

**CITY OF PERRY, OKLAHOMA
PERRY, OKLAHOMA**

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

**FOR THE YEAR ENDED
JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Perry, 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, and each major fund of the City of Perry, 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 Perry, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Perry, Oklahoma, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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, that raise substantial doubt about the City of Perry, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

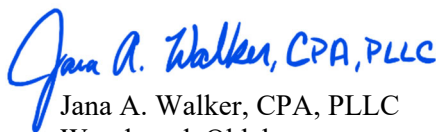
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension schedules on pages 4–11 and 42–48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Perry, Oklahoma's basic financial statements. The combining nonmajor fund financial statements 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2024, on our consideration of the City of Perry, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Perry, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Perry, Oklahoma's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
October 2, 2024

Our discussion and analysis of the City of Perry's ("City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the year ended June 30, 2023, the assets of the City exceeded its liabilities by \$28,893,272 (net position) compared to \$24,868,202, noting an increase over prior year.
- The City's total net position is comprised of the following:
 - (1) Net investment in capital assets of \$17,264,387 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
 - (2) Restricted net position of \$4,668,929 consists mainly of restricted liquid assets generated from sales tax collection used to fund capital improvements. The City noted a decrease in restricted assets due to the use of funds for capital improvements in the City.
 - (3) Unrestricted net position of \$6,999,956 may be used to meet the City's ongoing obligations to citizens and creditors.
- After transfers of \$1,905,858 from business-type activities to governmental activities, net position of governmental activities increased \$1,664,216 or 11%, and net position of business-type activities increased \$2,360,854 or 24%. Refer to discussion below regarding the change in net position. Overall, the health of the City improved 16% when compared to prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities includes general government; public safety and judiciary; transportation; and

cultural, parks, and recreation. Business-types activities include utility services, including electricity, water, and sanitation, provided by the City.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). The Perry Municipal Hospital Authority is a separate legal entity which operates independently and provides services directly to the citizens though the City remains accountable for their actions. As such, the Perry Municipal Hospital Authority is reported separately from the primary government through included in the City's overall reporting entity. More comprehensive information about the City's component units can be found in footnotes.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for governmental funds deemed as major. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water, sanitation, and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the City's compliance with the approved and revised budget for major governmental funds.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position increased between fiscal years 2022 and 2023, noting a \$4 million or 16% change. The following table provides a summary of the City's net position at June 30:

	Governmental Activities		Business-Type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Current assets	\$ 9,141,685	\$ 9,450,961	\$ 6,824,262	\$ 5,684,201	\$ 15,965,947	\$ 15,135,162	\$ 830,785	5%
Capital assets, net	11,827,467	11,420,058	14,059,900	11,845,634	25,887,367	23,265,692	2,621,675	11%
Total assets	20,969,152	20,871,019	20,884,162	17,529,835	41,853,314	38,400,854	3,452,460	9%
Deferred outflows	3,542,159	1,108,301	-	-	3,542,159	1,108,301	2,433,858	220%
Current liabilities	1,132,882	885,370	2,647,764	1,557,283	3,780,646	2,442,653	1,337,993	55%
Non-current liabilities	4,396,630	3,291,818	5,950,872	6,047,880	10,347,502	9,339,698	1,007,804	11%
Total liabilities	5,529,512	4,177,188	8,598,636	7,605,163	14,128,148	11,782,351	2,345,797	20%
Deferred inflows	2,374,053	2,858,602	-	-	2,374,053	2,858,602	(484,549)	-17%
Net position								
Net investment in capital assets	9,512,467	8,675,058	7,751,920	5,494,627	17,264,387	14,169,685	3,094,702	22%
Restricted	3,775,812	2,269,231	893,117	968,715	4,668,929	3,237,946	1,430,983	44%
Unrestricted	3,319,467	3,999,241	3,640,489	3,461,330	6,959,956	7,460,571	(500,615)	-7%
Total net position	\$ 16,607,746	\$ 14,943,530	\$ 12,285,526	\$ 9,924,672	\$ 28,893,272	\$ 24,868,202	\$ 4,025,070	16%

The City reported positive balances in net position for both governmental and business-type activities. Total assets for the City increased 9% over prior year, which is the result of an increase in capital assets held by the City.

