



CITY OF PURCELL, OKLAHOMA

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

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

CITY OF PURCELL, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

City Council

Graham Fishburn
James Ted Cox
James Jay Tate
Theda Engert
Allen Eubanks

Mayor
Vice-Mayor
Councilman
Councilman
Councilman

Dale Bunn

City Manager

Victor Lohn

Finance Director

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**INDEPENDENT AUDITOR'S
REPORT**



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Purcell, Oklahoma (“the City”), 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT - Continued

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. We did not audit the financial statements of Purcell Municipal Hospital, which is a component unit of Purcell Public Works Authority. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City is based solely on the report of the other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension plan information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial

INDEPENDENT AUDITOR'S REPORT - Continued

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, debt service coverage schedules, and state awards information listed in the table of contents 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 debt service coverage schedules 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 (under separate cover) dated June 30, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Dillon & Associates, PC

Midwest City, Oklahoma
November 3, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2023

As management of the City of Purcell, we offer readers this narrative overview and analysis of the financial activities of the City of Purcell for the fiscal year ended June 30, 2023. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL AND ACTIVITY HIGHLIGHTS

- For the fiscal year ended June 30, 2023, the City's total net position decreased by \$2.7 million or 6.9% from the prior year. That was due primarily to several construction projects.
- During the year, the City's expenses for governmental activities totaled \$13.4 million and were funded by program revenues of \$2.1 million and further funded with tax and other general revenues (net of transfers) that totaled \$8.9 million.
- Total program revenues in the City's business-type activities exceeded expenses by approximately \$0.3 million.
- On June 30, 2023, the General Fund reported a total fund balance budget of \$2.9 million, an increase of \$0.3 million from the prior year due to an increase of sales and use tax revenues. The General Fund unassigned fund balance was \$2.9 million, or approximately 41.0% of total General Fund expenditures.
- For budget reporting purposes, the General Fund reported total resources equal to 107.8% of budget, and expenditures which were 91.6% of budget.
- Sales and use taxes totaled \$9.0 million for the year, an increase of 11.0% over the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Purcell (the "City") and its component unit the Purcell Public Works Authority (PPWA) using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are government-wide statements for 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 from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type of activities separately and combined. These statements include all of the assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt), along with any inflows and outflows that are deferred.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2023

REPORTING ON 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 and liabilities 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 on the City's net position and changes in net position from the prior year. You can think of the City's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - 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 the financial position of the City is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

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

- Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities - The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's electric, water, sewer, solid waste utilities, golf course and airport operations are reported here.
- Discretely-presented component units - This accounts for activities of the City's reporting entity that do not meet the criteria for blending and include the Purcell Municipal Hospital.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

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. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2023

Fund Financial Statements - Continued

Governmental funds - Most of the City's basic services are reported in governmental funds. Governmental fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and other similar items which are recorded when due. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basis of 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 the Government-Wide financial statements are explained in a reconciliation following each Government Fund financial statement.

Proprietary fund - 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 Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. 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.

The City uses enterprise funds to account for its electric, water, sewer, solid waste utilities, golf course and airport operations.

Fiduciary funds - The City can be responsible for assets that - because of a trust arrangement or fiduciary requirement - can be used only for trust beneficiaries or other parties. The City is responsible for ensuring that assets to be reported in these funds are used for their intended purpose. The City does not have any fiduciary activities in FY 2021-22 or FY 2022-23.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found following the Statement of Cash Flows for Proprietary Funds.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

NET POSITION

The City's combined net position decreased from \$38.5 million to \$35.9 million between fiscal years 2021-22 and 2022-23. Looking at the net position of governmental and business-type activities separately, governmental activities decreased \$2.2 million primarily due to capital spending.

The net position for business-type activities decreased by \$0.4 million primarily due to capital spending and subsidies to the hospital.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2023

NET POSITION - Continued

A comparative, condensed presentation of net position is as follows:

Table 1
Net Position (In Thousands)

	Governmental			Business-type			Total		
	Activities		% Inc.	Activities		% Inc.	Primary Government		% Inc.
	2023	2022	(Dec.)	2023	2022	(Dec.)	2023	2022	(Dec.)
Current and other assets	\$ 8,683	11,530	-25%	8,844	12,524	-29%	17,527	24,054	-27%
Capital assets	13,268	10,702	24%	33,859	32,281	5%	47,127	42,983	10%
Total assets	<u>21,951</u>	<u>22,232</u>	-1%	<u>42,703</u>	<u>44,805</u>	-5%	<u>64,654</u>	<u>67,037</u>	-4%
Deferred outflow of resources	<u>3,342</u>	<u>3,895</u>		<u>-</u>	<u>-</u>		<u>3,342</u>	<u>3,895</u>	
Long-term debt outstanding	3,311	1,962	69%	25,213	27,710	-9%	28,524	29,672	-4%
Other liabilities	944	1,012	-7%	2,578	1,734	49%	3,522	2,746	28%
Total liabilities	<u>4,255</u>	<u>2,974</u>	43%	<u>27,791</u>	<u>29,444</u>	-6%	<u>32,046</u>	<u>32,418</u>	-1%
Deferred inflow of resources	<u>77</u>	<u>61</u>		<u>-</u>	<u>-</u>		<u>77</u>	<u>61</u>	
Net assets:									
Invested in capital assets, net of debt	13,268	10,702	24%	9,591	9,169	5%	22,859	19,871	15%
Restricted	4,695	6,183	-24%	2,530	2,473	2%	7,225	8,656	-17%
Unrestricted (deficit)	2,998	6,295	-52%	2,791	3,719	-25%	5,789	10,014	-42%
Total net assets	\$ <u>20,961</u>	<u>23,180</u>	-10%	<u>14,912</u>	<u>15,361</u>	-3%	<u>35,873</u>	<u>38,541</u>	-7%

A significant portion of net position consists of net investment in capital assets, e.g., land, buildings, improvements, equipment (net of related debt) and, as such, is not available for future spending. The increase in net investment in capital assets is largely due to street improvements and other capital projects.

CHANGE IN NET POSITION

For the year ended June 30, 2023, the change in net position of the primary government is shown below. Note that the decrease to the net position of Governmental Activities is primarily due to capital spending.

The increase in governmental expenses is primarily due to changes in capital assets. The increase in business-type expense is primarily due to cost increases.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2023

CHANGE IN NET POSITION - Continued

Changes in Net Position (In Thousands)

	Governmental			Business-type			Total		
	Activities		% Inc.	Activities		% Inc.	Primary Government		% Inc.
	2023	2022	(Dec.)	2023	2022	(Dec.)	2023	2022	(Dec.)
Revenues									
Charges for services \$	1,064	758	40%	13,151	11,806	11%	14,215	12,564	13%
Operating grants	339	435	-22%	-	392	-	339	827	-59%
Capital grants	872	33	0%	31	-	-	903	33	0%
Sales and use taxes	8,962	8,076	11%	-	-	-	8,962	8,076	11%
Franchise tax (fees)	83	76	9%	-	-	-	83	76	9%
Other taxes	205	307	-33%	-	-	-	205	307	-33%
Investment income	65	6	983%	153	-	-	218	6	3533%
Other	833	326	156%	205	503	-59%	1,038	829	25%
Total revenues	12,423	10,017	24%	13,540	12,701	7%	25,963	22,718	14%
Expenses									
General government	869	796	9%	2,856	1,107	158%	3,725	1,903	96%
Public safety	9,030	(1,042)	-967%	-	-	-	9,030	(1,042)	-967%
Public works	2,618	1,104	137%	-	-	-	2,618	1,104	137%
Cultural & recreation	736	569	29%	-	-	-	736	569	29%
Economic development	140	49	186%	-	-	-	140	49	186%
Electric	-	-	-	5,736	4,983	15%	5,736	4,983	15%
Water	-	-	-	1,781	1,608	11%	1,781	1,608	11%
Sewer	-	-	-	857	711	21%	857	711	21%
Sanitation	-	-	-	763	758	1%	763	758	1%
Ambulance	-	-	-	366	364	-	366	364	-
Golf course	-	-	-	731	603	21%	731	603	21%
Hospital subsidy	-	-	-	2,081	1,536	35%	2,081	1,536	35%
Airport	-	-	-	67	132	-49%	67	132	-49%
Total expenses	13,393	1,476	807%	15,238	11,802	29%	28,631	13,278	116%
Increase in net position									
before transfers	(970)	8,541	-111%	(1,698)	899	-289%	(2,668)	9,440	-128%
Capital contributions	(43)	(960)	-	43	960	-	-	-	-
Transfers	(1,206)	473	-355%	1,206	(473)	-355%	-	-	-
Change in net position	(2,219)	8,054	0%	(449)	1,386	-132%	(2,668)	9,440	-128%
Beginning net position	23,180	15,126	53%	15,361	13,975	10%	38,541	29,101	32%
Ending net position \$	20,961	23,180	-10%	14,912	15,361	-3%	35,873	38,541	-7%

**Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2023**

CHANGE IN NET POSITION - Continued

Governmental Fund Balances

General Fund - The fund balance increase is primarily due to tax collections exceeding budget projections due to conservative budgeting of revenues.

Capital Improvement Fund - Funding for the Capital Improvement Fund comes from a 2% sales tax restricted for capital expenditures. The decrease in fund balance is primarily due to several capital construction projects.

Other Governmental Funds - The fund balance increase is largely due to project delays, as well as hotel tax collections exceeding budget projections.

Governmental Funds	2023	2022	Change in Fund Balance
General Fund	\$ 2,943	2,617	326
Capital Improvement Fund	2,596	4,862	(2,266)
Other Governmental Funds	1,671	1,322	349
Totals	\$ 7,210	8,801	(1,591)

Major Fund Budgetary Statement Highlights

General Fund - Actual tax revenues came in above the original budget by 16.0%. The sales tax revenue and transfer budgets were revised to reflect the additional sales tax revenue.

The June 30, 2023 General Fund year-end fund balance was 28.2% of annual revenues.

GOVERNMENTAL ACTIVITIES

Under Governmental Activities, the public safety expense includes pension expense from the City's proportionate share of the Oklahoma Police Pension and Retirement Fund and Oklahoma Firefighters Pension and Retirement Fund in the amount of \$4,050,254 shown as public safety expense.

To aid in the understanding of the Statement of Activities on page 2 of the Basic Financial Statements, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, 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 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.

**Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2023**

GOVERNMENTAL ACTIVITIES - Continued

GOVERNMENTAL ACTIVITIES SOURCES AND USES

<u>Governmental Activity</u>	Charges for Services, Capital and Operating Grants	Total Expense of Services	Net Revenue (Expense) of Services
General government	\$ 466	869	403
Public safety	481	9,030	8,549
Public works	1,224	2,618	1,394
Culture and recreation	99	736	637
Economic development	5	140	135
Totals	<u>\$ 2,275</u>	<u>13,393</u>	<u>11,118</u>

BUSINESS-TYPE ACTIVITIES

<u>Governmental Activity</u>	Charges for Services, Capital and Operating Grants	Total Expense of Services	Net Revenue (Expense) of Services
Adminstration	\$ -	2,856	2,856
Electric	7,362	5,736	(1,626)
Water	2,830	1,781	(1,049)
Sewer	611	857	246
Sanitation	1,134	763	(371)
Ambulance	378	366	(12)
Golf course	832	731	(101)
Airport	34	67	33
Totals	<u>\$ 13,181</u>	<u>13,157</u>	<u>(24)</u>

**Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$47.1 million invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads, and bridges. This represents a net increase of approximately \$4.2 million over last year.

**Capital Assets
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Construction in progress	\$ 4,558	1,990	1,928	18,861	6,486	20,851
Land	826	826	522	522	1,348	1,348
Buildings	7,715	7,586	18,688	999	26,403	8,585
Machinery and equipment	2,661	2,367	1,927	1,511	4,588	3,878
Vehicles	4,135	4,097	1,978	1,548	6,113	5,645
Infrastructure	24,511	24,313	29,404	28,480	53,915	52,793
Less: Accumulated depreciation	(31,138)	(30,477)	(20,588)	(19,640)	(51,726)	(50,117)
Totals	\$ 13,268	10,702	33,859	32,281	47,127	42,983

Major capital asset events during the current fiscal year included the following:

- Recreational facilities and trails.
- Costs associated with the construction of the municipal hospital.
- Vehicle purchases for various departments.
- Street construction.
- Public works facilities.

**Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2023**

Long-term Debt

At year-end, the City had \$25.7 million in long-term debt outstanding, excluding accrued compensated absences, due to depositors and net pension liability, which represents approximately a \$1,585,724 decrease from the prior year.

**Outstanding Debt
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue bonds	\$ -	-	19,435	20,190	19,435	20,190
Revenue notes	-	-	6,239	7,069	6,239	7,069
Totals	\$ -	-	25,674	27,259	25,674	27,259

ECONOMIC OUTLOOK

- The unemployment rate for the Oklahoma City metropolitan area which includes Purcell is currently 2.8 percent, which is a decrease of 1.6 percent from a year ago. This compares favorably to the state's average unemployment rate of 2.7 percent and favorably to the national average rate of 3.5 percent.
- Inflationary trends in the region compare favorably to national indices.
- The City's major source of revenue is sales and use tax revenue. Sales and use tax revenue increased 11.0% over the prior year total.

All of these factors were considered in preparing the City's budget for the 2023-2024 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, bond rating agencies and creditors with a general overview of the City's finances reflecting the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 230 W. Main Street, Purcell, Oklahoma 73080.

BASIC FINANCIAL STATEMENTS

City of Purcell, Oklahoma
Statement of Net Position
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Municipal Hospital
ASSETS				
Pooled cash and cash equivalents	\$ 5,246,909	1,492,332	6,739,241	330,074
Investments	1,587,128	2,064,667	3,651,795	-
Restricted assets:				
Restricted cash and investments	26,010	4,124,372	4,150,382	357,645
Receivables (net of allowance for uncollectibles)	50,491	1,006,191	1,056,682	975,048
Due from other government agencies	1,558,550	-	1,558,550	-
Prepays and other	-	-	-	100,017
Inventories	-	156,629	156,629	107,874
Net pension asset	214,016	-	214,016	-
Lease and subscription assets, net	-	-	-	964,732
Capital assets:				
Land, improvements and construction in progress	5,374,173	1,928,298	7,302,471	-
Other capital assets, net of depreciation	7,893,448	31,930,266	39,823,714	1,778,798
Investment in and advances to equity investee	-	-	-	120,997
Total assets	21,950,725	42,702,755	64,653,480	4,735,185
DEFERRED OUTFLOW OF RESOURCES	3,341,629	-	3,341,629	-
LIABILITIES				
Accounts payable and accrued expenses	500,704	749,588	1,250,292	1,991,491
Accrued interest payable	-	168,569	168,569	-
Due to bondholders	420	-	420	-
Deferred revenue - ARPA grant	302,994	-	302,994	-
Current portion of long-term debt	140,455	1,659,765	1,800,220	138,993
Long-term liabilities:				
Lease and subscription liabilities	-	-	-	700,888
Long-term debt and other liabilities	421,365	2,513,180	2,934,545	-
Net pension liability	2,889,452	-	2,889,452	-
Total liabilities	4,255,390	5,091,102	9,346,492	2,831,372
DEFERRED INFLOW OF RESOURCES	76,810	-	76,810	-
NET POSITION				
Net investment in capital assets	13,267,621	9,591,405	22,859,026	1,762,699
Restricted for:				
Debt service	-	2,373,551	2,373,551	-
Capital improvements	2,596,209	-	2,596,209	-
Risk management	455,097	-	455,097	-
Inventory	-	156,629	156,629	-
Other purposes	1,643,761	-	1,643,761	-
Unrestricted (deficit)	2,997,466	2,790,068	5,787,534	141,114
Total net position	\$ 20,960,154	14,911,653	35,871,807	1,903,813

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 869,476	465,818	-	-	(403,658)
Public safety	9,029,654	146,443	334,322	-	(8,548,889)
Public works	2,617,851	352,415	-	871,609	(1,393,827)
Culture and recreation	736,499	99,046	-	-	(637,453)
Economic development	139,878	-	5,000	-	(134,878)
Total governmental activities	<u>13,393,358</u>	<u>1,063,722</u>	<u>339,322</u>	<u>871,609</u>	<u>(11,118,705)</u>
Business-type activities:					
Administration	2,855,886	-	-	-	(2,855,886)
Electric	5,735,712	7,362,399	-	-	1,626,687
Water	1,781,116	2,830,267	-	-	1,049,151
Sewer	857,001	610,922	-	-	(246,079)
Sanitation	762,533	1,134,334	-	-	371,801
Ambulance	366,185	377,970	-	-	11,785
Golf course	730,739	832,427	-	-	101,688
Airport	66,945	2,430	-	31,322	(33,193)
Total business-type activities	<u>13,156,117</u>	<u>13,150,749</u>	<u>-</u>	<u>31,322</u>	<u>25,954</u>
Total primary government	<u>26,549,475</u>	<u>14,214,471</u>	<u>339,322</u>	<u>902,931</u>	<u>(11,092,751)</u>
COMPONENT UNIT					
Purcell Municipal Hospital	12,053,276	8,577,233	-	-	(3,476,043)
Total component units	<u>\$ 12,053,276</u>	<u>8,577,233</u>	<u>-</u>	<u>-</u>	<u>(3,476,043)</u>

City of Purcell, Oklahoma
Statement of Activities
For the Year Ended June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Municipal Hospital
Change in Net Position:				
Net (expense) revenue	\$ (11,118,705)	25,954	(11,092,751)	(3,476,043)
General revenues:				
Taxes:				
Sales and use	8,962,119	-	8,962,119	-
Franchise	82,644	-	82,644	-
Other	205,177	-	205,177	-
Unrestricted investment income	64,531	151,858	216,389	3,399
Operating subsidy - Purcell Municipal Hospital	-	(1,121,608)	(1,121,608)	1,250,000
Interest expense - Hospital debt	-	(959,636)	(959,636)	(44,056)
Miscellaneous	833,173	204,753	1,037,926	(8,237)
Transfers - internal activity	(1,205,946)	1,205,946	-	-
Contributed capital - fixed assets	(43,239)	43,239	-	-
Total general revenues and transfers	<u>8,898,459</u>	<u>(475,448)</u>	<u>8,423,011</u>	<u>1,201,106</u>
Change in net position	(2,220,246)	(449,494)	(2,669,740)	(2,274,937)
Net Position - beginning	23,180,400	15,361,147	38,541,547	5,171,769
Prior period adjustment - Hospital	-	-	-	(993,019)
Net Position - ending	<u>\$ 20,960,154</u>	<u>14,911,653</u>	<u>35,871,807</u>	<u>1,903,813</u>

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,315,340	2,081,799	1,397,650	4,794,789
Cash - Police bond account	(2,977)	-	-	(2,977)
Restricted cash and investments	-	26,010	-	26,010
Investments	1,454,448	107,680	25,000	1,587,128
Receivables, net	32,505	-	17,986	50,491
Due from other governments	1,558,550	-	-	1,558,550
Due from other funds	-	927,694	231,021	1,158,715
Total assets	4,357,866	3,143,183	1,671,657	9,172,706
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	255,924	243,980	800	500,704
Police bonds outstanding	420	-	-	420
Unearned revenue - ARPA grant	-	302,994	-	302,994
Due to other funds	1,158,715	-	-	1,158,715
Total liabilities (Note 2)	1,415,059	546,974	800	1,962,833
Fund balances:				
Restricted	-	2,596,209	1,670,857	4,267,066
Unassigned	2,942,807	-	-	2,942,807
Total fund balances	2,942,807	2,596,209	1,670,857	7,209,873
Total liabilities, deferred inflows and fund balances	\$ 4,357,866	3,143,183	1,671,657	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not required in the funds, net of accumulated depreciation of \$31,138,325	13,267,621
Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service funds are allocated in the statement of net position.	455,027
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Net pension asset	214,016
Pension related deferred outflows	3,341,629
Certain liabilities are not due and payable in the current period from current financial resources, and therefore are not reported in the funds:	
Net pension liability	(2,889,452)
Pension related deferred inflows	(76,810)
Accrued compensated absences	(561,750)
Net position of governmental activities	\$ 20,960,154

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 9,044,763	-	205,177	9,249,940
Intergovernmental	381,891	871,609	6,621	1,260,121
Licenses and permits	62,525	-	-	62,525
Charge for services	89,321	-	395,795	485,116
Fines and forfeitures	115,438	-	-	115,438
Interest	19,212	42,617	2,205	64,034
Miscellaneous	704,029	44,632	84,512	833,173
Total revenues	<u>10,417,179</u>	<u>958,858</u>	<u>694,310</u>	<u>12,070,347</u>
EXPENDITURES				
Current:				
General government	778,899	168,461	-	947,360
Public safety	4,899,740	48,778	69,057	5,017,575
Public works	1,017,947	4,378,738	116,405	5,513,090
Culture and recreation	470,713	248,439	20,279	739,431
Economic development	-	-	139,878	139,878
Total expenditures	<u>7,167,299</u>	<u>4,844,416</u>	<u>345,619</u>	<u>12,357,334</u>
Excess (deficiency) of revenues over expenditures	<u>3,249,880</u>	<u>(3,885,558)</u>	<u>348,691</u>	<u>(286,987)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,332,635	1,663,273	-	3,995,908
Transfers out	(5,256,607)	-	-	(5,256,607)
Contributed capital - fixed assets	-	(43,239)	-	(43,239)
Total other financing sources and uses	<u>(2,923,972)</u>	<u>1,620,034</u>	<u>-</u>	<u>(1,303,938)</u>
Net change in fund balances	325,908	(2,265,524)	348,691	(1,590,925)
Fund balances-beginning	2,616,899	4,861,733	1,322,166	8,800,798
Fund balances-ending	<u>\$ 2,942,807</u>	<u>2,596,209</u>	<u>1,670,857</u>	<u>7,209,873</u>

