
Subscription assets	198,811	-	-	-	198,811	-
Construction in progress	5,583,679	2,297,028	6,894,543	6,011,810	12,478,222	8,308,838
<b>Totals</b>	<u>\$53,813,066</u>	<u>\$51,643,501</u>	<u>\$56,528,074</u>	<u>\$57,397,246</u>	<u>\$110,341,140</u>	<u>\$109,040,747</u>

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

- The City placed in service a Reconstruction of Comm Ln Street Project totaling \$460,248.
- The City placed in service a Paving of Peppernut Ln Street Project totaling \$480,172.
- The City placed in service a WTP Filter Underdrain Project totaling \$332,687.
- The City placed in service a Taxiway Lighting Replacement project totaling \$282,155.
- The City placed in service a 12K Gallon 100LL Tank project totaling \$367,581.
- The City placed in service an Asphalt Box totaling \$149,643.

See Note 5 to the financial statements for more detailed information on the City's capital assets and changes therein.

**Long- Term Debt**

At year-end, the City had \$27,190,453 in long-term debt outstanding which represents a \$973,543 or 3.5% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

<b>Primary Government Long-Term Debt</b>							<b>Total Percentage Change</b>
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>		
	<b>Activities</b>		<b>Activities</b>				
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023-2022</u>
Lease obligations	\$ 270,470	\$ 400,193	\$ 40,759	\$ 55,105	\$311,229	\$ 455,298	-31.6%
Notes payable	662,398	890,345	22,015,006	23,658,826	22,677,404	24,549,171	-7.6%
Landfill closure liability	-	-	633,647	562,874	633,647	562,874	12.6%
Meter deposit liability	-	-	594,662	574,187	594,662	574,187	3.6%
Subscription obligations	195,823	-	-	-	195,823	-	N/A
Accrued comp absences	2,434,882	1,775,066	342,806	247,400	2,777,688	2,022,466	37.3%
<b>Totals</b>	<u>\$3,563,573</u>	<u>\$3,065,604</u>	<u>\$23,626,880</u>	<u>\$25,098,392</u>	<u>\$27,190,453</u>	<u>\$28,163,996</u>	-3.5%

Unaudited

For the year ended June 30, 2023, the significant transactions that occurred were the reporting of new subscription obligations totaling \$195,823 for governmental 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 2022-2023 increased over the previous fiscal year by -4.76% while sales tax collection for the fiscal year of 2023-2024 reflect a 1.77% increase over the same period in 2022-2023.

The city sales tax collection has increased ten consecutive years since 2013-2014. The rate at June 30, 2023 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:**

The economy of Durant remained vibrant during FY 2022-23 with continued population and economic growth.

**Population growth--** According to the U.S. Census Bureau, the population of Durant increased by 5.6% between 2020 and 2022. The 2023 estimate is not yet available, but will not doubt show continued growth with numerous new home construction projects in new housing subdivisions both inside and outside the Durant City Limits. In real terms, the population of Durant increased from 18,589 in 2020 to 19,628 in 2022. By way of comparison, the state of Oklahoma as a whole increased only 1.5% from 2022 to 2023, compared to 5.6% in Durant for the same period.

**Sales tax growth—**A strong measure of the local economy is sales tax growth. During the fiscal year of FY2022-23, the sales tax receipts of the city increased by 4.76%. The amount of increase was down from the two previous fiscal years of 11.92% in FY21 and 7.8% in FY22, but much of the growth for the two previous fiscal years can be attributed to stimulus funding during the pandemic. Adding up the past three fiscal years, a total sales tax increase of nearly 25% shows a very healthy increase for our local economy.

**Workforce and Unemployment—**During the FY2022-23 fiscal year, unemployment remained very low, decreasing from 3.2% in June 2022 to 3.0% in 2023. This can be attributed to economic growth in Bryan County, with the number of employed persons in the county increasing from 22,564 to 23,329, an increase in employed persons of 3.4%. Much of this job growth can be attributed to the expansion of the Choctaw Casino and Resort in Durant.

**Housing**—The Choctaw Nation, on June 19, 2023, announced the “Haven”, a multi-family apartment complex which will boast 216 units, on 116 acres, across Highway 70 from the Choctaw Headquarters and the Choctaw Regional Medical Clinic. Additional phases will be constructed in the future. Numerous subdivisions, several with 50-100 lots are being rapidly built-out in Durant and near Durant to address the needs of a growing population in Durant and Bryan County. During 2023, the Community Development Department of Durant issued 71 new single family housing permits plus 138 single family alteration permits. Fifteen commercial permits were issued totaling \$15.1 million. Total value of permits issued in 2023 was \$44.7 million. These permits do not include structures constructed by the Choctaw Nation which is not required to apply for permits due to tribal sovereignty.

**Economic Development Projects:** Ongoing economic projects in Durant include an expansion of Allied Stone with 100 new jobs, and an expansion of S&G Echo for 75 new jobs. The Durant Industrial Authority, realizing the new for new and expanded industrial sites, has begun planning to acquire addition tracts of property for industrial sites. During Fiscal year 2023, the DIA initiated a Small Business Grant program to encourage the addition of technology and capital investment in small businesses, primarily in the downtown and retail core of the city. All grantees were required to participate in a “Small Business Boot Camp” and the number of grants awarded were 26 grants of \$2000 for technology and 17 grants of \$5,000 for small business grants for capital improvements.

#### **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, 2023**

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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, 2023

**Statement of Net Position— June 30, 2023**

	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	\$ 27,887,867	\$ 19,090,249	\$ 46,978,116	\$ 2,309,332	\$ 1,433,972	\$ 664,224
Investments	2,441,523	-	2,441,523	-	750,000	-
Investment in Durant TIF Authority bonds	-	-	-	3,100,000	-	-
Accounts receivable, net of allowance	-	1,816,990	1,816,990	3,000	-	-
Miscellaneous taxes receivable	191,409	-	191,409	-	-	-
Court fine receivable, net of allowance	74,423	-	74,423	-	-	-
Internal balances	(1,006,000)	1,006,000	-	-	-	-
Due to/from component unit	(43,884)	-	(43,884)	-	-	43,884
Advance to/from other funds	(51,876)	51,876	-	-	-	-
Advance to/from component unit	2,850,000	-	2,850,000	(2,850,000)	-	-
Due from other governments	3,869,190	-	3,869,190	544,142	-	-
Notes receivable	-	-	-	2,099,015	-	-
Other receivables	54,432	-	54,432	-	-	-
Lease receivables	207,546	1,134,496	1,342,042	-	-	-
Net pension asset	781,785	141,236	923,021	-	-	-
Capital assets:						
Land and construction in progress	11,012,739	9,765,866	20,778,605	1,142,241	266,000	-
Other capital assets, net of depreciation	42,800,327	46,762,208	89,562,535	14,278	-	-
Total assets	91,069,481	79,768,921	170,838,402	6,362,008	2,449,972	708,108
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred amount related to pensions	5,374,916	1,113,096	6,488,012	282	-	-
Deferred amount on refunding	-	-	-	-	167,377	-
Total deferred outflows	5,374,916	1,113,096	6,488,012	282	167,377	-
<b>LIABILITIES:</b>						
Accounts payable	3,044,588	227,985	3,272,573	27,224	4	15,681
Accrued payroll liabilities	565,135	166,625	731,760	-	-	-
Accrued interest payable	-	221,063	221,063	-	76,346	-
Due to other governments	201,673	-	201,673	-	-	-
Claims liability	532,201	-	532,201	-	-	-
Due to bondholders	367	-	367	-	-	-
Unearned revenue	3,234,253	-	3,234,253	-	-	-
Long-term liabilities:						
Due within one year	606,847	2,366,454	2,973,301	70,592	1,538,844	-
Due in more than one year	10,914,953	21,260,426	32,175,379	296,170	771,383	-
Total liabilities	19,100,017	24,242,553	43,342,570	393,986	2,386,577	15,681
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred inflows-leases	208,631	1,111,351	1,319,982	-	-	-
Deferred amount related to pensions	1,219,188	317,977	1,537,165	336	-	-
Total deferred inflows	1,427,819	1,429,328	2,857,147	336	-	-
<b>NET POSITION:</b>						
Net investment in capital assets	52,688,817	44,896,915	97,585,732	1,156,519	266,000	-
Restricted	5,400,210	664,504	6,064,714	-	-	-
Unrestricted (deficit)	17,827,534	9,648,717	27,476,251	4,811,449	(35,228)	692,427
Total net position	\$ 75,916,561	\$ 55,210,136	\$ 131,126,697	\$ 5,967,968	\$ 230,772	\$ 692,427

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

**Statement of Activities –Year Ended June 30, 2023**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Primary Government			Primary Government			Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	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	\$ 2,722,759	\$ 557,863	\$ 296,550	\$ -	\$ (1,868,346)	\$ -	\$ (1,868,346)	\$ -	\$ -	\$ -
Public safety	11,809,974	687,611	1,052,067	939,563	(9,130,733)	-	(9,130,733)	-	-	-
Public works	3,449,598	1,694	172,735	-	(3,275,169)	-	(3,275,169)	-	-	-
Culture and recreation	3,511,450	201,745	41,498	157,164	(3,111,043)	-	(3,111,043)	-	-	-
Cemetery	138,459	26,675	924	-	(110,860)	-	(110,860)	-	-	-
Economic development	6,465,320	-	-	-	(6,465,320)	-	(6,465,320)	-	-	-
Industrial development (Payment to DIA)	1,209,763	-	-	-	(1,209,763)	-	(1,209,763)	-	-	-
Community development (Payment to DCFA)	2,503,994	-	-	-	(2,503,994)	-	(2,503,994)	-	-	-
Tourism-Econ Dev (Payment to DTEDA)	477,786	-	-	-	(477,786)	-	(477,786)	-	-	-
Interest on long-term debt	32,974	-	-	-	(32,974)	-	(32,974)	-	-	-
Total governmental activities	<u>32,322,077</u>	<u>1,475,588</u>	<u>1,563,774</u>	<u>1,096,727</u>	<u>(28,185,988)</u>	<u>-</u>	<u>(28,185,988)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities										
Water	3,506,829	4,870,895	-	152,873	-	1,516,939	1,516,939	-	-	-
Sewer	2,957,853	2,824,241	-	1,035	-	(132,577)	(132,577)	-	-	-
Sanitation	3,825,680	5,192,452	-	25,000	-	1,391,772	1,391,772	-	-	-
Airport	2,373,043	1,881,230	-	104,445	-	(387,368)	(387,368)	-	-	-
Governmental interest on long-term debt	348,991	-	-	-	-	(348,991)	(348,991)	-	-	-
Tourism-Econ Dev (Payment to DTEDA)	6,877	-	-	-	-	(6,877)	(6,877)	-	-	-
Total business-type activities	<u>13,019,273</u>	<u>14,768,818</u>	<u>-</u>	<u>283,353</u>	<u>-</u>	<u>2,032,898</u>	<u>2,032,898</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 45,341,350</u>	<u>\$ 16,244,406</u>	<u>\$ 1,563,774</u>	<u>\$ 1,380,080</u>	<u>(28,185,988)</u>	<u>2,032,898</u>	<u>(26,153,090)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Component Units</b>										
Industrial development	\$ 738,108	\$ -	\$ 15,607	\$ -	-	-	(722,501)	-	-	-
Community development	1,488,927	-	-	-	-	-	-	(1,488,927)	-	-
Tourism-Economic development	706,271	200	-	-	-	-	-	-	-	(706,071)
Total component units	<u>\$ 2,933,306</u>	<u>\$ 200</u>	<u>\$ 15,607</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(722,501)</u>	<u>(1,488,927)</u>	<u>-</u>	<u>(706,071)</u>
<b>General revenues:</b>										
Taxes:										
Sales and use taxes					25,245,719	-	25,245,719	-	-	-
Franchise and public service taxes					1,585,510	-	1,585,510	-	-	-
E-911 taxes					457,428	-	457,428	-	-	-
Tourism taxes					477,786	-	477,786	-	-	-
Tax increment financing (TIF) taxes					2,544,665	-	2,544,665	-	-	-
Intergovernmental revenue not restricted to specific programs					513,318	-	513,318	-	-	-
Investment income					145,965	158,202	304,167	-	21,057	3,126
Miscellaneous					1,073,661	126,701	1,200,362	530,219	-	-
Payments received from primary government					-	-	-	1,209,763	2,503,994	484,663
Payments received from component unit					1,293,434	-	1,293,434	-	-	-
Transfers - internal activity					1,284,943	(1,284,943)	-	-	-	-
Total general revenues and transfers					<u>34,622,429</u>	<u>(1,000,040)</u>	<u>33,622,389</u>	<u>1,739,982</u>	<u>2,525,051</u>	<u>487,789</u>
Change in net position					6,436,441	1,032,858	7,469,299	1,017,481	1,036,124	(218,282)
Net position - beginning					69,480,120	54,177,278	123,657,398	4,950,487	(805,352)	910,709
Net position - ending					<u>\$ 75,916,561</u>	<u>\$ 55,210,136</u>	<u>\$ 131,126,697</u>	<u>\$ 5,967,968</u>	<u>\$ 230,772</u>	<u>\$ 692,427</u>