The City's total liabilities increased 20% when compared to prior year. During the year, the City approved a note payable for improvements on the water system with the Oklahoma Water Resources Board. Draws were made on the loan to fund water system improvements which resulted in an increase in long term liabilities of the City. Additionally, the City's pension obligations increased \$1.5 million. As detailed in the footnotes, the City participates in three pension plans. Each pension plan is subject to annual actuarial valuation performed by a third-party. The results of the valuation are reported in the City's financial statements.

Changes in Net Position

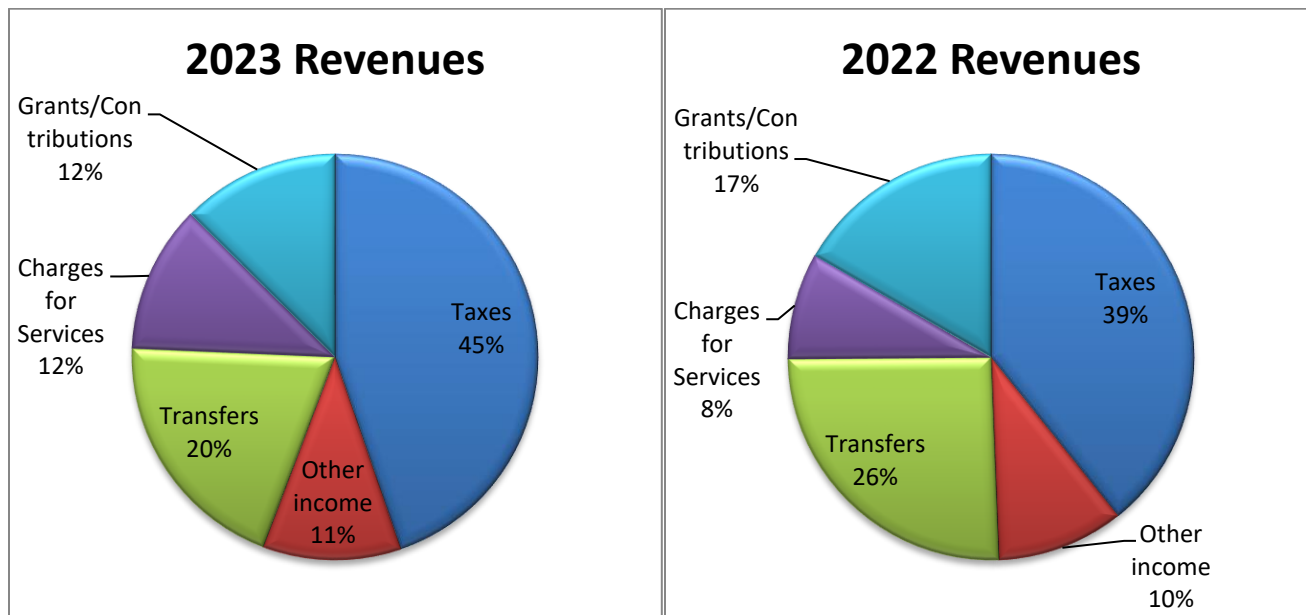
For the year ended June 30, 2023, net position of the primary government changed as follows:

	Governmental Activities		Business-type Activities		Total		\$ Change	% Change
	2023	2022	2023	2022	2023	2022		
Revenues								
Program revenues	\$ 2,396,553	\$ 2,274,665	\$ 14,516,474	\$ 13,103,940	\$ 16,913,027	\$ 15,378,605	\$ 1,534,422	10%
Taxes and other general revenues	5,333,768	4,472,215	14,738	265	5,348,506	4,472,480	876,026	20%
Pension change	(32,632)	442,606	-	-	(32,632)	442,606	(475,238)	-107%
Total revenues	7,697,689	7,189,486	14,531,212	13,104,205	22,228,901	20,293,691	1,935,210	10%
Expenses								
General government	1,030,611	869,348	-	-	1,030,611	869,348	161,263	19%
Public safety and judiciary	2,666,433	2,447,500	-	-	2,666,433	2,447,500	218,933	9%
Transportation	1,148,659	1,085,750	-	-	1,148,659	1,085,750	62,909	6%
Cultural, parks, and recreation	886,450	911,830	-	-	886,450	911,830	(25,380)	-3%
Cemetery	124,849	109,306	-	-	124,849	109,306	15,543	14%
Ambulance	1,058,799	898,761	-	-	1,058,799	898,761	160,038	18%
Economic development	288,655	285,686	-	-	288,655	285,686	2,969	1%
Electric	-	-	6,340,711	5,843,306	6,340,711	5,843,306	497,405	9%
Water	-	-	1,534,750	1,551,276	1,534,750	1,551,276	(16,526)	-1%
Sewer	-	-	879,650	740,159	879,650	740,159	139,491	19%
Sanitation	-	-	529,465	489,108	529,465	489,108	40,357	8%
Customer service	-	-	475,112	531,811	475,112	531,811	(56,699)	-11%
Airport	-	-	504,812	479,774	504,812	479,774	25,038	5%
Total expenses	7,204,456	6,608,181	10,264,500	9,635,434	17,468,956	16,243,615	1,225,341	8%
Excess (deficiency) before transfers	\$ 493,233	\$ 581,305	\$ 4,266,712	\$ 3,468,771	\$ 4,759,945	\$ 4,050,076	\$ 709,869	18%
Transfers	1,905,858	2,307,937	(1,905,858)	(2,307,937)	-	-	-	0%
Transfer to other governments	(734,875)	(588,076)	-	-	(734,875)	(588,076.00)	(146,799)	0%
Increase (decrease) in net position	\$ 1,664,216	\$ 2,301,166	\$ 2,360,854	\$ 1,160,834	\$ 4,025,070	\$ 3,462,000	\$ 563,070	16%

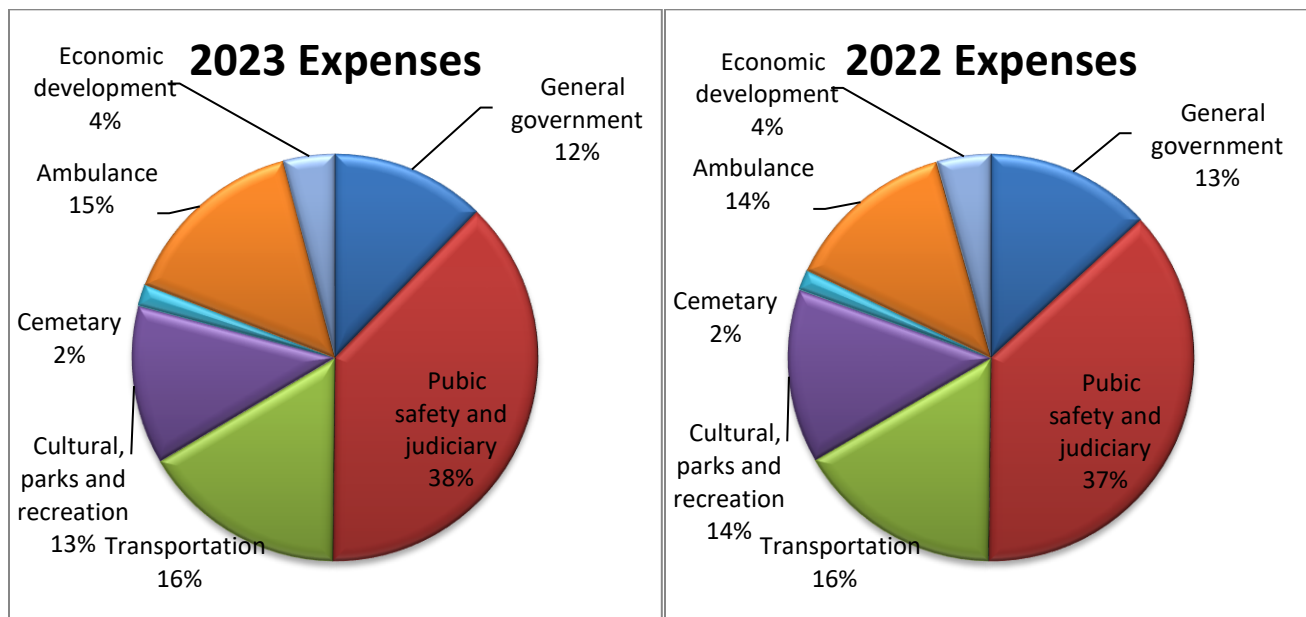
Total revenues for the City increased \$1.9 million or 10% when compared to prior year. Program revenues increased due to principal loan forgiveness of \$1 million related to the Oklahoma Water Resources Board federally funded loan program. Additionally, electric revenues noted a marked increase based upon the winter storm in February 2022. Sales and use tax reported under "taxes and general revenues" also increased when compared to prior year. A negative change in the pension obligation resulted in \$475 thousand which also counteracted the increase in revenues over prior year.