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$ (1,590,925)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>	
Capital assets additions	3,236,727
Depreciation expense	(660,892)
<p>In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.</p>	
	(3,338,457)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>	
Change in accrued compensated absences	106,205
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal is reported with governmental activities.</p>	
	<u>27,096</u>
Change in net position of governmental activities	<u><u>\$ (2,220,246)</u></u>

City of Purcell, Oklahoma
Statement of Net Position - Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds			Total	Governmental
	Purcell Public Works Authority		Airport	Enterprise	Internal
	<u>Utilities</u>	<u>Golf Course</u>	<u>Authority</u>	<u>Funds</u>	<u>Service Fund</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,360,003	273,568	(141,239)	1,492,332	455,097
Restricted:					
Cash and investments	3,805,591	-	-	3,805,591	-
Accounts, net of allowance for uncollectibles	970,470	2,029	31,322	1,003,821	-
Accrued interest	2,370	-	-	2,370	-
Inventories	150,039	6,590	-	156,629	-
Total current assets	<u>6,288,473</u>	<u>282,187</u>	<u>(109,917)</u>	<u>6,460,743</u>	<u>455,097</u>
Non-current assets:					
Investments	2,064,667	-	-	2,064,667	-
Restricted cash and investments	318,781	-	-	318,781	-
Capital assets:					
Land and construction in progress	1,840,628	-	87,670	1,928,298	-
Other capital assets, net of accumulated depreciation	28,911,267	1,144,522	1,874,477	31,930,266	-
Total non-current assets	<u>33,135,343</u>	<u>1,144,522</u>	<u>1,962,147</u>	<u>36,242,012</u>	<u>-</u>
Total assets	<u>39,423,816</u>	<u>1,426,709</u>	<u>1,852,230</u>	<u>42,702,755</u>	<u>455,097</u>
LIABILITIES					
Current liabilities:					
Accounts payable	706,281	43,307	-	749,588	-
Accrued interest payable	168,569	-	-	168,569	-
Accrued compensated absences	20,047	23,209	-	43,256	-
Current portion of long-term obligations	1,590,000	26,509	-	1,616,509	-
Total current liabilities	<u>2,484,897</u>	<u>93,025</u>	<u>-</u>	<u>2,577,922</u>	<u>-</u>
Non-current liabilities:					
Notes payable, net of current portion	24,746,015	27,251	-	24,773,266	-
Deposits subject to refund	310,147	-	-	310,147	-
Accrued compensated absences	60,139	69,628	-	129,767	-
Total non-current liabilities	<u>25,116,301</u>	<u>96,879</u>	<u>-</u>	<u>25,213,180</u>	<u>-</u>
Total liabilities	<u>27,601,198</u>	<u>189,904</u>	<u>-</u>	<u>27,791,102</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	6,563,935	1,065,323	1,962,147	9,591,405	-
Restricted:					
Debt service	2,373,551	-	-	2,373,551	-
Inventory	150,039	6,590	-	156,629	-
Payment of claims	-	-	-	-	455,097
Unrestricted	<u>2,735,093</u>	<u>164,892</u>	<u>(109,917)</u>	<u>2,790,068</u>	<u>-</u>
Total net position	<u>\$ 11,822,618</u>	<u>1,236,805</u>	<u>1,852,230</u>	<u>14,911,653</u>	<u>455,097</u>

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental	
	Purcell Public Works Authority		Airport	Total	Internal
	Utilities	Golf Course	Authority	Enterprise Funds	Service Fund
REVENUES					
Electric	\$ 7,220,725	-	-	7,220,725	-
Water	2,830,267	-	-	2,830,267	-
Sewer	610,922	-	-	610,922	-
Sanitation	1,134,334	-	-	1,134,334	-
Other	141,674	-	-	141,674	28,742
Ambulance	377,970	-	-	377,970	-
Golf	-	832,427	-	832,427	-
Airport	-	-	2,430	2,430	-
Total operating revenues	<u>12,315,892</u>	<u>832,427</u>	<u>2,430</u>	<u>13,150,749</u>	<u>28,742</u>
OPERATING EXPENSES					
General and administration	2,236,730	-	-	2,236,730	56,896
Purchasing	28,600	-	-	28,600	-
Electric	5,625,763	-	-	5,625,763	-
Water	1,449,235	-	-	1,449,235	-
Sewer	684,600	-	-	684,600	-
Sanitation	762,533	-	-	762,533	-
Customer services	323,052	-	-	323,052	-
Information technologies	16,626	-	-	16,626	-
Ambulance	366,185	-	-	366,185	-
Golf	-	711,468	-	711,468	-
Airport	-	-	2,003	2,003	-
Depreciation and amortization	865,109	19,271	64,942	949,322	-
Total operating expenses	<u>12,358,433</u>	<u>730,739</u>	<u>66,945</u>	<u>13,156,117</u>	<u>56,896</u>
Operating income (loss)	<u>(42,541)</u>	<u>101,688</u>	<u>(64,515)</u>	<u>(5,368)</u>	<u>(28,154)</u>
NONOPERATING REVENUES (EXPENSES)					
Grant income	-	-	31,322	31,322	-
Miscellaneous revenues (expense)	185,916	12,474	6,363	204,753	-
Interest income	151,858	-	-	151,858	497
Purcell Municipal Hospital assistance	(1,121,608)	-	-	(1,121,608)	-
Interest expense and fiscal charges	(950,960)	(8,676)	-	(959,636)	-
Total nonoperating revenues (expenses)	<u>(1,734,794)</u>	<u>3,798</u>	<u>37,685</u>	<u>(1,693,311)</u>	<u>497</u>
OPERATING TRANSFERS AND CAPITAL ITEMS					
Transfers in	3,538,580	-	-	3,538,580	54,753
Transfers out	(2,332,634)	-	-	(2,332,634)	-
Contributed capital - fixed assets	-	-	43,239	43,239	-
Total operating transfers and capital contributions	<u>1,205,946</u>	<u>-</u>	<u>43,239</u>	<u>1,249,185</u>	<u>54,753</u>
Change in net position	(571,389)	105,486	16,409	(449,494)	27,096
Net Position - beginning	12,394,007	1,131,319	1,835,821	15,361,147	428,001
Net Position - ending	<u>\$ 11,822,618</u>	<u>1,236,805</u>	<u>1,852,230</u>	<u>14,911,653</u>	<u>455,097</u>

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental
	Purcell Public Works Authority		Airport	Total	Internal
	Utilities	Golf Course	Authority	Enterprise Funds	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 12,371,534	832,427	2,430	13,206,391	28,742
Payments to suppliers and employees	(11,307,680)	(672,433)	(39,752)	(12,019,865)	(56,896)
Other receipts and payments, net	-	-	-	-	-
Net cash provided (used) by operating activities	<u>1,063,854</u>	<u>159,994</u>	<u>(37,322)</u>	<u>1,186,526</u>	<u>(28,154)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Purcell Municipal Hospital assistance	(1,121,608)	-	-	(1,121,608)	-
Operating transfers in (out)	1,205,946	-	-	1,205,946	54,753
Net cash provided (used) by noncapital financing activities	<u>84,338</u>	<u>-</u>	<u>-</u>	<u>84,338</u>	<u>54,753</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Grant proceeds	-	-	31,322	31,322	-
Principal paid on long-term debt	(1,606,294)	(60,724)	-	(1,667,018)	-
Interest expense and fiscal charges	(950,960)	(8,676)	-	(959,636)	-
(Acquisition) disposition of capital assets	(2,365,399)	(30,210)	(130,919)	(2,526,528)	-
Governmental type assets purchased with proprietary type funds	-	-	43,239	43,239	-
Net cash provided (used) by capital and related financing activities	<u>(4,922,653)</u>	<u>(99,610)</u>	<u>(56,358)</u>	<u>(5,078,621)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease (increase) in investments	(4,127)	-	-	(4,127)	-
Interest received	151,858	-	-	151,858	497
Net cash provided (used) by investing activities	<u>147,731</u>	<u>-</u>	<u>-</u>	<u>147,731</u>	<u>497</u>
Net increase (decrease) in cash and cash equivalents	(3,626,730)	60,384	(93,680)	(3,660,026)	27,096
Cash and cash equivalents, beginning of the year	9,111,105	213,184	(47,559)	9,276,730	428,001
Cash and cash equivalents, end of the year	<u>\$ 5,484,375</u>	<u>273,568</u>	<u>(141,239)</u>	<u>5,616,704</u>	<u>455,097</u>
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	1,360,003	273,568	(141,239)	1,492,332	455,097
Restricted cash and investments - current	3,805,591	-	-	3,805,591	-
Restricted cash and investments - noncurrent	318,781	-	-	318,781	-
Total cash and cash equivalents, end of year	<u>\$ 5,484,375</u>	<u>273,568</u>	<u>(141,239)</u>	<u>5,616,704</u>	<u>455,097</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(42,541)	101,688	(64,515)	(5,368)	(28,154)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation expense	865,109	19,271	64,942	949,322	-
Miscellaneous revenue	185,916	12,474	6,363	204,753	-
Change in assets and liabilities:					
Receivable, net	55,639	(188)	(31,312)	24,139	-
Refundable deposits	9,499	-	-	9,499	-
Accounts payable	67,525	11,943	(12,800)	66,668	-
Accrued expenses	(77,293)	14,806	-	(62,487)	-
Total adjustments	<u>1,106,395</u>	<u>58,306</u>	<u>27,193</u>	<u>1,191,894</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 1,063,854</u>	<u>159,994</u>	<u>(37,322)</u>	<u>1,186,526</u>	<u>(28,154)</u>

See accompanying notes to the basic financial statement.

**NOTES TO BASIC
FINANCIAL STATEMENTS**

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Purcell, Oklahoma (the “City”) conforms to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for municipalities are defined as those principles promulgated by the Governmental Accounting Standards Board (“GASB”). The following represent the more significant accounting and reporting policies and practices of the City.

Financial Reporting Entity - The City is an incorporated municipality located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative - the governing body includes an elected five-member City Council and Mayor
- Executive - the City Manager is the Chief Executive Officer and appointed by the City Council
- Judicial - the Municipal Judge is a practicing attorney appointed by the City Council

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and includes all component units for which the City is financially accountable.