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

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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, 2023**

**Governmental Funds Balance Sheet - June 30, 2023**

	Special Revenue Funds					Capital Project Funds		Other Governmental Funds	Total Governmental Funds
	General	1/4% Economic Development Fund	5/8% Sales Tax Education Fund	Durant Development Authority	Durant Tax Increment Finance Authority	Capital Improvement Fund	1% Sales Tax Revenue Fund		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 11,743,621	\$ 2,522,861	\$ -	\$ -	\$ 1,134,965	\$ 6,832,089	\$ -	\$ 1,763,748	\$ 23,997,284
Investments	2,000,000	-	-	-	-	-	-	441,523	2,441,523
Receivables:									
Advance to component unit	-	2,850,000	-	-	-	-	-	-	2,850,000
Due from other funds	-	-	-	-	-	71,889	-	498	72,387
Due from other governments	1,788,988	162,816	467,967	-	144,947	170,066	651,269	483,137	3,869,190
Miscellaneous taxes receivable	147,525	-	-	-	-	-	-	43,884	191,409
Court fines receivable, net	74,423	-	-	-	-	-	-	-	74,423
Other receivables	1,000	-	-	-	-	-	-	53,432	54,432
Lease receivables	207,546	-	-	-	-	-	-	-	207,546
Total assets	<u>\$ 15,963,103</u>	<u>\$ 5,535,677</u>	<u>\$ 467,967</u>	<u>\$ -</u>	<u>\$ 1,279,912</u>	<u>\$ 7,074,044</u>	<u>\$ 651,269</u>	<u>\$ 2,786,222</u>	<u>\$ 33,758,194</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>									
<b>LIABILITIES:</b>									
Accounts payable	\$ 216,690	\$ -	\$ -	\$ -	\$ 3	\$ 1,392,970	\$ -	\$ 34,093	\$ 1,643,756
Accrued payroll liabilities	530,636	-	-	-	-	-	-	19,531	550,167
Advance from DCUA	-	-	-	-	-	51,876	-	-	51,876
Due to other funds	498	-	-	-	-	-	-	71,889	72,387
Due to component unit	-	-	-	-	-	-	-	43,884	43,884
Due to other governments	201,673	-	-	-	-	-	-	-	201,673
Due to bondholders	367	-	-	-	-	-	-	-	367
Unearned revenue	186,231	-	-	-	-	3,048,022	-	-	3,234,253
Total liabilities	<u>1,136,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>4,492,868</u>	<u>-</u>	<u>169,397</u>	<u>5,798,363</u>
<b>Deferred Inflows of Resources:</b>									
Deferred inflows-leases	208,631	-	-	-	-	-	-	-	208,631
Unavailable revenue	3,112	-	-	-	-	167,818	-	157,505	328,435
Total deferred inflows of resources	<u>211,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,818</u>	<u>-</u>	<u>157,505</u>	<u>537,066</u>
<b>Fund balances:</b>									
Restricted	-	3,780,816	467,967	-	1,279,909	-	649,588	614,892	6,793,172
Assigned	3,409,860	1,754,861	-	-	-	2,413,358	1,681	1,948,650	9,528,410
Unassigned (deficit)	11,205,405	-	-	-	-	-	-	(104,222)	11,101,183
Total fund balances	<u>14,615,265</u>	<u>5,535,677</u>	<u>467,967</u>	<u>-</u>	<u>1,279,909</u>	<u>2,413,358</u>	<u>651,269</u>	<u>2,459,320</u>	<u>27,422,765</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 15,963,103</u>	<u>\$ 5,535,677</u>	<u>\$ 467,967</u>	<u>\$ -</u>	<u>\$ 1,279,912</u>	<u>\$ 7,074,044</u>	<u>\$ 651,269</u>	<u>\$ 2,786,222</u>	<u>\$ 33,758,194</u>

See accompanying notes to the Basic Financial Statements.



**CITY OF DURANT, OKLAHOMA**  
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**Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2023**

	Special Revenue Funds				Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	1/4% Economic Development Fund	5/8% Sales Tax Education Fund	Durant Development Authority	Durant Tax Increment Finance Authority	Capital Improvement Fund	1% Sales Tax Revenue Fund		
<b>REVENUES</b>									
Taxes	\$ 14,455,281	\$ 1,252,774	\$ 3,606,530	\$ -	\$ 2,588,554	\$ -	\$ 5,011,096	\$ 3,440,762	\$ 30,354,997
Intergovernmental	1,639,555	-	-	-	-	1,161,390	-	109,554	2,910,499
Charges for services	287,670	-	-	-	-	-	-	91,030	378,700
Licenses and permits	467,912	-	-	-	-	-	-	-	467,912
Fines and forfeitures	688,683	-	-	-	-	-	-	-	688,683
Investment income	42,533	11,912	-	-	54,519	26,211	-	5,602	140,777
Miscellaneous	889,235	-	-	-	-	585,450	-	42,259	1,516,944
Total revenues	<u>18,470,849</u>	<u>1,264,686</u>	<u>3,606,530</u>	<u>-</u>	<u>2,643,073</u>	<u>1,773,051</u>	<u>5,011,096</u>	<u>3,689,207</u>	<u>36,458,492</u>
<b>EXPENDITURES</b>									
Current:									
General government	2,575,261	-	-	-	-	-	-	-	2,575,261
Public safety	10,195,459	-	-	-	-	-	-	785,061	10,980,520
Public works	1,658,127	-	-	-	-	-	-	-	1,658,127
Culture and recreation	2,433,515	-	-	-	-	-	-	-	2,433,515
Cemetery	129,494	-	-	-	-	-	-	-	129,494
Economic development	167,243	-	-	3,595,013	2,446,923	-	-	-	6,209,179
Capital outlay	411,435	-	-	-	-	7,534,836	-	421,749	8,368,020
Debt service:									
Principal	14,343	-	-	-	-	332,532	-	38,145	385,020
Interest and other charges	657	-	-	-	-	17,262	-	7,306	25,225
Total expenditures	<u>17,585,534</u>	<u>-</u>	<u>-</u>	<u>3,595,013</u>	<u>2,446,923</u>	<u>7,884,630</u>	<u>-</u>	<u>1,252,261</u>	<u>32,764,361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>885,315</u>	<u>1,264,686</u>	<u>3,606,530</u>	<u>(3,595,013)</u>	<u>196,150</u>	<u>(6,111,579)</u>	<u>5,011,096</u>	<u>2,436,946</u>	<u>3,694,131</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	4,317,258	-	-	3,595,013	-	4,799,249	-	597,000	13,308,520
Transfers out	(1,339,630)	-	(3,595,013)	-	-	(56,362)	(5,007,988)	(156,328)	(10,155,321)
Transfers from component unit	1,098,914	26,000	-	-	-	168,520	-	-	1,293,434
Transfers to component unit	-	(1,209,763)	-	-	-	-	-	(2,981,780)	(4,191,543)
Total other financing sources and uses	<u>4,076,542</u>	<u>(1,183,763)</u>	<u>(3,595,013)</u>	<u>3,595,013</u>	<u>-</u>	<u>4,911,407</u>	<u>(5,007,988)</u>	<u>(2,541,108)</u>	<u>255,090</u>
Net change in fund balances	<u>4,961,857</u>	<u>80,923</u>	<u>11,517</u>	<u>-</u>	<u>196,150</u>	<u>(1,200,172)</u>	<u>3,108</u>	<u>(104,162)</u>	<u>3,949,221</u>
Fund balances - beginning	9,653,408	5,454,754	456,450	-	1,083,759	3,613,530	648,161	2,563,482	23,473,544
Fund balances - ending	<u>\$ 14,615,265</u>	<u>\$ 5,535,677</u>	<u>\$ 467,967</u>	<u>\$ -</u>	<u>\$ 1,279,909</u>	<u>\$ 2,413,358</u>	<u>\$ 651,269</u>	<u>\$ 2,459,320</u>	<u>\$ 27,422,765</u>

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA  
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**Fund Balance – Net Position:**

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

**Total fund balance, governmental funds** \$ 27,422,765

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 and amortization of \$91,906,866 53,393,587

Certain long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:

Grants receivable	325,323
Court fines receivable	<u>3,112</u>
	<u>328,435</u>

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	781,785
Pension related deferred outflows	<u>5,374,916</u>
	<u>6,156,701</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 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	3,321,185
Internal service fund interfund balance resulting from net revenues reported in business-type activities	<u>(1,010,442)</u>
	<u>2,310,743</u>

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	(167,842)
Notes Payable	(662,398)
Due to others - TIF Authority	(1,392,962)
Accrued compensated absences	(2,295,053)
Net pension liability	(7,958,227)
Pension related deferred inflows	<u>(1,219,188)</u>
	<u>(13,695,670)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 75,916,561

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA**  
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**Changes in Fund Balances - Net Position Reconciliation:**

**Net change in fund balances - total governmental funds:** \$ 3,949,221

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 asset purchases capitalized	5,367,422
Depreciation expense	(3,242,514)
Amortization expense-leases	(158,029)
	1,966,879

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	94,754
	94,754

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.

855,949
855,949

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	157,073
Debt principal payments	227,947
	385,020

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	(265,314)
Change in accrued compensated absences	(569,509)
	(834,823)

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	28,871
Net revenues (expenses) of the internal service fund reported in business-type activities	(9,430)
	19,441

**Change in net position of governmental activities** **\$ 6,436,441**

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF DURANT, OKLAHOMA**  
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**Proprietary Funds Statement of Net Position - June 30, 2023**

	Enterprise Funds			Internal Service Funds
	Utility Authority Fund	Airport Authority Fund	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 6,330,349	\$ 860,865	\$ 7,191,214	\$ 3,890,583
Restricted cash and cash equivalents	11,899,035	-	11,899,035	-
Advance to other funds	328,899	-	328,899	-
Accounts receivable, net	1,782,976	34,014	1,816,990	-
Total current assets	<u>20,341,259</u>	<u>894,879</u>	<u>21,236,138</u>	<u>3,890,583</u>
Noncurrent assets:				
Lease receivable	681,953	452,543	1,134,496	-
Net pension asset	131,437	9,799	141,236	-
Capital assets:				
Land and other non-depreciable assets	9,117,965	647,901	9,765,866	-
Other capital assets, net of depreciation	32,347,953	14,394,804	46,742,757	438,930
Total noncurrent assets	<u>42,279,308</u>	<u>15,505,047</u>	<u>57,784,355</u>	<u>438,930</u>
Total assets	<u>62,620,567</u>	<u>16,399,926</u>	<u>79,020,493</u>	<u>4,329,513</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred amounts related to pensions	1,036,767	76,329	1,113,096	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	163,907	64,078	227,985	7,870
Accrued payroll liabilities	152,985	13,640	166,625	14,968
Advance from DCUA	-	277,023	277,023	-
Accrued interest payable	221,063	-	221,063	-
Estimated liability for claims	-	-	-	532,201
Current portion of:				
Meter deposit liability	118,932	-	118,932	-
Lease obligations	-	15,508	15,508	27,832
Subscription obligations	-	-	-	96,841
Notes payable	2,112,000	49,412	2,161,412	-
Landfill closure liability	31,682	-	31,682	-
Accrued compensated absences	33,784	497	34,281	13,983
Total current liabilities	<u>2,834,353</u>	<u>420,158</u>	<u>3,254,511</u>	<u>693,695</u>
Noncurrent liabilities:				
Meter deposit liability	475,730	-	475,730	-
Lease obligations	-	10,242	10,242	89,805
Subscription obligations	-	-	-	98,982
Notes payable	19,758,195	95,399	19,853,594	-
Landfill closure liability	601,965	-	601,965	-
Accrued compensated absences	304,054	4,471	308,525	125,846
Total noncurrent liabilities	<u>21,139,944</u>	<u>110,112</u>	<u>21,250,056</u>	<u>314,633</u>
Total liabilities	<u>23,974,297</u>	<u>530,270</u>	<u>24,504,567</u>	<u>1,008,328</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows-leases	653,180	458,171	1,111,351	-
Deferred amounts related to pensions	289,622	28,355	317,977	-
Total current liabilities	<u>942,802</u>	<u>486,526</u>	<u>1,429,328</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	30,014,529	14,882,386	44,896,915	125,470
Restricted for debt service	664,504	-	664,504	-
Unrestricted	8,061,202	577,073	8,638,275	3,195,715
Total net position	<u>\$ 38,740,235</u>	<u>\$ 15,459,459</u>	<u>54,199,694</u>	<u>\$ 3,321,185</u>

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	1,010,442
Net position of business-type activities	<u>\$ 55,210,136</u>

See accompanying notes to the Basic Financial Statements.