As expected, operating expenses moved in line with revenues, noting a 8% or \$1.2 million dollar increase. The Electric department reported the most significant increase at \$497 thousand due to the cost of electricity and related improvements to the system. Public safety, specifically the police department, reflected a notable increase due to personnel and related costs.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities.



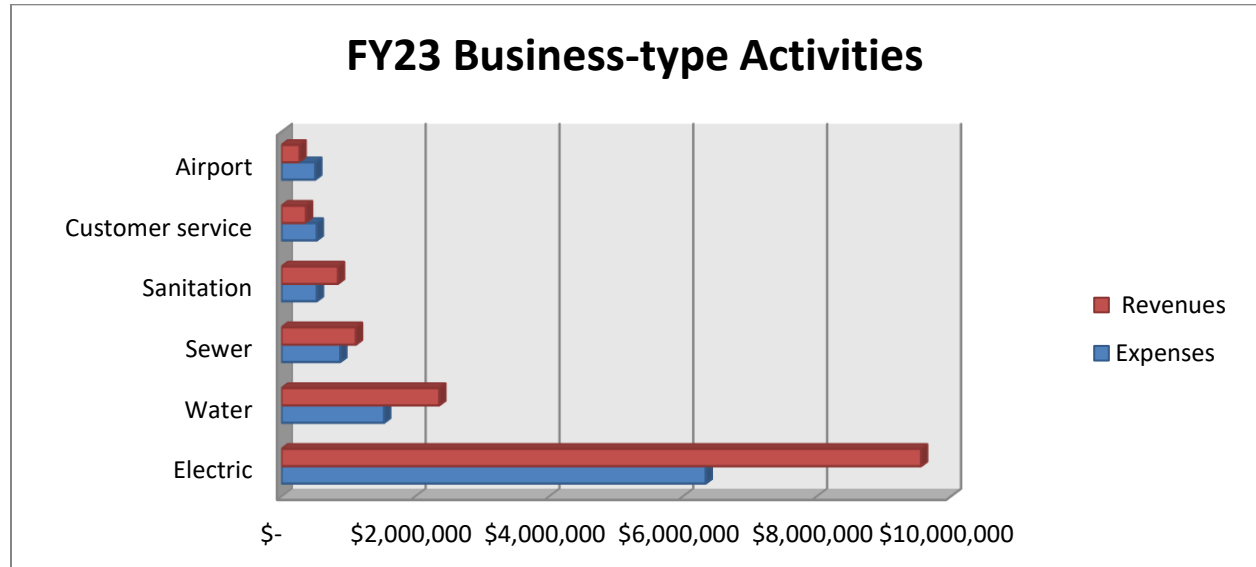
Taxes provided for 45% of the City's governmental revenues in fiscal year 2023, which is a slight increase from prior year of 39%. Grants and contributions were a large contributor during the year due to the grant funding discussed above. All other sources remained consistent between fiscal years.