The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and therefore data from these units are combined with the data of the City. Each blended component unit has a June 30 year end.

Blended Component Units - The Purcell Public Works Authority (PPWA) was created pursuant to a Trust Indenture, for the benefit of the City of Purcell. PPWA was established to acquire, construct, develop, equip, operate, and maintain the City’s electric, water, sanitary sewer, solid waste disposal systems and golf course. The water, sanitary sewer and solid waste disposal systems owned by the City have been leased to PPWA, including long-term financing and capital development. Council members serve as Trustees and the City Manager is General Manager. The Authority is reported as an enterprise fund.

The Purcell Municipal Hospital’s ownership was transferred to Purcell Public Works Authority on April 4, 1969 to operate, regulate, and administer the hospital. The governing body consists of six members composed of two at large members who are residents of Purcell, two members who are residents of McClain County or a Lexington zip code, a member from the medical industry, and the hospital chief of staff who is a non-voting member. All Board members shall be approved and appointed by the Authority. Any issuance of debt requires a 2/3 approval of the PPWA board of trustees.

The Purcell Municipal Hospital issued separate financial statements audited by another independent firm, which are available by contacting their administrative office.

The Purcell Airport Authority (PAA) was created pursuant to a Trust Indenture, for the benefit of the City of Purcell. PPA was created to operate and maintain the municipal airport. City Council members serve as Trustees and the City Manager is the General Manager. The Authority is reported as an enterprise fund.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Separate financial statements have not been prepared for the blended component units.

Each component unit is a Public Trust established pursuant to Title 60 of the Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through the 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. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City has leased certain existing assets at the creation for the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

Basis of presentation and accounting:

The City follows Governmental Accounting Standards Board (“GASB”) statements in the preparation of its financial statements. The presentation includes financial statements that communicate the City’s financial condition and changes therein at two distinct levels:

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

Government-wide and fund financial statements - The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities.

Governmental activities - Most of the City’s basic services are reported here, including police, fire, general administration, streets, parks, and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of the activities.

Business-type activities - Services where the City charges a fee to customers to help cover all or most of the cost of the services it provides. The City’s electric, water, sewer and sanitation systems are reported here. Additionally, operation of the golf course and municipal airport are reported as business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements -

Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, and pension liabilities are recorded only when payment is due.

Sales and use taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenues when qualifying expenditures have been incurred and all eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine (through a review of changes in fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The following are the City's major governmental funds:

- General Fund - accounts for general operations of the City including public safety, parks, public facilities, street maintenance and internal service support.
- Capital Projects Fund - accounts major capital improvement projects

The following are the City's aggregate non-major governmental funds:

- Street & Alley Fund
- Rural Fire Fund
- Drug Enforcement Fund
- Economic Development Fund
- Cemetery Care Fund
- Cemetery Perpetual Care Fund

The reconciliation of the governmental fund 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 on the government-wide level.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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-like activities provided to other funds or departments of the City. 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 reductions to the liability.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following are the City's proprietary funds:

- Purcell Public Works Authority (PPWA) - accounts for the revenues from operations of water, sanitary sewer, solid waste, and golf course.
- Purcell Airport Authority (PAA) - accounts for the revenues from operations of the municipal airport.
- Internal Service Fund - accounts for unemployment insurance management functions provided to various funds of the City.

The following are the City's internal service funds:

- Unemployment Insurance Fund
- HSA Fund

Accounting Policies -

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

- a. *Cash and Cash Equivalents* - The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.
- b. *Pooled Cash and Investments* - The City Charter requires all cash belonging to the City to be placed in the custody of the Financial Services Department of the City. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amounts. Investments are allocated to the individual participating funds based upon a percentage determined by the Financial Services Department of the City. An interfund receivable/payable is recognized if the allocation of investments to a particular fund exceeds the fund's pooled cash amount before the allocation of the pooled investments.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The purchases and maturities of the pooled investments, as reported in the fund's statement of cash flow, are allocated to the participating proprietary funds based on their portion of total pooled investments.

- c. *Investments* - Investments are stated at fair value. Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties. The City considers the quoted market price on June 30, 2023, to be the fair value of its investments.

Oklahoma Statutes authorize the City to invest in obligations of the United States government, its agencies and instrumentalities; collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings bank, savings and loan associations and credit unions located out of state; negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank; prime banker's acceptances which are eligible for purchases by the Federal Reserve System and which do not exceed 270 days' maturity; prime commercial paper which shall not have a maturity that exceeds 180 days nor represent more than 10% of the outstanding paper of an issuing corporation; repurchase agreements that have underlying collateral consisting of those items specified above; and money market funds regulated by the Securities and Exchange Commission and which investments consist of those items noted above.

- d. *Receivables and payables* - In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

In the governmental fund financial statements, receivables are recorded when they are both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received.

- e. *Interfund Receivable and Payables* - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / due from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
- f. *Restricted Assets* - Restricted assets include cash and investments of both governmental activities and business-type activities that are legally restricted as to their use. The restricted assets are primarily related to debt trustee accounts and guaranty deposits.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

g. *Capital Assets* - Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, the majority of which generally consists of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary funds, are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 - 65 years
Infrastructure	25 - 50 years
Improvements other than buildings & infrastructure	10 - 20 years
Machinery and equipment	3 - 20 years
Vehicles	3 - 7 years

h. *Inventory* - The City records parts and fuel inventory as expenses within the General Fund. Parts inventory is recorded using actual cost.

i. *Long-term Debt* - Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental activities, business-type activities and proprietary funds are reported as liabilities as incurred. The long-term debt presently is primarily comprised of revenue bonds payable, net pension liability, and accrued compensated absences. This long-term debt is reported not of unamortized discounts and premiums.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

j. *Claims and Judgments Payable* - Under state law, judgments against the City can be paid over three years or can be paid immediately. A liability would be recorded within the government-wide, proprietary, and fiduciary fund financial statements for claims and judgments payable. A liability for these amounts is reported in governmental funds only if they are paid from current financial resources.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- k. *Compensated Absences* - Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. Vesting of sick leave by employees and maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employees' service as contained in the City's personnel manual. Upon retirement, one-half of accumulated sick leave is converted to cash, subject to the above limitation for maximum compensation for unused compensated absences.
- l. *Pensions* - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the City's multiemployer pension plans and additions to/deductions from the multiemployer pension plans have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- m. *Fund Equity* - In the government-wide financial statements, equity is classified as net position and displayed in three components:
 - 1. *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
 - 2. *Restricted net position* - Consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
 - 3. *Unrestricted net position* - All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted net positions are available for use, generally it is the City's policy to use restricted resources first. For projects funded with tax-exempt debt proceeds and other sources, the debt proceeds are used first.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows and based on the nature of any limitations requiring the use of resources for specific purposes.

- a) *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- b) *Restricted* - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- c) *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of an Ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by ordinance remains in place until a similar action by the City Council is taken (the adoption of another ordinance) to remove or revise the limitation.

- d) *Assigned* - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- e) *Unassigned* - Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund.

When both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance) are available for use, generally it is the City's policy to use restricted resources first. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Cost Sharing Defined Benefit Pension Plans

The City participates in two cost-sharing multiple-employer defined benefit pension plans, the Oklahoma Firefighters Pension & Retirement System (OFPRS) and the Oklahoma Police Pension & Retirement System (OPPRS) (the Plans). For purposes of measuring the net pension asset, liability, deferred outflows of resources and deferred inflows of resources related to the pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has deferred outflows related to pensions, with one being the amount of contributions made to pension plans after the measurement date, and the other the difference in investment experience between actual earnings and projected earnings on pension plan investments and the difference in assumption changes. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of pension liability in the following year. The remaining

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

amounts will be amortized to pension expense over future periods. See Note 4 for additional information.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has a deferred inflow related to pensions. This consists of the difference between expected and actual experience related to pension plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension expense.

Revenues, Expenditures and Expenses

- a. *Sales Taxes* - Sales taxes are collected by vendors and required to be remitted to the State of Oklahoma by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. A two-month lag exists between collection by the vendor and payment to the City by the State. Revenue received in July and August from sales made in May and June, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.
- b. *Charges for Services* - Charges for service consist primarily of charges made by one fund for services such as insurance and other benefits provided to the other funds of the City.
- c. *Intergovernmental Revenues/Capital Grants Earned* - Revenues from Federal and State operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditures are made. The earned portion of capital grants in Proprietary Funds is treated as a capital contribution within the statement of revenues, expenses, and changes in fund net position.
- d. *Investment Earnings* - Investment earnings on pooled cash and investments are allocated on a pro-rata basis to the City's funds based on the percentage of each fund's average month-end pooled cash balance.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Compliance

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the “Budget Act”). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing is held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.
- e. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All fund decreases of appropriation and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments within a fund without City Council approval. Supplemental appropriations must also be filed with the Office of the State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, the Purcell Public Works Authority is required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of budget or definition of a legal level of control; and, therefore, no budget and actual financial presentation for the PPWA funds is included in this report.

Deposits and Investment Laws and Regulations

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City may not recover its deposits. The City’s policy to minimize its exposure to custodial credit risk for deposit is that all deposits shall either be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the cognizant Federal Reserve Bank or invested in United States government obligations, and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma, in the City’s name.

On June 30, 2023, the City’s bank balances of approximately \$7,643,975 were fully insured or collateralized with securities.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City minimizes its exposure to interest rate risk by limiting the duration of certificates of deposits or other fixed-income securities.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City minimizes its exposure to investment credit risk by adopting investment policies that comply with the Oklahoma State statutes. As a result, investments are limited to the following:

- Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable pledged collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- 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.
- 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.
- Money market funds and repurchase agreements which consist of the authorized investments of the United States government agency obligations with restrictions as specified in state law.

Public trusts created under O.S. Title 60 are not subject to the above-mentioned investment limitations and are primarily governed by restrictions in their trust or bond indentures.

The City has no formal policy limiting investments based on credit rating but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations and agencies as of the end of year end. Unless there is information to the contrary, obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk and do not require disclosure of credit quality.

Custodial credit risk for investments is the risk that in the event of a bank failure, the City may not recover the value of its investments. The City's policy to minimize its exposure to custodial credit risk for investments is that all investments shall either be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the cognizant Federal Reserve Bank or invested in United States government obligations, and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma, in the City's name. On June 30, 2023, the City's investments are certificates of deposit in local banks.

On June 30, 2023, the certificates of deposits were fully insured or collateralized.

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of certain outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of the net assessed valuation. For the year ended June 30, 2023, the City did not have outstanding general obligation debt.

Other Long-term Debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval.

Revenue Note Debt

The indentures relating to the revenue note issues of the Purcell Public Works Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, debt service coverage requirements and required reserve account balances.