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**Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2023**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Utility Authority Fund</u>	<u>Airport Authority Fund</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>				
Charges for services:				
Water charges	\$ 4,676,809	\$ -	\$ 4,676,809	\$ -
Sewer charges	2,726,459	-	2,726,459	-
Water and sewer taps	94,816	-	94,816	-
Penalties	99,392	-	99,392	-
Non-payment fees	144,336	-	144,336	-
Sanitation charges	4,576,461	-	4,576,461	-
Landfill gate fees	250,900	-	250,900	-
Lab tests	17,363	-	17,363	-
Airport	-	1,596,861	1,596,861	-
Rentals	126,701	-	126,701	-
Transfer station fees	245,676	-	245,676	-
Recyclable products	8,346	-	8,346	-
Self insurance charges	-	-	-	2,614,235
Miscellaneous	47,030	284,369	331,399	1,220,674
Total operating revenues	<u>13,014,289</u>	<u>1,881,230</u>	<u>14,895,519</u>	<u>3,834,909</u>
<b>OPERATING EXPENSES</b>				
Public works administration	360,760	-	360,760	-
Utility billing	483,773	-	483,773	-
Water/sewer line maintenance	912,662	-	912,662	-
Water treatment plant	1,317,549	-	1,317,549	-
Wastewater treatment	1,061,345	-	1,061,345	-
Collection - solid waste	1,047,015	-	1,047,015	-
General government	189,534	-	189,534	-
Lake Durant	44,074	-	44,074	-
Disposal - solid waste	1,852,154	-	1,852,154	-
Airport	-	1,528,535	1,528,535	-
Claims expense	-	-	-	3,637,911
Depreciation and amortization expense	2,608,990	793,437	3,402,427	165,566
Total operating expenses	<u>9,877,856</u>	<u>2,321,972</u>	<u>12,199,828</u>	<u>3,803,477</u>
Operating income (loss)	3,136,433	(440,742)	2,695,691	31,432
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	148,265	9,937	158,202	5,188
Interest expense and fiscal charges	(788,534)	(7,250)	(795,784)	(7,749)
Total non-operating revenue (expenses)	<u>(640,269)</u>	<u>2,687</u>	<u>(637,582)</u>	<u>(2,561)</u>
Net income (loss) before contributions and transfers	2,496,164	(438,055)	2,058,109	28,871
Capital contributions	1,926,273	199,122	2,125,395	-
Transfers in	2,595,045	213,481	2,808,526	-
Transfers out	(5,681,862)	(279,863)	(5,961,725)	-
Transfers to component unit	-	(6,877)	(6,877)	-
Change in net position	1,335,620	(312,192)	1,023,428	28,871
Total net position - beginning	37,404,615	15,771,651	53,176,266	3,292,314
Total net position - ending	<u>\$ 38,740,235</u>	<u>\$ 15,459,459</u>	<u>\$ 54,199,694</u>	<u>\$ 3,321,185</u>

Change in net position - enterprise funds \$ 1,023,428

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 9,430

Change in the net position of the business-type activities \$ 1,032,858

See accompanying notes to the Basic Financial Statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023**

	Enterprise Funds			Internal Service Funds
	Utilities Authority Fund	Airport Authority Fund	Total Proprietary Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 13,162,810	\$ 1,884,397	\$ 15,047,207	\$ 3,834,909
Payments to suppliers	(4,022,257)	(1,283,075)	(5,305,332)	(3,211,975)
Payments to employees	(3,406,801)	(330,099)	(3,736,900)	(324,822)
Receipts of customer meter deposits	138,615	-	138,615	-
Refunds of customer meter deposits	(118,140)	-	(118,140)	-
Other receipts (payments)	73,104	(21,357)	51,747	-
Net Cash Provided by Operating Activities	<u>5,827,331</u>	<u>249,866</u>	<u>6,077,197</u>	<u>298,112</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	2,595,045	213,481	2,808,526	-
Transfers to other funds	(5,681,862)	(279,863)	(5,961,725)	-
Transfers to component unit	-	(6,877)	(6,877)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(3,086,817)</u>	<u>(73,259)</u>	<u>(3,160,076)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(81,160)	(331,365)	(412,525)	(290,570)
Proceeds from issuance of capital debt	440,621	-	440,621	-
Proceeds from issuance of subscription obligations	-	-	-	290,570
Principal paid on capital debt	(2,037,000)	(47,441)	(2,084,441)	-
Principal paid on leases	-	(5,152)	(5,152)	(54,861)
Principal paid on subscription obligations	-	-	-	(94,747)
Interest and fiscal charges paid on capital debt and leases	(810,673)	(7,250)	(817,923)	(7,749)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(2,488,212)</u>	<u>(391,208)</u>	<u>(2,879,420)</u>	<u>(157,357)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	148,265	9,937	158,202	5,188
Net Cash Provided by Investing Activities	<u>148,265</u>	<u>9,937</u>	<u>158,202</u>	<u>5,188</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>400,567</b>	<b>(204,664)</b>	<b>195,903</b>	<b>145,943</b>
<b>Balances - beginning of the year</b>	<b>17,828,817</b>	<b>1,065,529</b>	<b>18,894,346</b>	<b>3,744,640</b>
<b>Balances - end of the year</b>	<b><u>\$ 18,229,384</u></b>	<b><u>\$ 860,865</u></b>	<b><u>\$ 19,090,249</u></b>	<b><u>\$ 3,890,583</u></b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 6,330,349	\$ 860,865	\$ 7,191,214	\$ 3,890,583
Current restricted cash and cash equivalents	11,899,035	-	11,899,035	-
	<u>\$ 18,229,384</u>	<u>\$ 860,865</u>	<u>\$ 19,090,249</u>	<u>\$ 3,890,583</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 3,136,433	\$ (440,742)	\$ 2,695,691	\$ 31,432
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	2,608,990	793,437	3,402,427	165,566
Change in assets, liabilities and deferrals:				
Receivables	161,863	(4,204)	157,659	-
Advance to other funds	73,104	-	73,104	-
Lease receivable	47,006	97,007	144,013	-
Accounts payable	(58,217)	(55,935)	(114,152)	(15,431)
Accrued payroll liabilities	(5,602)	1,488	(4,114)	1,079
Advance from DCUA	-	(21,357)	(21,357)	-
Estimated liability for claims	-	-	-	25,159
Landfill closure liability	70,773	-	70,773	-
Meter deposit liability	20,475	-	20,475	-
Deferred inflows related to leases	(60,348)	(89,636)	(149,984)	-
Pension liability & related accounts	(267,290)	(25,454)	(292,744)	-
Accrued compensated absences	100,144	(4,738)	95,406	90,307
Net Cash Provided by Operating Activities	<u>\$ 5,827,331</u>	<u>\$ 249,866</u>	<u>\$ 6,077,197</u>	<u>\$ 298,112</u>
<b>Noncash activities:</b>				
Contributed capital assets received	<u>\$ 1,926,273</u>	<u>\$ 199,122</u>	<u>\$ 2,125,395</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF DURANT, OKLAHOMA  
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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 – reported as a blended component unit.

**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.

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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.

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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 transferred to Durant Development Authority restricted for Durant Public Schools for education capital projects.
- Durant Development Authority - accounts for five-eighths cent sales tax transferred from 5/8 % Sales Tax Education Fund 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)

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*Capital Project Funds:*

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

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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.

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, 2023 are as follows:

**Deposits and Investments**

**PRIMARY GOVERNMENT:**

<u>Type of Deposits and Investments</u>	<u>Maturities</u>	<u>Carrying Value</u>
Demand deposits		\$34,716,243
Time deposit	06/27/24	400,000
Time deposit	06/27/24	2,000,000
Time deposit	02/04/24	41,523
Cash on hand		4,240
	<b><u>Credit Rating</u></b>	
Mutual Funds - First United Money Market	not rated	11,304,373
Mutual Funds - Blackrock Liq Fedfd-Csh Res	AAAm	953,260
<b>Total</b>		<b><u><u>\$49,419,639</u></u></b>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents		\$ 46,978,116
Investments		2,441,523
		<b><u><u>\$ 49,419,639</u></u></b>

**COMPONENT UNITS:**

**Durant Industrial Authority:**

<u>Type of Deposits and Investments</u>	<u>Maturities</u>	<u>Carrying Value</u>
Demand deposits		\$ 2,309,332
		<b><u><u>\$ 2,309,332</u></u></b>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents		\$ 2,309,332
		<b><u><u>\$ 2,309,332</u></u></b>

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**Durant Community Facilities Authority:**

<b>Type of Deposits and Investments</b>	<b>Carrying Value</b>
Demand deposits	\$ 1,178,359
Time deposit 12/27/23	500,000
Time deposit 12/27/23	250,000
	<b>Credit Rating</b>
Mutual Funds - Goldman Sachs Financial Sq Trsy Oblig	AAA m 255,613
<b>Total</b>	<b>\$ 2,183,972</b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 1,433,972
Investments	750,000
	<b>\$ 2,183,972</b>

**Durant Tourism Economic Development Authority:**

<b>Type of Deposits and Investments</b>	<b>Carrying Value</b>
Demand deposits	\$ 664,224
<b>Total</b>	<b>\$ 664,224</b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 664,224
	<b>\$ 664,224</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, 2023, 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.

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*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.
- 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, 2023 are as follows:

	Current Cash and cash Equivalents
Utility Deposits	\$ 594,662
OWRB Accounts (DCUA):	
2009A Principal Account	136,341
2009A Interest Account	64,084
2009B Principal Account	47,970
2009B Interest Account	22,110
2010 Principal Account	59,809
2010 Interest Account	25,527
2007 Revenue Account	4,748
2007 Project Account	79
2007 Principal Account	121,765
2007 Interest Account	28,607
2020 Construction Account	10,418,727
2020 Principal Account	251,972
2020 Interest Account	122,634
Total Restricted Assets	\$ 11,899,035

**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.

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	<u>Receivable</u>	<u>Allowance for Bad Debts</u>	<u>Net Receivable</u>
Governmental Activities:			
Court Fines Receivable	\$ 744,235	\$ (669,812)	\$ 74,423
Business-Type Activities:			
Airport Receivables	\$ 57,703	\$ (23,689)	\$ 34,014
Utility Receivables	\$ 2,046,884	\$ (263,908)	\$ 1,782,976

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 \$39,105 for governmental activities and \$165,828 for business-type activities. Lease receivable balances at June 30, 2023, were as follows:

	<u>Governmental Lease Receivable</u>
FBI - General Services Administration	\$ 99,828
Bryan County Government	74,205
Matt Bamhill / 3B Grave Service LLC	33,513
	<u>\$ 207,546</u>
	<u>Business-Type Lease Receivable</u>
Verizon	\$ 69,673
T-Mobile	247,570
US Cellular	364,710
Trussworks-DAA	353,115
Air Evac EMS - DAA	10,153
Magnolia - DAA	89,275
	<u>\$ 1,134,496</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, 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, 2023, capital assets balances changed as follows:



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**Primary Government:**

	Balance at July 1, 2022	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2023
<b>Governmental activities:</b>				
Non-depreciable capital assets:				
Land	\$ 5,381,392	\$ 47,668	\$ -	\$ 5,429,060
Construction-in-progress	2,297,028	3,377,102	(90,451)	5,583,679
Total non-depreciable assets at historical cost	<u>7,678,420</u>	<u>3,424,770</u>	<u>(90,451)</u>	<u>11,012,739</u>
Depreciable capital assets:				
Buildings	26,460,642	44,400	-	26,505,042
Improvements	4,452,629	-	-	4,452,629
Machinery and equipment	16,529,385	942,395	(26,110)	17,445,670
Infrastructure	84,686,343	1,046,309	-	85,732,652
Total depreciable assets at historical cost	<u>132,128,999</u>	<u>2,033,104</u>	<u>(26,110)</u>	<u>134,135,993</u>
Less accumulated depreciation				
Buildings	(8,673,958)	(673,535)	-	(9,347,493)
Improvements	(2,733,803)	(157,908)	-	(2,891,711)
Machinery and equipment	(10,855,611)	(1,013,610)	26,110	(11,843,111)
Infrastructure	(66,302,783)	(1,421,511)	-	(67,724,294)
Total accumulated depreciation	<u>(88,566,155)</u>	<u>(3,266,564)</u>	<u>26,110</u>	<u>(91,806,609)</u>
Lease assets:				
Machinery and equipment	592,474	73,017	-	665,491
Subscription assets	-	290,570	-	290,570
Total lease assets being amortized	<u>592,474</u>	<u>363,587</u>	<u>-</u>	<u>956,061</u>
Less accumulated amortization				
Machinery and equipment	(190,237)	(203,122)	-	(393,359)
Subscription assets	-	(91,759)	-	(91,759)
Total accumulated amortization	<u>(190,237)</u>	<u>(294,881)</u>	<u>-</u>	<u>(485,118)</u>
Total assets, net	<u>43,965,081</u>	<u>(1,164,754)</u>	<u>-</u>	<u>42,800,327</u>
Governmental activities assets, net	<u>\$ 51,643,501</u>	<u>\$ 2,260,016</u>	<u>\$ (90,451)</u>	<u>\$ 53,813,066</u>
<b>Business-type activities:</b>				
Non-depreciable capital assets:				
Land	\$ 2,674,435	\$ 196,888	\$ -	\$ 2,871,323
Construction-in-progress	6,011,810	1,865,156	(982,423)	6,894,543
Total non-depreciable assets at historical cost	<u>8,686,245</u>	<u>2,062,044</u>	<u>(982,423)</u>	<u>9,765,866</u>
Depreciable capital assets:				
Buildings	33,568,297	-	-	33,568,297
Improvements	21,852,819	41,256	-	21,894,075
Machinery and equipment	15,693,545	1,396,938	-	17,090,483
Utility property and improvements	42,929,682	20,105	-	42,949,787
Total depreciable assets at historical cost	<u>114,044,343</u>	<u>1,458,299</u>	<u>-</u>	<u>115,502,642</u>
Less accumulated depreciation				
Buildings	(24,841,687)	(1,123,776)	-	(25,965,463)
Improvements	(10,716,390)	(608,348)	-	(11,324,738)
Machinery and equipment	(10,679,294)	(757,154)	-	(11,436,448)
Utility property and improvements	(19,147,555)	(909,715)	-	(20,057,270)
Total accumulated depreciation	<u>(65,384,926)</u>	<u>(3,398,993)</u>	<u>-</u>	<u>(68,783,919)</u>
Lease assets:				
Machinery and equipment	59,683	-	-	59,683
Total lease assets being amortized	<u>59,683</u>	<u>-</u>	<u>-</u>	<u>59,683</u>
Less accumulated amortization				
Machinery and equipment	(8,099)	(8,099)	-	(16,198)
Total accumulated amortization	<u>(8,099)</u>	<u>(8,099)</u>	<u>-</u>	<u>(16,198)</u>
Total assets, net	<u>48,711,001</u>	<u>(1,948,793)</u>	<u>-</u>	<u>46,762,208</u>
Business-type assets, net	<u>\$ 57,397,246</u>	<u>\$ 113,251</u>	<u>\$ (982,423)</u>	<u>\$ 56,528,074</u>

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**Component Units:**

	Balance at July 1, 2022	Additions and Transfers	Deductions and Transfers	Balance at June 30, 2023
<b>COMPONENT UNITS:</b>				
<b>Durant Industrial Authority:</b>				
Non-depreciable:				
Land	\$ 1,085,375	\$ -	\$ -	\$ 1,085,375
Construction-in-progress	-	56,866	-	56,866
Total non-depreciable assets at historical cost	1,085,375	56,866	-	1,142,241
Depreciable:				
Utility property and improvements	17,664	-	-	17,664
Total depreciable assets at historical cost	17,664	-	-	17,664
Less accumulated depreciation				
Utility property and improvements	(2,529)	(857)	-	(3,386)
Total accumulated depreciation	(2,529)	(857)	-	(3,386)
Net depreciable assets	15,135	(857)	-	14,278
Durant Industrial Authority capital assets, net	\$ 1,100,510	\$ 56,009	\$ -	\$ 1,156,519
 <b>Durant Community Facilities Authority:</b>				
Non-depreciable:				
Land	\$ 266,000	\$ -	\$ -	\$ 266,000
Durant Community Facilities Authority capital assets, net	\$ 266,000	\$ -	\$ -	\$ 266,000

*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:	
Depreciation expense:		Depreciation expense:	
General government	\$ 196,481	Water	\$ 820,474
Public safety	679,478	Sewer	1,273,334
Public works	1,637,627	Sanitation	515,182
Culture and recreation	744,013	Airport	790,003
Cemetery	8,965	Total depreciation expense	\$ 3,398,993
Total depreciation expense	\$ 3,266,564		
Amortization expense:		Amortization expense:	
General government	281,996	Water	4,665
Culture and recreation	12,885	Airport	3,434
Total amortization expense	\$ 294,881	Total amortization expense	\$ 8,099
Transfers - accumulated depr.	-	Transfers - accumulated depr.	-
Total depr/amort expense	\$ 3,561,445	Total depr/amort expense	\$ 3,407,092

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

For the year ended June 30, 2023, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within a Year</u>
<b>Governmental Activities:</b>					
Notes Payable - Direct Borrowings/Placements	\$ 890,345	\$ -	\$ 227,947	\$ 662,398	\$ 133,719
Lease Obligations	400,193	73,017	202,740	270,470	132,799
Subscription Obligations	-	290,570	94,747	195,823	96,841
Accrued Compensated Absences	<u>1,775,066</u>	<u>837,322</u>	<u>177,506</u>	<u>2,434,882</u>	<u>243,488</u>
Total Governmental Activities	<u>\$ 3,065,604</u>	<u>\$ 1,200,909</u>	<u>\$ 702,940</u>	<u>\$ 3,563,573</u>	<u>\$ 606,847</u>
Plus: Net Pension Liability				<u>7,958,227</u>	
				<u>\$ 11,521,800</u>	
<b>Business-type Activities:</b>					
Notes Payable - Direct Borrowings/Placements	\$ 23,658,826	\$ 440,621	\$ 2,084,441	\$ 22,015,006	\$ 2,161,412
Lease Obligations	55,105	-	14,346	40,759	20,147
Landfill Closure Liability	562,874	70,773	-	633,647	31,682
Meter Deposit Liability	574,187	138,615	118,140	594,662	118,932
Accrued Compensated Absences	<u>247,400</u>	<u>120,146</u>	<u>24,740</u>	<u>342,806</u>	<u>34,281</u>
Total Business-Type Activities	<u>\$ 25,098,392</u>	<u>\$ 770,155</u>	<u>\$ 2,241,667</u>	<u>\$ 23,626,880</u>	<u>\$ 2,366,454</u>
Plus: Net Pension Liability				<u>-</u>	
				<u>\$ 23,626,880</u>	
<b>Component Unit Debt:</b>					
<b>Durant Industrial Authority:</b>					
Notes Payable - Direct Borrowings/Placements	\$ 495,206	\$ -	\$ 130,238	\$ 364,968	\$ 70,413
Accrued Compensated Absences	4,838	-	3,044	1,794	179
Total Durant Industrial Authority	<u>500,044</u>	<u>-</u>	<u>133,282</u>	<u>366,762</u>	<u>70,592</u>
<b>Durant Community Facilities Authority:</b>					
Notes Payable - Direct Borrowings/Placements	\$ 238,526	\$ -	\$ 98,299	\$ 140,227	\$ 103,844
Revenue Bonds Payable	3,550,000	-	1,380,000	2,170,000	1,435,000
Total Durant Community Facilities Authority	<u>3,788,526</u>	<u>-</u>	<u>1,478,299</u>	<u>2,310,227</u>	<u>1,538,844</u>
Total Component Unit Debt	<u>\$ 4,288,570</u>	<u>\$ -</u>	<u>\$ 1,611,581</u>	<u>\$ 2,676,989</u>	<u>\$ 1,609,436</u>

*Governmental activities long-term debt:*

Notes Payable:

\$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%	141,372
\$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%	394,410
\$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%	<u>126,616</u>
Total Notes Payable	<u>\$ 662,398</u>
Current portion	\$ 133,719
Non-current portion	<u>528,679</u>
Total Notes Payable	<u>\$ 662,398</u>

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Lease Obligations:

Current portion	\$ 132,799
Non-current portion	<u>137,671</u>
Total Lease Obligations	<u>\$270,470</u>

Subscription Obligations:

Current portion	\$ 96,841
Non-current portion	<u>86,982</u>
Total Subscription Obligations	<u>\$195,823</u>

Accrued Compensated Absences:

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

Current portion	\$ 243,488
Non-current portion	<u>2,191,394</u>
Total Accrued Compensated Absences	<u>\$2,434,882</u>

Net Pension Liability:

Current portion	\$ -
Non-current portion	<u>7,958,227</u>
Total Net Pension Liability	<u>\$7,958,227</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.

\$1,453,995

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.

261,200

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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. 144,811

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. 1,735,000

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. 2,590,000

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. 865,000

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. 2,815,000

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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.

12,150,000

Total Notes Payable (Direct Borrowings/Placements)

\$22,015,006

Current portion

\$2,161,412

Non-current portion

19,853,594

Total Notes Payable (Direct Borrowings/Placements)

\$22,015,006

Lease Obligations:

Current portion

\$ 20,147

Non-current portion

20,612

Total Lease Obligations

\$40,759

Accrued Compensated Absences:

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

Current portion

\$34,281

Non-current portion

308,525

Total Accrued Compensated Absences

\$342,806

Meter Deposit Liability:

Meter deposit liability reported in the business-type activities:

Current portion

\$118,932

Non-current portion

475,730

Total Meter Deposit Liability

\$594,662

Landfill Closure Liability:

Landfill closure liability reported in the business-type activities:

Current portion

\$31,682

Non-current portion

601,965

Total Landfill Closure Liability

\$633,647

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*Component Unit long-term debt:*

Notes Payable (DIA) – Direct Borrowings/Placements:

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. 28,333

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. 10,415

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. 242,895

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. 83,325

Current portion	\$ 70,413
Non-current portion	<u>294,555</u>
Total Notes Payable (Direct Borrowings/Placements)	<u>\$364,968</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	\$179
Non-current portion	<u>1,615</u>
Total Accrued Compensated Absences	<u>\$1,794</u>

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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.

	<u>\$ 140,227</u>
Current portion	\$ 103,844
Non-current portion	<u>36,383</u>
Total Notes Payable (Direct Borrowing/Placement)	<u>\$ 140,227</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.