For the year ended June 30, 2023, total expenses for governmental activities were \$7,038,699 compared to prior year of \$6,608,181. Of this amount, public safety, and judiciary with \$2,666,433, was the largest operating service department at 38% of the total cost of services for the City government, which is consistent with prior year. The next largest use of funds for the City was Transportation at \$1,148,659. The allocation of expense between departments was consistent year over year. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues and transfers in from the Perry Municipal Authority.

It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated and capital assets are reported.

Business-type Activities



Business-type activities are shown comparing costs to revenues generated by the related services. Sanitation, Sewer, Water, and Electric activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

For the fiscal year ended June 30, 2023, revenues from electric, sewer, and sanitation services covered the cost of operating their respective departments.

General Fund Budgetary Highlights

The original adopted General Fund budget for fiscal year 2023 was \$6,306,365, a 10% increase over prior year's budget of \$5,729,056. Budget amendments were approved during the fiscal year increasing the budget by \$1,309,505, for a final amended budget of \$7,615,870 prior to transfers. The General Fund budget complied with financial policies approved by the City.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$17.2 million in net investment in capital assets, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and electric lines, water lines and sewer lines in business-type activities. Refer to the table below.

Primary Government Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,219,404	\$ 2,197,504	\$ 504,810	\$ 504,810	\$ 2,724,214	\$ 2,702,314
Construction in process	2,889,402	2,524,096	8,984,456	6,236,586	11,873,858	8,760,682
Buildings	141,100	176,350	117,618	129,915	258,718	306,265
Machinery & equipment	1,329,732	591,949	337,418	403,822	1,667,150	995,771
Utility property & improvements	5,247,829	5,930,159	4,115,598	4,570,502	9,363,427	10,500,661
Totals	<u>\$ 11,827,467</u>	<u>\$ 11,420,058</u>	<u>\$ 14,059,900</u>	<u>\$ 11,845,635</u>	<u>\$ 25,887,367</u>	<u>\$ 23,265,693</u>

Long-Term Debt

At year-end long-term debt outstanding is detailed below.

Primary Government Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Notes payable	-	-	2,619,070	2,143,223	2,619,070	2,143,223
Bonds payable	2,315,000	2,745,000	4,405,000	4,975,000	6,720,000	7,720,000
Customer deposits	-	-	538,355	513,883	538,355	513,883
Pension liability	2,521,630	976,818	-	-	2,521,630	976,818
Subtotal	4,836,630	3,721,818	7,562,425	7,632,106	12,399,055	11,353,924
less current portion	(440,000)	(430,000)	(1,123,355)	(1,083,883)	(1,563,355)	(1,513,883)
Totals	<u>4,396,630</u>	<u>3,291,818</u>	<u>6,439,070</u>	<u>6,548,223</u>	<u>10,835,700</u>	<u>9,840,041</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Environment

According to the Oklahoma State University, Spears School of Business, *Economic Outlook 2023 Summer Update* "The state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by massive fiscal and monetary stimulus, state and national employment are just now returning to pre-pandemic levels. Yet, although the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year as well as providing a strong foot forward in the future of this community.

Future Plans of the City

The City has adopted a budget that will meet the continuing needs of the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at Perry City Hall, 622 Cedar Street, Perry, Oklahoma, 73077-0798.