The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance, thereon, as of June 30, 2023:

<u>Requirement</u>	<u>Level of Compliance</u>
<i>Purcell Public Works Authority</i>	
a. Flow of Funds	
1. 2019 Revenue Note	Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Debt Service Fund	
2. 2020 Revenue Bonds	Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Debt Service Fund	
- Debt Service Reserve fund	

Fund Equity/Net Position Restrictions

Restricted Net Position

Restricted net position at the government-wide financial statements is required to restrict funds in accordance with various laws and regulations, specifically those laws and regulations dealing with debt service and the use of restricted revenues. See Note 3 for details of restricted net position.

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS

The following notes present detailed information to support the amounts reported in the basic financial statements for the City's various assets, liabilities, equity, revenues, and expenditures/expenses.

Deposits and Investment Risks

The City of Purcell, including its blended component units, held the following deposits and investments on June 30, 2023:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 7,590,074
Cash on hand			2,600
Time deposits	Due within 1 year		400,643
Time deposits	Due in 1 - 5 years		2,716,529
			<u>10,709,846</u>
Investments:			
Trustee money market account		AAAm	3,831,572
			<u>3,831,572</u>
Total deposits and investments			\$ <u>14,541,418</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 6,739,241
Restricted cash and investments			4,150,382
Investments			3,651,795
			<u>\$ 14,541,418</u>

Restricted Assets

The amounts reported as restricted assets on the Statement of Net Position are comprised of cash and investments held by the trustee bank on behalf of the public trusts (Authorities) related to its required revenue bond accounts as described in Note 2 and amounts due to depositors related to utility deposits.

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Restricted Assets - Continued

The restricted assets as of June 30, 2023, were as follows:

	Governmental Activities	Business-type Activities
	Current	Current
	Cash and cash Equivalents	Cash and cash Equivalents
2019 Sales Tax Revenue Note - Construction	\$ -	1,430,959
2019 Sales Tax Revenue Note - Debt Service	-	237,561
2020 Sales Tax Revenue Note - Construction	-	1,052
2020 Sales Tax Revenue Note - Debt Service	-	529,272
2020 Sales Tax Revenue Note - Debt Service Reserve	-	1,606,747
2015 Capital Lease - Debt Service	26,010	-
Utility Deposits	-	318,781
	<u>26,010</u>	<u>4,124,372</u>
Total Restricted Assets	\$ <u>26,010</u>	<u>4,124,372</u>

Receivables and Uncollectible Accounts

Accounts receivable of governmental and business-type activities consist of sales tax, franchise tax and fees, property tax, grants funds due, customer utilities services provided, both billed and unbilled, all reported net of allowance for uncollectible amounts are as follows:

	Governmental Activities	Business-type Activities
Sales taxes	\$ 1,385,926	-
Use taxes	160,231	-
Franchise taxes	5,003	-
Hotel/Motel taxes	12,916	-
Other taxes	5,020	-
Other	76,945	35,721
Utilities	-	1,127,697
Less: allowance for uncollectible accounts	<u>(37,000)</u>	<u>(157,227)</u>
Accounts receivable, net of allowance	\$ <u>1,609,041</u>	<u>1,006,191</u>

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Capital Assets

Capital asset balances and governmental activities for the year ended June 30, 2023, were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
Governmental activities					
Capital assets not being depreciated :					
Land	\$ 825,913	-	-	-	825,913
Construction in progress	1,990,056	2,568,204	-	-	4,558,260
Total capital assets not being depreciated	<u>2,815,969</u>	<u>2,568,204</u>	<u>-</u>	<u>-</u>	<u>5,384,173</u>
Capital assets being depreciated :					
Buildings and improvements	7,585,678	128,965	-	-	7,714,643
Machinery and equipment	2,367,029	293,709	-	-	2,660,738
Vehicles	4,096,973	38,376	-	-	4,135,349
Infrastructure	24,313,570	207,473	-	-	24,521,043
Total capital assets being depreciated	<u>38,363,250</u>	<u>668,523</u>	<u>-</u>	<u>-</u>	<u>39,031,773</u>
Less : Accumulated depreciation					
Buildings and improvements	3,271,926	158,012	-	-	3,429,938
Machinery and equipment	1,659,024	157,262	-	-	1,816,286
Vehicles	3,262,376	271,233	-	-	3,533,609
Infrastructure	22,284,107	74,385	-	-	22,358,492
Total capital assets being depreciated	<u>30,477,433</u>	<u>660,892</u>	<u>-</u>	<u>-</u>	<u>31,138,325</u>
Total capital assets being depreciated	<u>7,885,817</u>	<u>7,631</u>	<u>-</u>	<u>-</u>	<u>7,893,448</u>
Governmental activities capital assets, net	<u>\$ 10,701,786</u>	<u>2,575,835</u>	<u>-</u>	<u>-</u>	<u>13,277,621</u>

Depreciation expense for governmental activities is charged to functions as follows:

Governmental activities:

General government	\$ 66,735
Public safety	389,086
Streets	119,010
Cultural and recreation	86,061
Total depreciation expense - governmental activities	<u>\$ 660,892</u>

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Capital Assets - Continued

Capital asset activity for business-type activities for the year ended June 30, 2023, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
<i>Business-type activities</i>					
Capital assets not being depreciated :					
Land	\$ 521,830	-	-	-	521,830
Construction in progress	18,860,715	1,393,120	(18,325,537)	-	1,928,298
Total capital assets not being depreciated	<u>19,382,545</u>	<u>1,393,120</u>	<u>(18,325,537)</u>	-	<u>2,450,128</u>
Capital assets being depreciated :					
Buildings and improvements	999,372	-	17,688,532	-	18,687,904
Machinery and equipment	1,510,942	142,618	273,091	-	1,926,651
Vehicles	1,547,566	430,817	-	-	1,978,383
Infrastructure	28,480,493	559,963	363,914	-	29,404,370
Total capital assets being depreciated	<u>32,538,373</u>	<u>1,133,398</u>	<u>18,325,537</u>	-	<u>51,997,308</u>
Less : Accumulated depreciation					
Buildings and improvements	499,223	255,311	-	-	754,534
Machinery and equipment	1,211,904	99,682	-	-	1,311,586
Vehicles	1,213,216	115,067	-	-	1,328,283
Infrastructure	16,715,207	479,262	-	-	17,194,469
Total capital assets being depreciated	<u>19,639,550</u>	<u>949,322</u>	-	-	<u>20,588,872</u>
Net depreciable assets	<u>12,898,823</u>	<u>184,076</u>	<u>18,325,537</u>	-	<u>31,408,436</u>
Business-type activities capital assets, net	<u>\$ 32,281,368</u>	<u>1,577,196</u>	<u>-</u>	<u>-</u>	<u>33,858,564</u>

Depreciation expense for business-type activities is charged to functions as follows:

Business-type activities:

Electric	\$ 109,949
Water	331,881
Sewer	172,401
General government	250,878
Airport	64,942
Golf course	19,271
Total depreciation expense - business-type activities	<u>\$ 949,322</u>

Deposits Subject to Refund

Utility customers are required to make a meter deposit, which is refunded upon the customer's termination of services, provided there are no outstanding bills. Monies are deposited in separate accounts, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2023, cash and investments included \$318,781 available for refund of customer deposits, while the liability to customers was \$310,147.

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Deposits Subject to Refund - Continued

Appearance bonds and other payments made to the municipal court funds are held until final disposition by the court at which time they are refunded to the bondholder or paid over to the City general fund as fines. As of June 30, 2023, \$420 was being held that was subject to refund.

Long-term Debt

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

Business-type Activities Long-term Debt:

On June 30, 2023, the long-term debt payable from enterprise fund resources consisted of the following:

Revenue Notes Payable

\$9,060,000 Purcell Public Works Authority Utility System Revenue Note, Series 2019 dated March 29, 2019, secured by a pledge of revenues generated by the water, sanitary sewer and electric collection systems, proceeds to be used to pay the outstanding principal of the Series 2011 revenue note and for various capital improvements: due in semi-annual principal installments ranging from \$325,000 to \$425,000 with a final payment due April 1, 2031; with interest at 2.67%.	6,185,000
\$295,448 Purcell Public Works Authority Series 2014 Golf Course and Proshop Note; dated January 10, 2014; due in 151 monthly installments of \$2,450, beginning February 10, 2014; with a final payment due September 10, 2026; with interest at 3.75%, secured by the operations of the golf course.	<u>53,760</u>
Total Revenue Notes Payable	\$ <u>6,238,760</u>
Current portion	\$ 821,509
Non-current portion	<u>5,417,251</u>
	<u>\$ 6,238,760</u>

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Revenue Bonds Payable

\$20,190,000 Purcell Public Works Authority Sales Tax Revenue Bonds, Series 2020 dated March 1, 2020, secured by a pledge of two cents of future sales and use tax, proceeds to be used to pay the design and construction of a municipal hospital; due in semi-annual principal installments ranging from \$755,000 to \$1,505,000 with a final payment due March 1, 2040; with interest rates from 3.125% to 5.000%. \$ 19,435,000

Current portion	\$ 795,000
Non-current portion	<u>18,640,000</u>
	<u>\$ 19,435,000</u>

Accrued Compensated Absences

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

Governmental activities	\$ 561,820
Business-type activities	<u>173,023</u>
Total Accrued Compensated Absences	<u>\$ 734,843</u>

Due to Depositors

Outstanding deposits for utility services, refundable only upon termination of services, amounted to the following:

Current portion	\$ -
Non-current portion	<u>310,147</u>
Total Due to Depositors	<u>\$ 310,147</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental activities					
Accrued compensated absences	\$ 668,025	-	106,205	561,820	140,455
Total Governmental Activities	\$ 668,025	-	106,205	561,820	140,455
Business-type activities					
Revenue Bonds - Series 2020	\$ 20,190,000	-	755,000	19,435,000	795,000
Revenue Note - Series 2019	6,955,000	-	770,000	6,185,000	795,000
Revenue Note - Golf Course	114,484	-	60,724	53,760	26,509
Deposits subject to refund	300,648	9,499	-	310,147	-
Accrued compensated absences	157,290	15,733	-	173,023	43,256
Total Business-type Activities	\$ 27,717,422	25,232	1,585,724	26,156,930	1,659,765

Reconciliation to Statement of Position

Plus: Unamortized bond premium (discount)	716,015
	\$ 26,872,945

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt, with interest rates applicable on June 30, 2023, excluding accrued compensated absences, due to depositors, net pension liability are as follows:

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ -	-	1,616,509	926,530
2025	-	-	1,687,251	864,612
2026	-	-	1,650,000	798,418
2027	-	-	1,635,000	734,910
2028	-	-	1,700,000	669,686
2029-2033	-	-	7,885,000	2,362,993
2034-2038	-	-	6,545,000	1,244,356
2039-2043	-	-	2,955,000	161,675
Totals	\$ -	-	25,673,760	7,763,180

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Applicability of Federal Arbitrage Regulations

Debt issuances of the City and Authorities issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from investment of gross proceeds of a bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for noncompliance including taxability of interest retroactive to the date of the issue. The City's management believes the City is in compliance with these rules and regulations.