	<u>\$ 2,170,000</u>
Current portion	\$1,435,000
Non-current portion	<u>735,000</u>
Total Revenue Bonds Payable	<u>\$2,170,000</u>

*Long-term debt service requirements to maturity:*

<b>Governmental Activities</b>							
<u>Year Ending June 30,</u>	Notes Payable - Direct Borrowings/Placements		Lease Obligations		Subscription Obligations		
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 133,719	\$ 23,659	\$ 132,799	\$ 1,742	\$ 96,841	\$ 4,328	
2025	137,594	17,168	52,038	1,100	98,982	2,187	
2026	142,400	13,294	38,348	705	-	-	
2027	50,968	9,376	42,494	317	-	-	
2028	52,198	5,429	4,791	6	-	-	
2029-2031	145,519	9,071	-	-	-	-	
Total	\$ 662,398	\$ 77,997	\$ 270,470	\$ 3,870	\$ 195,823	\$ 6,515	

<b>Business-Type Activities</b>					
<u>Year Ending June 30,</u>	Notes Payable - Direct Borrowings/Placements		Lease Obligations		
	Principal	Interest	Principal	Interest	
2024	\$ 2,161,412	\$ 942,731	\$ 20,147	\$ 249	
2025	2,243,274	861,609	15,061	135	
2026	2,311,125	778,619	4,723	73	
2027	2,347,000	693,355	828	31	
2028	2,357,000	605,596	-	-	
2029-2033	10,638,374	1,978,843	-	-	
2034-2038	8,006,000	720,078	-	-	
2039-2042	4,181,000	145,618	-	-	
Subtotal	\$ 34,245,185	\$ 6,726,449	\$ 40,759	\$ 488	
Less: Amount not yet drawn	(12,230,179)				
Total	\$ 22,015,006				



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		Component Units			
		Durant Industrial Authority			
		Notes Payable-Direct Borrowings/Placements			
Year Ending June 30,		Principal		Interest	
	2024	\$	70,413	\$	-
	2025		48,331		-
	2026		39,998		-
	2027		39,998		-
	2028		23,334		-
	2029-2033		100,000		-
	2034-2035		42,894		-
	Total	\$	364,968	\$	-

		Durant Community Facilities Authority			
		Notes Payable-Direct Borrowings/Placements		Revenue Bonds Payable	
Year Ending June 30,		Principal		Interest	
	2024	\$	103,844	\$	5,342
	2025		36,383		450
	Total	\$	140,227	\$	5,792

		Principal		Interest	
	2024	\$	1,435,000	\$	56,343
	2025		735,000		11,392
	Total	\$	2,170,000	\$	67,735

**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	\$ 11,043,618
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

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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 \$633,647 reported as accrued landfill closure cost liability at June 30, 2023, represents the cumulative amount of such costs reported to date based on the use of 89.24% 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 \$76,385 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 2023. The Authority expects to close the landfill in the year 2024 and actual costs may be higher or lower at that time due to inflation, changes in technology or changes in regulations.

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, 2023, payable for the remainder of the life of these notes are \$40,818,947. Pledged sales taxes in the current year were \$15,033,287 and net utility revenues and interest were \$3,376,044. Maximum annual debt service payments of \$4,233,401 for the applicable debt were 23.0% 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 \$2,383,754. Pledged sales taxes received in the current year were \$2,503,994. Current annual debt service payments of \$1,600,529 for the applicable debt were 63.9% 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.”

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.

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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:

	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	\$ -	\$ 3,780,816	\$ -	\$ 1,279,909	\$ -	\$ -	\$ -	\$ 5,060,725
Education	-	-	467,967	-	-	-	-	467,967
Capital improvements and debt service	-	-	-	-	-	649,588	-	649,588
Cemetery	-	-	-	-	-	-	128,158	128,158
Multi-sports complex	-	-	-	-	-	-	162,816	162,816
SOSU capital projects	-	-	-	-	-	-	162,816	162,816
Community center & library	-	-	-	-	-	-	115,249	115,249
Library	-	-	-	-	-	-	45,853	45,853
Sub-total Restricted	-	3,780,816	467,967	1,279,909	-	649,588	614,892	6,793,172
Assigned to:								
Economic development	-	1,754,861	-	-	-	-	-	1,754,861
Capital improvements and debt service	-	-	-	-	2,413,358	1,681	-	2,415,039
Public safety	-	-	-	-	-	-	29,598	29,598
Community center & library	-	-	-	-	-	-	806,327	806,327
Library	-	-	-	-	-	-	2,751	2,751
Insurance	214,320	-	-	-	-	-	-	214,320
Christmas lighting	1,030	-	-	-	-	-	-	1,030
Beautification	114,618	-	-	-	-	-	-	114,618
Cemetery	81,454	-	-	-	-	-	22,231	103,685
Recreation	499,036	-	-	-	-	-	-	499,036
E911 services	-	-	-	-	-	-	1,087,743	1,087,743
Budget balancing purposes	2,499,402	-	-	-	-	-	-	2,499,402
Sub-total Assigned	3,409,860	1,754,861	-	-	2,413,358	1,681	1,948,650	9,528,410
Unassigned (deficit)	11,205,405	-	-	-	-	-	(104,222)	11,101,183
Total Fund Balance	\$ 14,615,265	\$ 5,535,677	\$ 467,967	\$ 1,279,909	\$ 2,413,358	\$ 651,269	\$ 2,459,320	\$ 27,422,765

### 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	\$ 3,667,763
5/8% Sales Tax Education Fund	Enabling legislation	467,967
1% Sales Tax Revenue Fund	Enabling legislation	649,588
1/4% Sales Tax M.S. Fund	Enabling legislation	162,816
1/4% Sales Tax SOSU Fund	Enabling legislation	162,816
DWRF Community Center & Library Fund	External parties	115,249
R.L. Williams Library Fund	External parties	45,853
Cemetery Care Fund	State statutes and/or debt indentures	128,158
		<u>\$ 5,400,210</u>

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**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, 2023 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	Capital Improvement	\$684,630	Capital purchases
General Fund	Special 911 Tax Fund	522,000	Operational subsidy
General Fund	Durant Airport Authority Fund	58,000	Operational subsidy
General Fund	Drug Enforcement Fund	75,000	Operational subsidy
5/8% Sales Tax Education Fund	Durant Development Authority	3,595,013	Sales and use tax transfer
1% Sales Tax Revenue Fund	Capital Improvement	2,568,424	Capital projects/debt service
1% Sales Tax Revenue Fund	Durant City Utilities Authority	2,439,564	Sales tax transfer
Capital Improvement Fund	General Fund	56,362	Reimbursement of expenses
Special 911 Tax Fund	General Fund	6,108	Reimbursement of expenses
Cemetery Care Fund	General Fund	220	Cemetery annual interest
CDBG Fund	Capital Improvement	150,000	City match for capital project
Durant Airport Authority Fund	General Fund	7,808	Reimbursement of expenses
Durant Airport Authority Fund	Durant City Utilities Authority	155,481	Debt payments
Durant Airport Authority Fund	Capital Improvement	116,574	Capital purchase
Durant City Utilities Authority	General Fund	4,000,000	Sales tax transfer
Durant City Utilities Authority	Capital Improvement	839,000	Capital purchases
Durant City Utilities Authority	Capital Improvement	440,621	Debt payments
Durant City Utilities Authority	Durant Airport Authority Fund	155,481	Debt payments
Durant City Utilities Authority	General Fund	246,760	Reimbursement of expenses
		<b>\$ 16,117,046</b>	

**Reconciliation to fund financial statements:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 13,308,520	\$ (10,155,321)	\$ 3,153,199
Enterprise Funds	2,808,526	(5,961,725)	(3,153,199)
Total	<b>\$ 16,117,046</b>	<b>\$ (16,117,046)</b>	<b>\$ -</b>

**Reconciliation to statement of activities:**

	<u>Governmental</u>	<u>Business-Type</u>
Net transfers	\$ 3,153,199	\$ (3,153,199)
Reclassification of capital asset activity	(2,125,395)	2,125,395
Reclassification of activities at the govt-wide statements	257,139	(257,139)
Total Transfers - Internal Activity	<b>\$ 1,284,943</b>	<b>\$ (1,284,943)</b>

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*Interfund Balances:*

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	E911 Fund	\$ 498	Service fees initially posted to wrong account
CDBG Fund	Capital Improvement Fund	71,889	Negative share of pooled cash
Total		<u>\$ 72,387</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Internal Service Funds Reconciliation</u>	<u>Lease Payable Allocation Activity</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 72,387	\$ (72,387)	\$ (1,010,442)	\$ 4,442	\$ (1,006,000)
Proprietary Funds	-	-	1,010,442	(4,442)	1,006,000
Total	<u>\$ 72,387</u>	<u>\$ (72,387)</u>	<u>\$ -</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 Durant Development Authority and used for 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.

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*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.

For the risk management internal service self-insurance funds, changes in the estimated claims liability for the City from July 1, 2020, to June 30, 2023, are as follows:

	Employee Health	Worker's Compensation	Total Internal Service
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	<u>(2,539,632)</u>	<u>(252,822)</u>	<u>(2,792,454)</u>
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	<u>(2,550,077)</u>	<u>(603,193)</u>	<u>(3,153,270)</u>
Claims liability, June 30, 2022	-	507,042	507,042
Claims incurred and changes in estimates	2,506,712	397,673	2,904,385
Claims paid	<u>(2,506,712)</u>	<u>(372,514)</u>	<u>(2,879,226)</u>
Claims liability, June 30, 2023	<u>\$ -</u>	<u>\$ 532,201</u>	<u>\$ 532,201</u>
Assets available to pay claims at June 30, 2023	<u>\$ 2,431,059</u>	<u>\$ 716,588</u>	<u>\$ 3,147,647</u>

## 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. 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.

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

The component units have five outstanding notes receivable as of June 30, 2023.

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	\$32,359
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	83,322
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 prior years, 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 \$1,000,000 forgivable note receivable in June 2023 with Allied Stone, Inc. at a zero percent (0%) interest rate, forgivable in 3 annual amounts of \$333,333, beginning December 31, 2031 and maturing on December 31, 2033	1,000,000
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	233,334
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	2,382,432
Less: Allowance for Uncollectible	<u>(283,417)</u>
Notes Receivable – DIA, net	<u><u>\$2,099,015</u></u>

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

	Beginning Balance	Additions	Deletions	Ending Balance
DIA:				
Cardinal FG Company	52,359	-	20,000	32,359
Abbott Family LLC/Pharmcare	45,990	-	45,990	-
Eagle Suspension	103,320	-	19,998	83,322
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	466,667	-	233,333	233,334
Allied Stone Inc (Forgiveable Loan)	-	1,000,000	-	1,000,000
Total	\$ 1,418,336	\$ 1,000,000	\$ 319,321	\$ 2,099,015



### **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,

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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 \$293,053. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$695,522 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 \$623,412. 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, 2023, the City reported a liability of \$7,958,227 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was .6086%.

For the year ended June 30, 2023, the City recognized pension expense \$993,821. At June 30, 2023, 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	\$ 1,021,622	\$ 40,175
Changes of assumptions	-	50,740
Net difference between projected and actual earnings on pension plan investments	924,832	-
Changes in proportion and differences between City contributions and proportionate share of contributions	158,468	546,888
City contributions during measurement date	10,702	4,949
City contributions subsequent to the measurement date	293,053	-
Total	\$ 2,408,677	\$ 642,752

\$293,053 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:		
2024	\$	400,694
2025		295,825
2026		(484)
2027		776,837
	<u>\$</u>	<u>1,472,872</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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, 2022, 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, 2022, 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%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.64%
Other assets	8%	5.08%

**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.

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**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	\$ 10,254,795	\$ 7,958,227	\$ 6,037,268

**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.

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**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 \$332,087. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$300,697 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 \$277,867. 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, 2023, the City reported an asset of \$559,193 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was .6973%.

For the year ended June 30, 2023, the City recognized pension expense of \$144,991. At June 30, 2023, 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	\$ 274,291	\$ 60,911
Changes of assumptions	19,468	-
Net difference between projected and actual earnings on pension plan investments	545,659	-
Changes in proportion and differences between City contributions and proportionate share of contributions	59,874	11,668
City contributions during measurement date	4,475	8,656
City contributions subsequent to the measurement date	332,087	-
Total	\$ 1,235,854	\$ 81,235

\$332,087 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, 2024. 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:	
2024	\$ 185,175
2025	55,340
2026	(142,128)
2027	680,998
2028	43,147
	\$ 822,532

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**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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, 2022, 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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.34%
Domestic equity	4.69%
International equity	8.34%
Real estate	7.64%
Private Equity	9.66%
Commodities	0.00%

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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)	\$ 1,620,148	\$ (559,193)	\$ (2,401,269)

**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.

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**Eligibility Factors and Benefit Provisions**

<u>Provision</u>	<u>As of 07/01/22</u> <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.



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*B. Employees Covered by Benefit Terms*

	<u>City</u>	<u>DIA</u>	<u>Total</u>
Active Employees	145	0	145
Deferred Vested Former Employees	40	0	40
Retirees or Retiree Beneficiaries	<u>73</u>	<u>0</u>	<u>73</u>
Total	<u>258</u>	<u>0</u>	<u>258</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 2.95% of covered payroll as of 7-1-23 and 5.25% of covered payroll as of 7-1-22. For the year ended June 30, 2023, the City recognized \$503,077 of employer contributions to the plan which is more than the actuarially determined amount based on covered payroll of \$6,616,480.

**Actuarial Assumptions**

Date of Last Actuarial Valuation	July 1, 2022
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

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**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, 2022 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI 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%
TOTAL	100%		
Average Real Return			4.75%
Inflation			2.75%
Long-term expected return			7.50%

**Changes in Net Pension Liability** – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 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, 2022 and the City’s report ending date of June 30, 2023, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)			
Increase (Decrease)			
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances Beginning of Year</b>	\$ 25,854,186	\$ 30,914,330	\$ (5,060,144)
<b>Changes for the Year:</b>			
Service cost	620,167	-	620,167
Interest expense	1,890,531	-	1,890,531
Changes of assumptions	(864,167)		(864,167)
Differences between expected and actual experience	(45,676)	-	(45,676)
Contributions--City	-	456,723	(456,723)
Contributions--members	-	300,086	(300,086)
Net investment income	-	(3,799,438)	3,799,438
Benefits paid	(1,318,029)	(1,318,029)	-
Plan administrative expenses	-	(52,832)	52,832
<b>Net Changes</b>	282,826	(4,413,490)	4,696,316
<b>Balances End of Year</b>	\$ 26,137,012	\$ 26,500,840	\$ (363,828)

**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)	\$ 2,788,413	\$ (363,828)	\$ (2,989,424)

The City reported (\$257,934) in pension expense (benefit) for the year ended June 30, 2023. At June 30, 2023, 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	\$ 1,086	\$ -	\$ 1,086	\$ 245,823	\$ -	\$ 245,823
Changes of assumptions	49,415	-	49,415	551,060	-	551,060
Net difference between projected and actual earnings on pension plan investments	2,261,652	-	2,261,652	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	11,796	17	11,813	7,367	151	7,518
City contributions during measurement date	16,455	265	16,720	8,928	185	9,113
City contributions subsequent to the measurement date	503,077	-	503,077	-	-	-
Total	\$ 2,843,481	\$ 282	\$ 2,843,763	\$ 813,178	\$ 336	\$ 813,514

The \$503,077 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, 2024.

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**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:

	<u>Total</u>	<u>Primary Government</u>	<u>DIA</u>
<b>Year ended June 30:</b>			
2024	\$ (68,958)	\$ (68,904)	\$ (54)
2025	146,557	146,557	-
2026	230,490	230,490	-
2027	1,219,080	1,219,080	-
	<u>\$ 1,527,169</u>	<u>\$ 1,527,223</u>	<u>\$ (54)</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, 2023, the City contributed \$15,619 to the plan, while the employee contributions totaled \$4,463.

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

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2023**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,720,000	\$ 1,968,119	\$ 9,434,385	\$ 7,466,266
<b>Resources (Inflows):</b>				
Taxes	11,322,836	11,322,836	14,455,281	3,132,445
Intergovernmental	685,928	733,886	643,336	(90,550)
Charges for services	133,500	133,500	182,996	49,496
Fines and forfeitures	477,000	477,000	688,663	211,663
Licenses and permits	342,630	342,630	467,912	125,282
Investment income	18,000	18,000	40,234	22,234
Miscellaneous	90,000	814,145	868,839	54,694
Other financing sources	4,000,000	4,279,616	4,056,362	(223,254)
<b>Total Resources</b>	<b>17,069,894</b>	<b>18,121,613</b>	<b>21,403,623</b>	<b>3,282,010</b>
<b>Amounts available for appropriation</b>	<b>18,789,894</b>	<b>20,089,732</b>	<b>30,838,008</b>	<b>10,748,276</b>
<b>Charges to Appropriations (Outflows):</b>				
City Administration	756,986	914,331	838,965	75,366
City Clerk	61,221	65,741	58,174	7,567
City Treasurer	372,485	393,485	369,427	24,058
City Attorney	231,571	100,000	98,722	1,278
General Government	781,594	1,483,457	511,567	971,890
Neighborhood Services	504,889	495,533	333,027	162,506
Police	5,484,117	5,581,227	4,986,394	594,833
Fire	3,680,990	3,849,619	3,680,059	169,560
Municipal Court	222,241	214,318	174,042	40,276
Civil Emergency Management	408,795	391,643	353,636	38,007
Community Development	375,792	392,944	326,038	66,906
Economic Development	219,366	253,742	168,592	85,150
Streets	1,586,446	1,602,806	1,075,822	526,984
City Garage	355,086	329,442	244,131	85,311
Parks, Recreation and General Services	1,166,115	1,204,697	832,615	372,082
Swimming Pool	230,031	230,031	110,385	119,646
Public Library	762,511	797,428	741,752	55,676
Senior Citizens Center	158,501	198,501	136,927	61,574
Other Financing Uses - Transfers Out	1,431,157	1,590,787	1,590,787	-
<b>Total Charges to Appropriations</b>	<b>18,789,894</b>	<b>20,089,732</b>	<b>16,631,062</b>	<b>3,458,670</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,206,946</b>	<b>\$ 14,206,946</b>

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**Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2023, Continued**

**SPECIAL REVENUE - 1/4% ECONOMIC DEVELOPMENT FUND**

	<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	\$ 2,185,389	\$ 2,185,389	\$ 5,454,754	\$ 3,269,365
Resources (Inflows):				
Taxes	1,044,455	1,044,455	1,252,774	208,319
Investment income	5,000	5,000	11,912	6,912
Transfers in - component unit	52,000	52,000	26,000	(26,000)
Amounts available for appropriation	<u>3,286,844</u>	<u>3,286,844</u>	<u>6,745,440</u>	<u>3,458,596</u>
Charges to appropriations (outflows):				
Economic development	3,195,821	2,077,081	-	2,077,081
Transfers out - component unit	<u>91,023</u>	<u>1,209,763</u>	<u>1,209,763</u>	<u>-</u>
Total Charges to Appropriations	<u>3,286,844</u>	<u>3,286,844</u>	<u>1,209,763</u>	<u>2,077,081</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,535,677</u>	<u>\$ 5,535,677</u>

**SPECIAL REVENUE - 5/8% SALES TAX EDUCATION FUND**

	<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	\$ -	\$ -	\$ 456,450	\$ 456,450
Resources (Inflows):				
Taxes	2,906,336	2,906,336	3,606,530	700,194
Amounts available for appropriation	<u>2,906,336</u>	<u>2,906,336</u>	<u>4,062,980</u>	<u>1,156,644</u>
Charges to appropriations (outflows):				
General government-transfers out	<u>2,906,336</u>	<u>2,906,336</u>	<u>3,595,013</u>	<u>(688,677)</u>
Total Charges to Appropriations	<u>2,906,336</u>	<u>2,906,336</u>	<u>3,595,013</u>	<u>(688,677)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,967</u>	<u>\$ 467,967</u>

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<b>SPECIAL REVENUE - DURANT DEVELOPMENT 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	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Transfers in	2,906,336	2,906,336	3,595,013	688,677
Amounts available for appropriation	<u>2,906,336</u>	<u>2,906,336</u>	<u>3,595,013</u>	<u>688,677</u>
Charges to appropriations (outflows):				
Economic development	<u>2,906,336</u>	<u>2,906,336</u>	<u>3,595,013</u>	<u>(688,677)</u>
Total Charges to Appropriations	<u>2,906,336</u>	<u>2,906,336</u>	<u>3,595,013</u>	<u>(688,677)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	\$ 3,500	\$ 3,500	\$ 1,083,759	\$ 1,080,259
Resources (Inflows):				
Taxes	2,443,739	2,443,739	2,588,554	144,815
Investment income	-	-	54,519	54,519
Amounts available for appropriation	<u>2,447,239</u>	<u>2,447,239</u>	<u>3,726,832</u>	<u>1,279,593</u>
Charges to appropriations (outflows):				
Economic development	<u>2,447,239</u>	<u>2,447,239</u>	<u>2,446,923</u>	<u>316</u>
Total Charges to Appropriations	<u>2,447,239</u>	<u>2,447,239</u>	<u>2,446,923</u>	<u>316</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,279,909</u>	<u>\$ 1,279,909</u>

**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.

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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	\$30,838,008
Current year on-behalf payments made by state	996,219
Less: Other financing sources	(4,056,362)
Beginning budgetary fund balance	<u>(9,434,385)</u>
Actual revenues per Statement of Revenues and Expenditures and Changes in Fund Balance	 <u>\$18,343,480</u>
Total budgetary charges to appropriations	\$16,631,062
Net difference in prior year and current year payroll accruals	(1,533)
Less: Other financing uses	(1,590,787)
Current year on-behalf payments made by state	<u>996,219</u>
Actual expenditures and transfers per Statement of Revenues and Expenditures and Changes in Fund Balance	 <u>\$16,034,961</u>

4. The City had negative variances in the following funds and departments for the following amounts:

5/8% Sales Tax Education Fund - General Government	(\$688,677)
Durant Development Authority - General Government-Transfers Out	(\$688,677)

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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	2023
City's proportion of the net pension liability	0.688374%	0.685132%	0.650685%	0.662943%	0.643774%	0.676549%	0.656971%	0.669146%	0.608551%
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	\$7,958,227
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	\$2,079,143
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%	383%
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%	69.49%

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

Notes to Schedule:

Only nine years are presented because 10-year data is not yet available.  
Current measurement date is June 30, 2022

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 262,072	\$ 266,089	\$ 273,213	\$ 268,059	\$ 293,695	\$ 294,930	\$ 294,192	\$ 292,878	\$ 293,053
Contributions in relation to the statutorily required contribution	<u>262,072</u>	<u>266,089</u>	<u>273,213</u>	<u>268,059</u>	<u>293,695</u>	<u>294,930</u>	<u>294,192</u>	<u>292,878</u>	<u>293,053</u>
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	\$ 2,093,237
Contributions as a percentage of covered-employee payroll	14.03%	14.00%	14.00%	14.00%	14.00%	14.00%	13.97%	14.09%	14.00%

Notes to Schedule:

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

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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	2023
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%	0.6973%
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)	\$ (559,193)
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	\$ 2,483,593
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%	22.52%
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%	102.74%

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

**Notes to Schedule:**

Only nine years are presented because 10-year data is not yet available.  
Current year measurement date is June 30, 2022.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorially required contribution	\$ 312,317	\$ 324,679	\$ 347,748	\$ 313,991	\$ 317,698	\$ 345,918	\$ 322,718	\$ 326,228	\$ 332,087
Contributions in relation to the statutorially required contribution	312,317	324,679	347,748	313,991	317,698	345,918	322,718	326,228	332,087
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	\$ 2,531,819
Contributions as a percentage of covered-employee payroll	13.04%	13.00%	13.00%	13.12%	12.98%	13.00%	13.10%	13.14%	13.12%

**Notes to Schedule:**

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

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**Required Supplementary Information  
Oklahoma Municipal Retirement Fund**

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

**Last Nine Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total pension liability</b>									
Service cost	\$ 474,442	\$ 504,423	\$ 535,334	\$ 520,170	\$ 567,186	\$ 498,246	\$ 586,155	\$ 592,412	\$ 620,167
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	1,890,531
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)	(45,676)
Changes of assumptions	-	-	-	577,148	-	598,473	-	-	(864,167)
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)	(1,318,029)
<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>282,826</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>25,854,186</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>\$ 26,137,012</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	\$ 456,723
Contributions - member	174,621	177,044	179,833	186,706	178,254	182,243	245,863	289,293	300,086
Net investment income	2,676,643	532,000	176,438	2,411,380	1,609,044	1,571,394	988,086	6,774,152	(3,799,438)
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)	(1,318,029)
Administrative expense	(39,638)	(39,943)	(38,554)	(42,698)	(46,535)	(48,991)	(49,785)	(50,213)	(52,832)
<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>(4,413,490)</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>30,914,330</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>\$ 26,500,840</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>\$ (363,828)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	103.42%	98.15%	97.52%	99.23%	101.33%	98.43%	97.77%	119.57%	101.39%
<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>\$ 6,247,240</b>
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	12.72%	7.27%	9.65%	3.06%	5.95%	7.41%	10.24%	-87.46%	-5.82%

**Notes to Schedule:**

Only nine 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.