Pledge of Future Revenues

Sales and Use Tax Pledge - The City has pledged two cents of future sales and use tax revenues to repay the \$20,190,000 Purcell Public Works Authority Sales Tax Revenue Bonds, Series 2020 which are payable through March 1, 2040. Proceeds from the bonds will provide financing for construction of municipal hospital. The total principal and interest payable for the remainder of the life of the bonds is \$26,494,000. Pledged sales and use tax received in the current year was \$3,537,467. The maximum annual debt service is \$1,560,206 resulting in a coverage ratio on June 30, 2023 of 227%

Utility Revenue Pledge

The City has pledged the revenues from the sale of electric, water and sewer services to repay the Series 2019 Purcell Public Works Authority Utility System Revenue Notes which are payable through April 1, 2031. Proceeds from the notes provided for the defeasement of the outstanding balance of the 2011 Revenue Notes and financing for construction of designated capital improvements. The total principal and interest payable for the remainder of the life of the notes is \$6,884,140. Pledged gross utility revenue received in the current year was \$10,803,588 delivering net revenues for the rate coverage requirement of \$1,654,214. The maximum annual debt service is \$963,506 resulting in a coverage ratio on June 30, 2023 of 172%.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Interfund Receivables, Payables, and Transfers

The City's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid grossing up 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:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Capital Improvement Fund	1,663,273	Debt service payments
General Fund	Purcell Public Works Auth.	3,538,580	Operating subsidy - Hospital
General Fund	HSA Fund	54,753	Operating subsidy
Purcell Public Works Auth.	General Fund	2,332,635	Operating subsidy
		<u>7,589,241</u>	

Reconciliation to Fund Financial Statements:

	<u>Due To</u>	<u>Due From</u>	<u>Net Interfund Balance</u>
Governmental Funds	4,050,661	(5,256,607)	(1,205,946)
Proprietary Funds	3,538,580	(2,332,634)	1,205,946
	<u>7,589,241</u>	<u>(7,589,241)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	<u>-</u>
---------------	----------

Balances:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	Capital Improvement Fund	927,694	Sales tax transfer receivable
General Fund	Water Impact Fee Fund	226,209	Operating subsidy receivable
General Fund	Street & Alley Fund	4,812	Operating subsidy receivable
		<u>1,158,715</u>	

Reconciliation to Fund Financial Statements:

	<u>Due To</u>	<u>Due From</u>	<u>Net Interfund Balance</u>
Governmental Funds	1,158,715	(1,158,715)	-
Proprietary Funds	-	-	-
	<u>1,158,715</u>	<u>(1,158,715)</u>	<u>-</u>

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Fund Balances and Net Position

Fund Balances

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Capital Improvement Fund	Other Governmental Fuunds	Total
Fund Balances:				
Restricted:				
Capital improvements	-	2,596,209	-	2,596,209
Public safety	-	-	208,627	208,627
Economic development	-	-	1,055,729	1,055,729
Street	-	-	192,064	192,064
Cemetery	-	-	214,437	214,437
Subtotal Nonspendable	-	2,596,209	1,670,857	4,267,066
Unassigned (deficit):	2,942,807	-	-	2,942,807
TOTAL FUND BALANCES	2,942,807	2,596,209	1,670,857	7,209,873

Sales Tax

Sales tax revenue represents a five cents tax on each dollar of taxable sales of which is recorded as follows:

- 2 cents are recorded in the General Fund for general operational purposes,
- 2 cent is recorded in the General Fund and then transferred to the Capital Improvement Fund for capital expenditures and for the payment of debt service in connection with obligations issued to finance specified capital expenditures. 1 cent is designated for Purcell Hospital improvements and debt service.
- 1 cent is recorded in the General Fund and then transferred to the Purcell Public Works Authority for payment of debt service.

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 4 - OTHER INFORMATION

Risk Management

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

- General Liability - Covered through purchased insurance with a \$25,000 deductible, per occurrence.
- Physical Property - Covered through purchased insurance with a \$25,000 deductible, per occurrence.
- Workers’ Compensation - Workers’ compensation is covered through self-insurance with the City administering the claims process. The City does not carry stop-loss insurance.

COMMITMENTS AND CONTIGENCIES

Commitments

Construction in Progress

The following construction contracts were outstanding on June 30, 2023:

	<u>Total Construction In Progress</u>	<u>Total Project</u>	<u>Remaining To Complete</u>
<i>Governmental Activities</i>			
I-35 Interchange	\$ 1,990,500	4,300,000	2,309,500
Lake trails - Phase II	470,566	520,000	49,434
Park equipment	15,183	207,000	191,817
Main Street Scape	1,650,026	1,875,000	224,974
Vehicles	17,978	106,185	88,207
Street improvements	414,007	450,000	35,993
<i>Business-type Activities</i>			
Pump station	5,500	200,000	194,500
City yard	684,284	4,000,000	3,315,716
S. Canadian lift station	858,529	900,000	41,471
Water meter battery	206,635	1,200,000	993,365
Water well	85,680	550,000	464,320
Airport runway improvements	87,670	613,660	525,990
	<u>\$ 6,486,558</u>	<u>14,921,845</u>	<u>8,435,287</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

Contingent Liabilities

General Litigation - The City and Utilities Authority are parties 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 self-insurance reserves maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance reserves would not have a material adverse effect on the financial condition of the City.

Federal Grants - In the normal course of operations, the City receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management does not believe any liability for reimbursement which may arise as the result of these audits will be material.

Purcell Municipal Hospital - The independent auditor's report issued by Forvis included a section discussing the Hospital's ability to continue as a going concern. The notes to the financial statements include the Hospital's plan to mitigate the losses incurred over the last several years and continue as a going concern in future periods. Purcell Municipal Hospital is a component unit of Purcell Public Works Authority. The financial statements of the Hospital are included as a separate discrete component unit in the City's Statement of Position and Statement of Activities - pages 1 to 3 of the government-wide financial statements.

The management of the City has evaluated the independent auditor's report, the financial statements of the Hospital and the Hospital's management's plan of operation for future periods. Management has determined the going concern matters of the Hospital while significant do not cause the City as a whole to have similar going concern issues.

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The City participates in four employee pension systems as follows:

<u>Names of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
City of Purcell, Oklahoma Employee Retirement Plan	Single Employer - Defined Contribution Money Purchase Plan
City of Purcell, Oklahoma Section 457 Deferred Compensation Plan	Single Employer - Deferred Compensation Plan

Summary of Defined Benefit Plan Balances

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Pension Liability (Asset)		
Police Pension System	\$ (214,016)	-
Firefighter's Pension System	2,889,452	-
Total Net Pension Liability	<u>\$ 2,675,436</u>	<u>-</u>
Deferred Outflows of Resources		
Police Pension System	\$ 2,351,129	-
Firefighter's Pension System	990,500	-
Total Deferred Outflow of Resources	<u>\$ 3,341,629</u>	<u>-</u>
Deferred Inflows of Resources		
Police Pension System	\$ 17,156	-
Firefighter's Pension System	59,654	-
Total Deferred Inflow of Resources	<u>\$ 76,810</u>	<u>-</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

Oklahoma Police Pension and Retirement System (OPPRS)

Plan Description - The City of Purcell, as the employer, participates in the Police Pension & Retirement - a cost-sharing multi-employer defined benefit pension plan administered by the Oklahoma Police Pension & Retirement System (PPRS). Title 11 of the Oklahoma State Statutes 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.

Benefits Provided - The Plan 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 State statute. Retirement provisions are as follows:

- 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.

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Police Pension and Retirement System (OPPRS) - Continued

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 eight percent (8%) of their annual pay. Participating cities are required to contribute thirteen percent (13%) of the employees' annual pay. Contributions to the pension plan from the City were \$154,443. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$106,345. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of June 30, 2023, the City reported an asset of \$214,016 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2022, and the total pension asset 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 0.002669%.

For the year ended June 30, 2023, the City recognized pension expense of \$51,147. As of 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	\$ 128,299	\$ -
Changes of assumptions	7,452	-
Net difference between projected and actual earnings on pension plan investments	2,057,952	-
Changes in proportion and differences between City contributions and proportionate share of contributions	753	15,992
City contributions during measurement period	2,230	1,164
City contributions subsequent to the measurement date	154,443	-
Total	<u>\$ 2,351,129</u>	<u>\$ 17,156</u>

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Police Pension and Retirement System (OPPRS) - Continued

\$154,443 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Net Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Year ended June 30:

2023	\$	701,567
2024		644,347
2025		567,406
2026		254,421
2027		11,789
	\$	<u>2,179,530</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:	3.5% to 12.0% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. Active employees (post retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2022; valuation was based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Police Pension and Retirement System (OPPRS) - Continued

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

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

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 position 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 one percentage point lower - (6.5%) or one 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	\$ 620,069	\$ (214,016)	\$ (919,023)

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.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Firefighters' Pension and Retirement System (OFPRS)

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

Benefits Provided - In general, the Plan 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 aged 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.
- All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued

less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

- 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 benefit 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, 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% 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 \$125,725. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$226,347. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - On June 30, 2023, the City reported a liability of \$2,889,452 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 0.220950%.

For the year ended June 30, 2023, the City recognized pension expense of \$401,631. On June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 370,928	\$ 14,587
Changes of assumptions	-	18,423
Net difference between projected and actual earnings on pension plan investments	335,786	-
Changes in proportion and differences between City contributions and proportionate share of contributions	157,119	26,562
City contributions during measurement period	942	82
City contributions subsequent to the measurement date	125,725	-
Total	\$ 990,500	\$ 59,654

\$125,725 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$	240,129
2025		196,317
2026		63,475
2027		305,200
	\$	805,121

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued

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 10.50% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.38%
Domestic equity	7.41%
International equity	9.82%
Real estate	7.70%
Other assets	5.67%

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2020, the Plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

- 25.2% effective September 1, 2020
- 27.0% effective July 1, 2021
- 39.6% effective July 1, 2023
- 36.0% effective July 1, 2027

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued

Discount Rate - Continued

The Plan will also receive \$81,250 each year from July 1, 2020 to July 1, 2027. Based on these assumptions, the 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 the Plan's investments was applied to all period of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net position 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 one percentage point lower - (6.5%) or one percentage point higher - (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 3,723,282	\$ 2,889,452	\$ 2,191,994

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.