**Required Supplementary Information  
Oklahoma Municipal Retirement Fund**

**Schedule of Employer Contributions**

**Last Nine Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 462,585	\$ 443,916	\$ 483,908	\$ 358,544	\$ 386,867	\$ 399,519	\$ 527,094	\$ 451,675	\$ 336,322
Contributions in relation to the actuarially determined contribution	462,585	443,916	483,908	358,544	386,867	407,750	440,305	475,415	503,077
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,231)	\$ 86,789	\$ (23,740)	\$ (166,755)
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	\$ 6,406,134
Contributions as a percentage of covered-employee payroll	9.16%	8.63%	8.75%	7.04%	7.43%	7.43%	7.61%	7.61%	7.85%

**Notes to Schedule:**

- Only nine years are presented because 10-year data is not yet available.
- Latest Valuation Date: July 1, 2022
- 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%.  
 Fiscal year 2022-2023 contributions are set at a rate of 5.25%. City decided to continue paying a higher percentage rate of 7.85%.
- Methods and assumptions used to determine contribution rates:  
 Actuarial cost method - Entry age normal  
 Amortization method - Level percent of payroll, closed  
 Remaining amortization period - 21 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  
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**SUPPLEMENTARY INFORMATION**

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Combining Balance Sheet – General Fund Accounts – June 30, 2023**

	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	\$ 10,780,905	\$ 101,423	\$ 114,618	\$ 1,030	\$ 214,320	\$ 531,325	\$ 11,743,621
Investments	2,000,000	-	-	-	-	-	2,000,000
Due from other governments	1,788,988	-	-	-	-	-	1,788,988
Miscellaneous taxes receivable	147,525	-	-	-	-	-	147,525
Court fines receivable, net	74,423	-	-	-	-	-	74,423
Other receivables	-	1,000	-	-	-	-	1,000
Lease receivables	174,033	33,513	-	-	-	-	207,546
Total assets	<u>\$ 14,965,874</u>	<u>\$ 135,936</u>	<u>\$ 114,618</u>	<u>\$ 1,030</u>	<u>\$ 214,320</u>	<u>\$ 531,325</u>	<u>\$ 15,963,103</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 191,751	\$ 21,147	\$ -	\$ -	\$ -	\$ 3,792	\$ 216,690
Accrued payroll liabilities	502,139	-	-	-	-	28,497	530,636
Due to other funds	498	-	-	-	-	-	498
Due to other governments	201,673	-	-	-	-	-	201,673
Due to bondholders	367	-	-	-	-	-	367
Unearned revenue	186,231	-	-	-	-	-	186,231
Total liabilities	<u>1,082,659</u>	<u>21,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,289</u>	<u>1,136,095</u>
Deferred Inflows of Resources:							
Deferred inflows-leases	175,296	33,335	-	-	-	-	208,631
Unavailable revenue	3,112	-	-	-	-	-	3,112
Total deferred inflows of resources	<u>178,408</u>	<u>33,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,743</u>
Fund balances:							
Assigned	2,499,402	81,454	114,618	1,030	214,320	499,036	3,409,860
Unassigned	11,205,405	-	-	-	-	-	11,205,405
Total fund balances	<u>13,704,807</u>	<u>81,454</u>	<u>114,618</u>	<u>1,030</u>	<u>214,320</u>	<u>499,036</u>	<u>14,615,265</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 14,965,874</u>	<u>\$ 135,936</u>	<u>\$ 114,618</u>	<u>\$ 1,030</u>	<u>\$ 214,320</u>	<u>\$ 531,325</u>	<u>\$ 15,963,103</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2023

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2023**

	General Fund	Cemetery Operations Account	Beautification Account	Christmas Lighting Account	Insurance Cash Account	Multi-Sports Complex Account	Total
<b>REVENUES</b>							
Taxes	\$ 14,455,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,455,281
Intergovernmental	1,639,555	-	-	-	-	-	1,639,555
Charges for services	182,996	24,231	-	-	-	80,443	287,670
Licenses and permits	467,912	-	-	-	-	-	467,912
Fines and forfeitures	688,663	-	-	-	-	-	688,663
Investment income	40,234	746	451	4	-	1,098	42,533
Miscellaneous	868,839	7,041	1,533	-	-	11,822	889,235
Total revenues	<u>18,343,480</u>	<u>32,018</u>	<u>1,984</u>	<u>4</u>	<u>-</u>	<u>93,363</u>	<u>18,470,849</u>
<b>EXPENDITURES</b>							
Current:							
General government	2,200,539	-	-	-	374,722	-	2,575,261
Public safety	10,195,459	-	-	-	-	-	10,195,459
Public works	1,658,127	-	-	-	-	-	1,658,127
Culture, tourism and recreation	1,813,593	-	-	-	-	619,922	2,433,515
Cemetery	-	129,494	-	-	-	-	129,494
Economic development	167,243	-	-	-	-	-	167,243
Capital Outlay	-	-	-	-	-	411,435	411,435
Debt Service:							
Principal	-	-	-	-	-	14,343	14,343
Interest and other charges	-	-	-	-	-	657	657
Total expenditures	<u>16,034,961</u>	<u>129,494</u>	<u>-</u>	<u>-</u>	<u>374,722</u>	<u>1,046,357</u>	<u>17,585,534</u>
Excess (deficiency) of revenues over expenditures	2,308,519	(97,476)	1,984	4	(374,722)	(952,994)	885,315
<b>OTHER FINANCING SOURCES (USES)</b>							
Interaccount transfers	(251,157)	95,000	-	-	159,185	(3,028)	-
Transfers in	4,056,362	220	-	-	235,019	25,657	4,317,258
Transfers out	(1,339,630)	-	-	-	-	-	(1,339,630)
Transfer from component unit	-	-	-	-	19,975	1,078,939	1,098,914
Total other financing sources and uses	<u>2,465,575</u>	<u>95,220</u>	<u>-</u>	<u>-</u>	<u>414,179</u>	<u>1,101,568</u>	<u>4,076,542</u>
Net change in fund balances	4,774,094	(2,256)	1,984	4	39,457	148,574	4,961,857
Fund balances - beginning	8,930,713	83,710	112,634	1,026	174,863	350,462	9,653,408
Fund balances - ending	<u>\$ 13,704,807</u>	<u>\$ 81,454</u>	<u>\$ 114,618</u>	<u>\$ 1,030</u>	<u>\$ 214,320</u>	<u>\$ 499,036</u>	<u>\$ 14,615,265</u>

**CITY OF DURANT, OKLAHOMA  
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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023**

	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	\$ 1,053,589	\$ 7,081	\$ 31,113	\$ -	\$ -
Investments	-	41,523	-	-	-
Miscellaneous taxes receivable	-	-	-	-	-
Due from other funds	498	-	-	-	-
Due from other governments	-	-	-	162,816	162,816
Other receivables	53,432	-	-	-	-
Total assets	<u>\$ 1,107,519</u>	<u>\$ 48,604</u>	<u>\$ 31,113</u>	<u>\$ 162,816</u>	<u>\$ 162,816</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 245	\$ -	\$ 1,515	\$ -	\$ -
Accrued payroll liabilities	19,531	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other component unit	-	-	-	-	-
Total liabilities	<u>19,776</u>	<u>-</u>	<u>1,515</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Fund balances:					
Restricted	-	45,853	-	162,816	162,816
Assigned	1,087,743	2,751	29,598	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>1,087,743</u>	<u>48,604</u>	<u>29,598</u>	<u>162,816</u>	<u>162,816</u>
Total liabilities and fund balances	<u>\$ 1,107,519</u>	<u>\$ 48,604</u>	<u>\$ 31,113</u>	<u>\$ 162,816</u>	<u>\$ 162,816</u>

(Continued)

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023, (Continued)**

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS		TOTALS
	5% Lodging Tourism Tax Fund	DWRP Community Center & Library Fund	Cemetery Care Fund	CDBG Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 521,576	\$ 150,389	\$ -	\$ 1,763,748
Investments	-	400,000	-	-	441,523
Miscellaneous taxes receivable	43,884	-	-	-	43,884
Due from other funds	-	-	-	-	498
Due from other governments	-	-	-	157,505	483,137
Other receivables	-	-	-	-	53,432
Total assets	<u>\$ 43,884</u>	<u>\$ 921,576</u>	<u>\$ 150,389</u>	<u>\$ 157,505</u>	<u>\$ 2,786,222</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 32,333	\$ 34,093
Accrued payroll liabilities	-	-	-	-	19,531
Due to other funds	-	-	-	71,889	71,889
Due to other component unit	43,884	-	-	-	43,884
Total liabilities	<u>43,884</u>	<u>-</u>	<u>-</u>	<u>104,222</u>	<u>169,397</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	157,505	157,505
Fund balances:					
Restricted	-	115,249	128,158	-	614,892
Assigned	-	806,327	22,231	-	1,948,650
Unassigned (deficit)	-	-	-	(104,222)	(104,222)
Total fund balances	<u>-</u>	<u>921,576</u>	<u>150,389</u>	<u>(104,222)</u>	<u>2,459,320</u>
Total liabilities and fund balances	<u>\$ 43,884</u>	<u>\$ 921,576</u>	<u>\$ 150,389</u>	<u>\$ 157,505</u>	<u>\$ 2,786,222</u>



**CITY OF DURANT, OKLAHOMA  
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2023**

	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	\$ 457,428	\$ -	\$ -	\$ 1,252,774	\$ 1,252,774
Intergovernmental	-	-	1,157	-	-
Charges for services	88,586	-	-	-	-
Investment earnings	3,580	107	-	-	-
Miscellaneous	687	-	-	-	-
Total revenues	<u>550,281</u>	<u>107</u>	<u>1,157</u>	<u>1,252,774</u>	<u>1,252,774</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	734,728	-	50,333	-	-
Debt Service:					
Principal	38,145	-	-	-	-
Interest and other charges	7,306	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>780,179</u>	<u>-</u>	<u>50,333</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(229,898)	107	(49,176)	1,252,774	1,252,774
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	522,000	-	75,000	-	-
Transfers out	(6,108)	-	-	-	-
Transfer to component unit	-	-	-	(1,251,997)	(1,251,997)
Net change in fund balances	285,994	107	25,824	777	777
Fund balances - beginning	801,749	48,497	3,774	162,039	162,039
Fund balances - ending	<u>\$ 1,087,743</u>	<u>\$ 48,604</u>	<u>\$ 29,598</u>	<u>\$ 162,816</u>	<u>\$ 162,816</u>

(Continued)

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2023, (Continued)**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS			Totals
	5% Lodging Tourism Tax Fund	DWRF Community Center & Library Fund	Cemetery Care Fund	CDBG Fund	
<b>REVENUES</b>					
Taxes	\$ 477,786	\$ -	\$ -	\$ -	\$ 3,440,762
Intergovernmental	-	-	-	108,397	109,554
Charges for services	-	-	2,444	-	91,030
Investment earnings	-	1,324	591	-	5,602
Miscellaneous	-	41,572	-	-	42,259
Total revenues	<u>477,786</u>	<u>42,896</u>	<u>3,035</u>	<u>108,397</u>	<u>3,689,207</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	-	-	-	785,061
Debt Service:					
Principal	-	-	-	-	38,145
Interest and other charges	-	-	-	-	7,306
Capital outlay	-	53,856	-	367,893	421,749
Total expenditures	<u>-</u>	<u>53,856</u>	<u>-</u>	<u>367,893</u>	<u>1,252,261</u>
Excess (deficiency) of revenues over expenditures	477,786	(10,960)	3,035	(259,496)	2,436,946
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	597,000
Transfers out	-	-	(220)	(150,000)	(156,328)
Transfer to component unit	(477,786)	-	-	-	(2,981,780)
Net change in fund balances	-	(10,960)	2,815	(409,496)	(104,162)
Fund balances - beginning	-	932,536	147,574	305,274	2,563,482
Fund balances - ending	<u>\$ -</u>	<u>\$ 921,576</u>	<u>\$ 150,389</u>	<u>\$ (104,222)</u>	<u>\$ 2,459,320</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2023

**Combining Statement of Net Position – Internal Service Funds – June 30, 2023**

	Employee Health Fund	Worker's Compensation Fund	Info Tech Service Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,431,059	\$ 716,588	\$ 742,936	\$ 3,890,583
Total current assets	<u>2,431,059</u>	<u>716,588</u>	<u>742,936</u>	<u>3,890,583</u>
Non-current assets:				
Capital Assets:				
Other capital assets, net of depreciation	-	-	438,930	438,930
Total non-current assets	-	-	438,930	438,930
Total assets	<u>2,431,059</u>	<u>716,588</u>	<u>1,181,866</u>	<u>4,329,513</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	-	7,870	7,870
Accrued payroll liabilities	-	-	14,968	14,968
Estimated liability for claims	-	532,201	-	532,201
Lease payable - current	-	-	27,832	27,832
Subscription obligations - current	-	-	96,841	96,841
Accrued compensated absences - current	-	-	13,983	13,983
Total current liabilities	<u>-</u>	<u>532,201</u>	<u>161,494</u>	<u>693,695</u>
Non-current liabilities:				
Lease payable - noncurrent	-	-	89,805	89,805
Subscription obligations - noncurrent	-	-	98,982	98,982
Accrued compensated absences - noncurrent	-	-	125,846	125,846
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>314,633</u>	<u>314,633</u>
Total liabilities	<u>-</u>	<u>532,201</u>	<u>476,127</u>	<u>1,008,328</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	125,470	125,470
Unrestricted	2,431,059	184,387	580,269	3,195,715
Total net position	<u>\$ 2,431,059</u>	<u>\$ 184,387</u>	<u>\$ 705,739</u>	<u>\$ 3,321,185</u>