City of Purcell, Oklahoma Employee Retirement Plan (the DC Plan)

Plan Description - The City of Purcell, Oklahoma Employee Retirement Plan, is a single-employer defined contribution money purchase pension plan is available to all full-time employees except those participating in state fire and police retirement programs. The Plan operates as a trust administered by the Ameritas Life Insurance. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Full-time employees are eligible to participate in the Plan after six months of service. Benefits vest after five years of service, as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than five years	0%
Five years or more	100%

Benefits to be paid to employees at a future date are dependent on the sum of the employee contributions with interest, the City financed contributions with interest, and the respective employee vesting percentage as established by the plan. There are no guaranteed retirement benefits in the plan, and the City disclaims any liability between the employer and the employee regarding benefits in the plan. Any and all claims of the employee may be satisfied only out of the funds held in the plan under the individual employee's account. Each employee receives a year-end statement of his account and selects how the funds are invested.

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2023**

NOTE 4. OTHER INFORMATION - Continued

City of Purcell, Oklahoma Employee Retirement Plan (the DC Plan) - Continued

Funding Policy - The employee contributes either 5% or 7% of compensation to the Plan, and the employer contributes 7% of employee compensation. Contributions to the Plan for the year ended June 30, 2023, for employees and employer were \$217,554 and \$224,193, respectively. For the year ended June 30, 2022, the City's covered payroll was \$3,202,756. Covered payroll refers to all compensation paid by the City of Purcell to active employees covered by the Plan on which contributions are based.

City of Purcell 457 Deferred Compensation Plan (DC Plan)

Plan Description - The City of Purcell 457 Deferred Compensation Plan is available to all full-time employees. The DC Plan was created in accordance with Section 457 of the *Internal Revenue Code* and permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to the employee until retirement, termination, death, or unforeseeable emergency.

Funding Policy - DC Plan participants may contribute up to \$18,000 of eligible compensations in calendar years 2023 and 2022. In addition, employees aged 50 and older may contribute a catch-up contribution of \$5,500. Contributions to the Plan for the year ended June 30, 2023, for employees and employer were \$0 and \$46,245, respectively.

The employer's contributions are subject to immediate vesting.

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Purcell, Oklahoma
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023

	Budget			Actual	Variance with Final Budget Over (Under)
	Original	Revisions	Final		
REVENUES					
Taxes	\$ 7,756,000	185,947	7,941,947	9,003,638	1,061,691
Intergovernmental	948,700	37,322	986,022	381,891	(604,131)
Licenses and permits	40,000	-	40,000	62,525	22,525
Charge for services	28,300	98,000	126,300	89,321	(36,979)
Fines and forfeitures	120,000	-	120,000	115,438	(4,562)
Interest	4,100	-	4,100	19,212	15,112
Miscellaneous	393,000	30,029	423,029	704,029	281,000
Total revenues	<u>9,290,100</u>	<u>351,298</u>	<u>9,641,398</u>	<u>10,376,054</u>	<u>734,656</u>
EXPENDITURES					
General government:					
General government	288,500	1,050	289,550	253,780	35,770
Administration	336,353	-	336,353	325,477	10,876
Information technology	75,590	-	75,590	72,171	3,419
Municipal court	130,210	-	130,210	127,471	2,739
Public safety:					
Police	2,393,161	64,756	2,457,917	2,259,909	198,008
Fire	1,493,682	-	1,493,682	1,442,059	51,623
Animal control	200,151	4,706	204,857	212,413	(7,556)
Communications	676,828	-	676,828	612,849	63,979
Emergency management	122,494	20,739	143,233	145,346	(2,113)
Code enforcement	293,948	-	293,948	227,164	66,784
Public works:					
Streets	997,344	(1)	997,343	842,481	154,862
Cemetery	187,590	-	187,590	175,466	12,124
Culture and recreation:					
Park and recreation	517,102	24,032	541,134	470,713	70,421
Total expenditures	<u>7,712,953</u>	<u>115,282</u>	<u>7,828,235</u>	<u>7,167,299</u>	<u>660,936</u>
Excess (deficiency) of revenues over (under) expenditures	1,577,147	236,016	1,813,163	3,208,755	1,395,592
OTHER FINANCING SOURCES (USES)					
Transfers	(4,234,739)	782,147	(3,452,592)	(2,846,646)	605,946
Net change in fund balances	(2,657,592)	1,018,163	(1,639,429)	362,109	2,001,538
Fund balances - beginning	2,657,592	-	2,657,592	2,616,899	(40,693)
Fund balances - ending	<u>\$ -</u>	<u>1,018,163</u>	<u>1,018,163</u>	<u>2,979,008</u>	<u>1,960,845</u>

**Budgetary Comparison Schedule
City of Purcell
For the Year Ended June 30, 2023**

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1.
- b. Public hearings are conducted to obtain taxpayer comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. By July 1, the adopted budget is filed with the office of the State Auditor and Inspector.
- e. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All fund decreases of appropriation and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments within a fund without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector. No departments exceeded appropriations.

Budgetary Accounting

The annual operating budgets are prepared and presented on a modified accrual basis of accounting.

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding at year-end are not considered expenditures for budgetary purposes since the City intends to honor the commitments and provide for supplemental appropriations in the following budget year. All appropriations lapse at year-end.

**Budgetary Comparison Schedule
City of Purcell
For the Year Ended June 30, 2023**

Budget Reconciliations - Items required to adjust actual revenues, expenditures, and fund balances reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2023, are as follows:

		<u>General Fund</u>
Fund balances - budgetary basis, June 30, 2023	\$	2,979,008
Current year revenue and transfer accruals		(296,838)
Prior year revenue and transfer accruals		260,637
Current year expenditure accruals		<u>-</u>
Fund balances - fund financial statements, June 30, 2023	\$	<u>2,942,807</u>
Revenues - budgetary basis, June 30, 2023	\$	10,376,054
Current year revenue accruals		630,856
Prior year revenue accruals		<u>(589,731)</u>
Revenues - fund financial statements, June 30, 2023	\$	<u>10,417,179</u>
Expenditures - budgetary basis, June 30, 2023	\$	7,167,299
Current year expenditure accruals		-
Prior year expenditure accruals		<u>-</u>
Expenditures - fund financial statements, June 30, 2023	\$	<u>7,167,299</u>
Transfers - budgetary basis, June 30, 2023	\$	(2,846,646)
Current year transfer accruals		(927,694)
Prior year transfer accruals		<u>850,368</u>
Transfers - fund financial statements, June 30, 2023	\$	<u>(2,923,972)</u>

City of Purcell, Oklahoma
Schedule of Employer's Share of Net Pension Liability
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Employer's proportion of the net pension liability (asset)	0.326400%	0.323000%	0.311100%	0.308700%	0.284930%	0.280968%	0.305005%	0.303424%	0.266900%
2. Employer's proportionate share of the net pension liability (asset)	\$ (109,903)	13,169	476,504	23,745	(135,727)	(17,937)	350,283	(1,455,574)	(214,016)
3. Employer's covered-employee payroll	\$ 913,200	912,954	917,600	920,554	869,123	913,677	1,021,515	1,050,000	955,946
4. Employer's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	-12.03%	1.44%	51.93%	2.58%	-15.62%	-1.96%	34.29%	-138.63%	-22.39%
5. 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%

* Complete data for this schedule is not available prior to 2014
Data reported is measured as of July 1, 2022

City of Purcell, Oklahoma
Schedule of Employer's Contributions
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 118,716	118,684	119,288	119,672	112,986	118,778	132,797	136,500	124,273
Contributions in relation to the statutorily required contribution	\$ (118,716)	(118,684)	(119,288)	(119,672)	(112,986)	(118,778)	(132,797)	(136,500)	(124,273)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 913,200	912,954	917,600	920,554	869,123	913,677	1,021,515	1,050,000	955,946
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

* Complete data for this schedule is not available prior to 2014
Data reported is measured as of July 1, 2022

City of Purcell, Oklahoma
Schedule of Employer's Share of Net Pension Liability
Oklahoma Firefighters' Pension and Retirement System
Last 10 Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Employer's proportion of the net pension liability (asset)	0.019890%	0.199600%	0.201177%	0.179423%	0.202559%	0.202103%	0.199297%	0.221790%	0.220951%
2. Employer's proportionate share of the net pension liability (asset)	\$ 2,045,089	2,118,046	2,457,809	2,256,643	2,280,102	2,135,552	2,455,166	1,460,637	1,455,109
3. Employer's covered-employee payroll	\$ 555,259	545,221	562,735	509,986	602,450	624,986	639,729	720,500	731,343
4. Employer's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	368.31%	388.47%	436.76%	442.49%	378.47%	341.70%	383.78%	202.73%	198.96%
5. 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%

* Complete data for this schedule is not available prior to 2014
Data reported is measured as of July 1, 2022

City of Purcell, Oklahoma
Schedule of Employer's Contributions
Oklahoma Firefighters' Pension and Retirement System
Last 10 Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 74,328	76,331	78,783	71,398	84,343	87,498	89,562	100,870	102,388
Contributions in relation to the statutorily required contribution	\$ (74,328)	(76,331)	(78,783)	(71,398)	(84,343)	(87,498)	(89,562)	(100,870)	(102,388)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 530,914	545,221	562,735	509,986	602,450	624,986	639,729	720,500	731,343
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

* Complete data for this schedule is not available prior to 2014
Data reported is measured as of July 1, 2022

**OTHER
SUPPLEMENTARY
INFORMATION**

City of Purcell, Oklahoma
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Special Revenue							Permanent	Total
	Street & Alley	Rural Fire	Drug Enforcement	Lodging Tax Fund	Economic Development	Water Impact Fee	Cemetery Care	Cemetery Perpetual Care	Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 182,232	208,527	100	178,450	46,300	592,654	189,387	-	1,397,650
Investments	-	-	-	-	-	-	-	25,000	25,000
Due from other funds	4,812	-	-	-	-	226,209	-	-	231,021
Receivables, net	5,020	-	-	12,916	-	-	50	-	17,986
TOTAL	<u>192,064</u>	<u>208,527</u>	<u>100</u>	<u>191,366</u>	<u>46,300</u>	<u>818,863</u>	<u>189,437</u>	<u>25,000</u>	<u>1,671,657</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	-	-	-	-	800	-	-	-	800
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>
Fund balances:									
Restricted	192,064	208,527	100	191,366	45,500	818,863	189,437	25,000	1,670,857
Assigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>192,064</u>	<u>208,527</u>	<u>100</u>	<u>191,366</u>	<u>45,500</u>	<u>818,863</u>	<u>189,437</u>	<u>25,000</u>	<u>1,670,857</u>
TOTAL	<u>\$ 192,064</u>	<u>208,527</u>	<u>100</u>	<u>191,366</u>	<u>46,300</u>	<u>818,863</u>	<u>189,437</u>	<u>25,000</u>	<u>1,671,657</u>