**Combining Statement of Changes in Net Position—Internal Service Funds—Year Ended June 30, 2023**

	Employee Health Fund	Worker's Compensation Fund	Info Tech Service Fund	Total
<b>REVENUES</b>				
Charges for services:				
Self insurance charges	\$ 2,219,885	\$ 394,350	\$ -	\$ 2,614,235
Miscellaneous	196,330	-	1,024,344	1,220,674
Total operating revenues	<u>2,416,215</u>	<u>394,350</u>	<u>1,024,344</u>	<u>3,834,909</u>
<b>OPERATING EXPENSES</b>				
Claims expense	2,506,712	397,673	-	2,904,385
Info tech services	-	-	733,526	733,526
Depreciation and amortization expense	-	-	165,566	165,566
Total operating expenses	<u>2,506,712</u>	<u>397,673</u>	<u>899,092</u>	<u>3,803,477</u>
Operating income (loss)	<u>(90,497)</u>	<u>(3,323)</u>	<u>125,252</u>	<u>31,432</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	60	2,853	2,275	5,188
Interest expense	-	-	(7,749)	(7,749)
Total non-operating revenue (expenses)	<u>60</u>	<u>2,853</u>	<u>(5,474)</u>	<u>(2,561)</u>
Change in net position	<u>(90,437)</u>	<u>(470)</u>	<u>119,778</u>	<u>28,871</u>
Total net position - beginning	2,521,496	184,857	585,961	3,292,314
Total net position - ending	<u>\$ 2,431,059</u>	<u>\$ 184,387</u>	<u>\$ 705,739</u>	<u>\$ 3,321,185</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2023

**Combining Schedule of Net Position – DCUA Accounts – June 30, 2023**

	<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	\$ 5,362,334	\$ 968,015	\$ 6,330,349
Restricted cash and cash equivalents	749,861	11,149,174	11,899,035
Advance to other funds	328,899	-	328,899
Accounts receivable, net of allowance	1,782,976	-	1,782,976
Total current assets	<u>8,224,070</u>	<u>12,117,189</u>	<u>20,341,259</u>
Non-current assets:			
Lease receivable	681,953	-	681,953
Net pension asset	131,437	-	131,437
Capital Assets:			
Land and other non-depreciable assets	9,117,965	-	9,117,965
Other capital assets, net of depreciation	32,347,953	-	32,347,953
Total noncurrent assets	<u>42,279,308</u>	<u>-</u>	<u>42,279,308</u>
Total assets	<u>50,503,378</u>	<u>12,117,189</u>	<u>62,620,567</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	1,036,767	-	1,036,767
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	163,907	-	163,907
Accrued payroll liabilities	152,985	-	152,985
Accrued interest payable	221,063	-	221,063
Current portion of:			
Meter deposit liability	118,932	-	118,932
Notes payable	2,112,000	-	2,112,000
Landfill closure liability	31,682	-	31,682
Accrued compensated absences	33,784	-	33,784
Total current liabilities	<u>2,834,353</u>	<u>-</u>	<u>2,834,353</u>
Non-current liabilities:			
Meter deposit liability	475,730	-	475,730
Notes payable	19,758,195	-	19,758,195
Landfill closure liability	601,965	-	601,965
Accrued compensated absences	304,054	-	304,054
Total noncurrent liabilities	<u>21,139,944</u>	<u>-</u>	<u>21,139,944</u>
Total liabilities	<u>23,974,297</u>	<u>-</u>	<u>23,974,297</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows-leases	653,180	-	653,180
Deferred amounts related to pensions	289,622	-	289,622
Total current liabilities	<u>942,802</u>	<u>-</u>	<u>942,802</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,595,802	10,418,727	30,014,529
Restricted for debt service	(65,943)	730,447	664,504
Unrestricted	7,093,187	968,015	8,061,202
Total net position	<u>\$ 26,623,046</u>	<u>\$ 12,117,189</u>	<u>\$ 38,740,235</u>

**CITY OF DURANT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2023

**Combining Schedule of Revenues, Expenses, and Changes in Net Position – DCUA Accounts – Year Ended June 30, 2023**

	<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	\$ 4,676,809	\$ -	\$ 4,676,809
Sewer charges	2,726,459	-	2,726,459
Water and sewer taps	94,816	-	94,816
Penalties	99,392	-	99,392
Non-payment fees	144,336	-	144,336
Sanitation charges	4,576,461	-	4,576,461
Landfill gate fees	250,900	-	250,900
Lab tests	17,363	-	17,363
Rentals	126,701	-	126,701
Transfer station fees	245,676	-	245,676
Recyclable products	8,346	-	8,346
Miscellaneous	47,030	-	47,030
Total operating revenues	<u>13,014,289</u>	<u>-</u>	<u>13,014,289</u>
<b>OPERATING EXPENSES</b>			
Public works administration	360,760	-	360,760
Utility billing	483,773	-	483,773
Water/sewer line maintenance	912,662	-	912,662
Water treatment plant	1,317,549	-	1,317,549
Wastewater treatment	1,061,345	-	1,061,345
Collection - solid waste	1,047,015	-	1,047,015
General government	189,534	-	189,534
Lake Durant	44,074	-	44,074
Disposal - solid waste	1,852,154	-	1,852,154
Depreciation and amortization expense	2,608,990	-	2,608,990
Total operating expenses	<u>9,877,856</u>	<u>-</u>	<u>9,877,856</u>
Operating income	<u>3,136,433</u>	<u>-</u>	<u>3,136,433</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	35,704	112,561	148,265
Interest expense and fiscal changes	(788,534)	-	(788,534)
Total non-operating revenue (expenses)	<u>(752,830)</u>	<u>112,561</u>	<u>(640,269)</u>
Income before contributions and transfers	<u>2,383,603</u>	<u>112,561</u>	<u>2,496,164</u>
Capital contributions	1,926,273	-	1,926,273
Interaccount transfers	2,603,393	(2,603,393)	-
Transfers in	-	2,595,045	2,595,045
Transfers out	(5,681,862)	-	(5,681,862)
Change in net position	<u>1,231,407</u>	<u>104,213</u>	<u>1,335,620</u>
Total net position - beginning	<u>25,391,639</u>	<u>12,012,976</u>	<u>37,404,615</u>
Total net position - ending	<u>\$ 26,623,046</u>	<u>\$ 12,117,189</u>	<u>\$ 38,740,235</u>

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

**City of Durant, Oklahoma  
Schedule of Federal Awards  
For the Year Ended June 30, 2023**

<u>Federal Grantor/Pass through agency Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant #</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
Rural Business Development Grant	10.351	N/A	35,900	15,607
Total U.S. Department of Agriculture			<u>35,900</u>	<u>15,607</u>
<b>U.S. DEPARTMENT OF COMMERCE:</b>				
EDA Infrastructure Grant	11.300	08-01-05284	\$ 1,500,000	\$ 1,035
EDA Targeted Opportunities Program-TOP Contract	11.300	C-2022-11	24,000	24,000
Total U.S. Department of Commerce			<u>1,524,000</u>	<u>25,035</u>
<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	150,522
Community Development Block Grant	14.228	17488 CDBG ED 18	939,366	-
Community Development Block Grant	14.228	18114 CDBG CR 20	638,300	114,593
Total U.S. Department of Housing and Urban Development			<u>1,729,888</u>	<u>265,115</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>				
Passed through Oklahoma Department of Justice:				
Bulletproof Vest Partnership Program	16.607	2021 BPV	6,000	2,247
Passed through Bureau of Justice Assistance:				
Rural Law Enforcement Training & Technical Assistance Grant Program	16.738	2020-MU-BNX-K001	33,630	33,630
Total U.S. Department of Justice			<u>39,630</u>	<u>35,877</u>
<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			<u>20,000</u>	<u>-</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>				
Passed through Oklahoma Highway Safety Office:				
State and Community Highway Safety - Traffic Enforcement	20.600	PT-22-03-11-19	57,805	3,606
State and Community Highway Safety - Traffic Enforcement	20.616	MSHVE-23-03-01-20	24,253	741
Total Oklahoma Highway Safety Office			<u>82,058</u>	<u>4,347</u>
Highway Planning and Construction Cluster				
Passed through Oklahoma Department of Transportation:				
78S Utility Relocation	20.205	STPY-107C (158)	156,147	2,351
Total Highway Planning and Construction Cluster			<u>156,147</u>	<u>2,351</u>
Federal Aviation Administration:				
Airport Improvement Program	20.106	3-40-0025-018-2021		
Airport Improvement Program	20.106	3-40-0025-017-2021	194,220	66,023
Airport Improvement Program	20.106	3-40-0025-019-2022	130,923	38,422
Total Federal Aviation Administration			<u>325,143</u>	<u>104,445</u>
Total U.S. Department of Transportation			<u>563,348</u>	<u>111,143</u>
<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	3,276,798	151,848
Total U.S. Department of the Treasury			<u>3,276,798</u>	<u>151,848</u>
<b>U.S. DEPARTMENT OF LIBRARIES:</b>				
ARPA Targeted Grant to Libraries-2022	45.310	N/A	23,631	2,800
ARPA Targeted Grant to Libraries-2023	45.310	N/A	4,299	4,299
Scholarship Travel Reimbursement	45.310	N/A	1,913	1,758
ARPA Multifunction Printer Grant	45.310	N/A	1,000	1,000
Online High School Grant	45.310	N/A	5,500	5,500
Health Literacy Grant - FY 22	45.310	N/A	4,000	2,900
Total U.S. Department of Libraries			<u>40,343</u>	<u>18,257</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>				
Passed through Oklahoma Office of Homeland Security:				
Homeland Security Grant Program-Equipment Grant (HS-2022-CO-Grain Er	97.073	OK 22.019	5,901	5,901
Homeland Security Grant Program-Rope Rescue Equipment	97.073	1160.034	17,728	17,480
Total Oklahoma Office of Homeland Security			<u>23,629</u>	<u>23,381</u>
Passed through Oklahoma Department of Civil Emergency Management:				
Disaster Assistance Grant-CARES PPE	97.036	PA-4587	17,756	2,959
Passed through Oklahoma Department of Civil Emergency Management:				
Reimbursement for OEM Anolyte Generator Maintenance Agreement	97.042	AEL #21GN-00-Main	6,413	6,413
Emergency Management Performance Grant - FY 21-22	97.042	N/A	40,000	10,000
Emergency Management Performance Grant - FY 22-23	97.042	N/A	40,000	30,000
			<u>86,413</u>	<u>46,413</u>
Total U.S. Department of Homeland Security			<u>127,798</u>	<u>72,753</u>
<b>Total Federal Awards</b>			<u>\$ 7,357,705</u>	<u>\$ 695,635</u>

See notes to Schedule of Expenditures of Federal Awards.

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

**City of Durant, Oklahoma  
Schedule of State Awards  
For the Year Ended June 30, 2023**

<b>State Grantor/Pass Through Agency Grantor/Program Title</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>Awards Expended</b>
<b>STATE AWARDS:</b>			
Oklahoma Department of Libraries: State Aid	N/A	\$ 17,395	\$ 17,395
Emergency Management Department: Weather Radar Special Project	EMPG-2021-ARPA-1	1,600,000	882,552
Oklahoma Attorney General's Office: 2022 Safe OK Grant	Safe OK 2022	25,000	25,000
Oklahoma Department of Environmental Quality: Solid Waste Grant	103898	25,000	25,000
<b>TOTAL STATE AWARDS</b>		<u>\$ 1,667,395</u>	<u>\$ 949,947</u>

**CITY OF DURANT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

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**INTERNAL CONTROL AND COMPLIANCE INFORMATION**

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

To the City Council  
City of 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, 2023, 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 April 4, 2024.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**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.

*HBC CPAs & Advisors*

Oklahoma City, Oklahoma  
April 4, 2024

**CITY OF DURANT, OKLAHOMA  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR FISCAL YEAR YEAR ENDED JUNE 30, 2023**

**Findings - Financial Statement Audit**

**Finding No.**            2022-001

**Status:**                Corrected.