City of Purcell, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue							Permanent	Total
	Street & Alley	Rural Fire	Drug Enforcement	Lodging Tax Fund	Economic Development	Water Impact Fee	Cemetery Care	Cemetery Perpetual	Nonmajor Governmental Funds
REVENUES									
Taxes	\$ 59,276			145,901	-	-	-	-	205,177
Intergovernmental	-	1,621	-	5,000	-	-	-	-	6,621
Charge for services	-	31,005	-	-	-	352,415	12,375	-	395,795
Interest	-	1,645	-	305	-	-	255	-	2,205
Donation	-	-	-	-	-	-	-	-	-
Miscellaneous	-	15,608	-	-	56,339	-	12,565	-	84,512
Total revenues	<u>59,276</u>	<u>49,879</u>	<u>-</u>	<u>151,206</u>	<u>56,339</u>	<u>352,415</u>	<u>25,195</u>	<u>-</u>	<u>694,310</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	69,057	-	-	-	-	-	-	69,057
Public works	30,725	-	-	-	-	85,680	-	-	116,405
Economic development	-	-	-	97,581	42,297	-	-	-	139,878
Cultural and recreation	-	-	-	-	-	-	20,279	-	20,279
Total expenditures	<u>30,725</u>	<u>69,057</u>	<u>-</u>	<u>97,581</u>	<u>42,297</u>	<u>85,680</u>	<u>20,279</u>	<u>-</u>	<u>345,619</u>
Excess (deficiency) of revenues over expenditures	<u>28,551</u>	<u>(19,178)</u>	<u>-</u>	<u>53,625</u>	<u>14,042</u>	<u>266,735</u>	<u>4,916</u>	<u>-</u>	<u>348,691</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>28,551</u>	<u>(19,178)</u>	<u>-</u>	<u>53,625</u>	<u>14,042</u>	<u>266,735</u>	<u>4,916</u>	<u>-</u>	<u>348,691</u>
Fund balances-beginning	<u>163,513</u>	<u>227,705</u>	<u>100</u>	<u>137,741</u>	<u>31,458</u>	<u>552,128</u>	<u>184,521</u>	<u>25,000</u>	<u>1,322,166</u>
Fund balances-ending	<u>\$ 192,064</u>	<u>208,527</u>	<u>100</u>	<u>191,366</u>	<u>45,500</u>	<u>818,863</u>	<u>189,437</u>	<u>25,000</u>	<u>1,670,857</u>

City of Purcell, Oklahoma
Combining Balance Sheet - Internal Service Funds
June 30, 2023

	Unemployment Insurance <u>Fund</u>	HSA <u>Fund</u>	Total Internal Service <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 256,987	198,110	455,097
	<u>256,987</u>	<u>198,110</u>	<u>455,097</u>
TOTAL	<u><u>256,987</u></u>	<u><u>198,110</u></u>	<u><u>455,097</u></u>
LIABILITIES			
Accounts payable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted:			
Payment of claims	256,987	198,110	455,097
	<u>256,987</u>	<u>198,110</u>	<u>455,097</u>
Total net position	<u>256,987</u>	<u>198,110</u>	<u>455,097</u>
TOTAL	\$ <u><u>256,987</u></u>	<u><u>198,110</u></u>	<u><u>455,097</u></u>

City of Purcell, Oklahoma
Combining Statement of Revenues, Expenses and
Changes in Fund Net Fund Position - Internal Service Funds
For the Year Ended June 30, 2023

	Unemployment Insurance Fund	HSA Fund	Total Internal Service Funds
REVENUES			
Charge for services	\$ 28,742	-	28,742
Interest	497	-	497
Total revenues	<u>29,239</u>	<u>-</u>	<u>29,239</u>
OPERATING EXPENSES			
General government	17,191	39,705	56,896
Total expenditures	<u>17,191</u>	<u>39,705</u>	<u>56,896</u>
Excess (deficiency) of revenues over expenditures	<u>12,048</u>	<u>(39,705)</u>	<u>(27,657)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	54,753	54,753
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>54,753</u>	<u>54,753</u>
Net change in fund balances	12,048	15,048	27,096
Fund balances-beginning	<u>244,939</u>	<u>183,062</u>	<u>428,001</u>
Fund balances-ending	<u>\$ 256,987</u>	<u>198,110</u>	<u>455,097</u>

City of Purcell, Oklahoma
Debt Service Coverage Schedule
Utility System Revenue Note - Series 2019
For the Year Ended June 30, 2023

Gross Revenue Available For Debt Service:

System-wide gross revenues	\$	<u>10,803,588</u>
Total Gross Revenues Available		<u>10,803,588</u>
System-wide operating expense - Exclusive of capital improvements, debt service and depreciation		<u>9,149,374</u>
Net Revenues Available for Debt Service	\$	<u><u>1,654,214</u></u>
Debt Service Requirements:		
Revenue note - Series 2019		<u>963,506</u>
Maximum annual debt service	\$	<u><u>963,506</u></u>
Coverage		<u><u>1.72</u></u>
Coverage requirement		<u><u>1.25</u></u>

City of Purcell, Oklahoma
Debt Service Coverage Schedule
Sales Tax Revenue Bonds - Series 2020
For the Year Ended June 30, 2023

Gross Revenue Available For Debt Service:

Sales and Use Tax Revenue - 2% Sales Tax and 2% Use Tax \$ 3,537,467

Maximum annual debt service \$ 1,560,206

Coverage 2.27

City of Purcell, Oklahoma
 Schedule of Expenditures of State Awards
 For the Year Ended June 30, 2023

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE		PASS - THROUGH GRANTOR NUMBER	STATE EXPENDITURES
STATE ASSISTANCE			
<u>State of Oklahoma</u>			
Passed through the Oklahoma Dept. of Agriculture, Food and Forestry Services :			
Rural Fire Grant	FY 2023		10,053
Passed through the Oklahoma Office of Public Safety:			
Public Safety Grant	FY 2023	PT-23-03-30-01	7,274
Total State of Oklahoma			17,327
Total State Awards			\$ 17,327

CITY OF PURCELL, OKLAHOMA

**SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES**

JUNE 30, 2023

THE CITY OF PURCELL, OKLAHOMA

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DILLON & ASSOCIATES, PC
Certified Public Accountants

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Phone: 405-732-1800

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

The Honorable Mayor and City Council Members
City of Purcell, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Purcell, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Purcell, Oklahoma's basic financial statements, and have issued our report thereon dated November 3, 2023. Our report includes a reference to other auditors who audited the Purcell Municipal Hospital, a component unit of Purcell Public Works Authority, as described in our report on the City's financial statements.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Purcell, 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 financial statements. However, providing an opinion on

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*, CONTINUED

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 instance of noncompliance or other matters that is 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.

Dillon & Associates, PC

Midwest City, Oklahoma
November 3, 2023



DILLON & ASSOCIATES, PC
Certified Public Accountants

1401 S. Douglas Blvd., Suite A
Midwest City, OK 73130
Phone: 405-732-1800

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

The Honorable Mayor and
Members of the City Council
City of Purcell, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Purcell, Oklahoma's (the City's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2023. City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE, CONTINUED

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE, CONTINUED

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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, 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. We issued our report thereon dated November 3, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report includes a reference to other auditors who audited the financial statements of the Purcell Municipal Hospital, a component unit of Purcell Public Works Authority, as described in our report on the City's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Dillon & Associates, PC

Midwest City, Oklahoma
November 3, 2023

City of Purcell, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM/ CLUSTER TITLE	FEDERAL ASSISTENCE LISTING NUMBER	PASS - THROUGH GRANTOR NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Justice</u>			
Passed through the Oklahoma District Attorneys Council:			
Edward Byrne Memorial Justice Assistance Grant	16.738	JAG-LLE-2022-PURCELL	\$ 6,522
Total U.S. Department of Justice			<u>6,522</u>
<u>U.S. Department of Transportation</u>			
Direct Assistance:			
Federal Aviation Administration:			
Airport Improvement Program	20.106	3-40-0130-013-2022	3,167
Airport Improvement Program	20.106	3-40-0130-014-2021	9,000
Airport Improvement Program	20.106	3-40-0130-011-2019	5,895
Airport Improvement Program - CARES	20.106	3-40-0130-012-2020	<u>13,259</u>
Total Federal Aviation Administration			<u>31,321</u>
Highway Planning and Construction Cluster			
Passed through the Oklahoma Department of Tourism and Recreation:			
Recreational Trails Program	20.219	NRT-RT 19(105)	<u>48,000</u>
Total Highway Planning and Construction Cluster			<u>48,000</u>
Total U.S. Department of Transportation			<u>79,321</u>
<u>U.S. Department of Treasury</u>			
Passed through the Oklahoma Office of Management and Enterprise Services:			
Direct Assistance:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>823,809</u>
Total U.S. Department of Treasury			<u>823,809</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Oklahoma State University Office of Rural Health:			
Small Rural Hospital Improvement Program	93.301	N/A	<u>11,520</u>
Total U.S. Department of Health and Human Services			<u>11,520</u>
<u>Federal Emergency Management Agency</u>			
Direct Assistance:			
Emergency Management Performance (SLA)	97.042	EMPG 22	15,000
Passed through Oklahoma Department of Civil Emergency Management:			
Emergency Management Assistance	97.042	ND FEMA DR 2021-EMPG	<u>15,000</u>
Total U.S. Federal Emergency Management Agency			<u>30,000</u>
Total Expenditures of Federal Awards			<u>\$ 951,172</u>

See Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF PURCELL, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the City of Purcell for the year ended June 30, 2023 and is presented in accordance with the basis for determining federal awards expended as defined by the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the presentation of the basis financial statements. Because the Schedule presents only a select portion of the operations of the City of Purcell, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Purcell.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - SUBRECEIPIENTS

Of the federal expenditures presented in the Schedule, the City of Purcell has no subrecipients that were provided federal awards.

NOTE 4 - INDIRECT COST RATE

The City of Purcell does not have an indirect cost rate and has elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance during the year ended June 30, 2023.

NOTE 5 - COVERED ENTITIES

The Schedule reporting on the Provider Relief Funds and American Rescue Plan (ARP) Rural Distribution, Assistance Listing 93.498, includes the following Tax Identification number (TIN):

Purcell Municipal Hospital

73-0790960

See Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

**CITY OF PURCELL, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- * Material weakness(es) identified? yes no
- * Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- * Material weakness(es) identified? yes no
- * Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

Assistance
Listing
Number

U.S. Department of Treasury - COVID 19:
Coronavirus State and Local Fiscal Recovery Funds 21.027

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

**CITY OF PURCELL, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section II - Findings Required to be Reported in Accordance with *Government Auditing Standards*:

None

Section III - Findings Required to be Reported in Accordance with Uniform Guidance:

None

Summary Schedule of Prior Audit Findings:

Not applicable as there are no prior year findings.