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

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 3,190,521	\$ 3,965,004	\$ 7,155,525
Investments	817,672	408,523	1,226,195
Accounts receivable (net)	650,789	986,945	1,637,734
Other receivables	403,243	-	403,243
Inventory	-	32,318	32,318
Total current assets	5,062,225	5,392,790	10,455,015
Restricted assets:			
Cash and cash equivalents	3,662,164	716,090	4,378,254
Investments	113,648	715,382	829,030
Total restricted assets	3,775,812	1,431,472	5,207,284
Noncurrent Assets:			
Land and construction in progress	5,108,806	9,489,266	14,598,072
Other capital assets (net of accumulated depreciation)	6,718,661	4,570,634	11,289,295
Other assets	161,396	-	161,396
Pension asset	142,252	-	142,252
Total noncurrent assets	12,131,115	14,059,900	26,191,015
Total assets	\$ 20,969,152	\$ 20,884,162	\$ 41,853,314
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	3,542,159	-	3,542,159
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 243,356	\$ 1,086,420	\$ 1,329,776
Other accrued liabilities	-	14,073	14,073
Due to other funds	142,116	(142,116)	-
Accrued salary and vacation payable	101,129	42,755	143,884
Payroll taxes payable	206,281	-	206,281
Notes payable, current	-	523,277	523,277
Total current liabilities	692,882	1,524,409	2,217,291
Liabilities payable from restricted assets:			
Customer deposits payable	-	538,355	538,355
Bonds payable, current	440,000	585,000	1,025,000
Total liabilities payable from restricted assets	440,000	1,123,355	1,563,355
Noncurrent liabilities:			
Deferred income	-	35,079	35,079
Notes payable, non-current	-	2,095,793	2,095,793
Bonds payable, non-current	1,875,000	3,820,000	5,695,000
Pension liability	2,521,630	-	2,521,630
Total noncurrent liabilities	4,396,630	5,950,872	10,347,502
Total liabilities	5,529,512	8,598,636	14,128,148
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	2,374,053	-	2,374,053
NET POSITION			
Net investment in capital assets	9,512,467	7,751,920	17,264,387
Reserved for restricted purposes	3,775,812	893,117	4,668,929
Unrestricted	3,319,467	3,640,489	6,959,956
Total net position	\$ 16,607,746	\$ 12,285,526	\$ 28,893,272

City of Perry, Oklahoma
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 1,030,611	\$ 72,891	\$ 225,390	\$ -	\$ (732,330)
Total general government	1,030,611	72,891	225,390	-	(732,330)
Public safety and judiciary:					
Police	1,770,220	171,821	9,324	-	(1,589,075)
Code enforcement	150,362	5,659	-	-	(144,703)
Animal control	71,427	1,710	-	-	(69,717)
Fire	547,304	-	310,653	-	(236,651)
Municipal court	127,120	23,174	-	-	(103,946)
Total public safety and judiciary	2,666,433	202,364	319,977	-	(2,144,092)
Transportation:					
Street	1,148,659	550	65,055	-	(1,083,054)
Total transportation	1,148,659	550	65,055	-	(1,083,054)
Cultural, parks and recreation:					
Park	244,180	52,521	74,041	-	(117,618)
Swimming pool	67,550	15,583	-	-	(51,967)
Ball park	226,788	92,760	5,000	-	(129,028)
Library	280,382	2,033	10,497	-	(267,852)
Public access	67,550	-	-	-	(67,550)
Total cultural, parks and recreation	886,450	162,897	89,538	-	(634,015)
Cemetery:					
Cemetery	124,849	36,540	-	-	(88,309)
Total cemetery	124,849	36,540	-	-	(88,309)
Ambulance					
Ambulance	1,058,799	628,663	351,449	-	(78,687)
Total ambulance	1,058,799	628,663	351,449	-	(78,687)
Economic development:					
Economic development	288,655	217,239	24,000	-	(47,416)
Total economic development	288,655	217,239	24,000	-	(47,416)
Total governmental activities	7,204,456	1,321,144	1,075,409	-	(4,807,903)
Business-type activities:					
Utility services:					
Electric	6,340,711	9,538,528	20,000	-	3,217,817
Water	1,534,750	1,358,274	-	1,000,000	823,524
Sewer	879,650	1,113,389	-	-	233,739
Sanitation	529,465	845,011	-	-	315,546
Customer service	475,112	187,248	179,845	-	(108,019)
Airport	504,812	162,587	-	111,592	(230,633)
Total business-type activities	10,264,500	13,205,037	199,845	1,111,592	4,251,974
Total	\$ 17,468,956	\$ 14,526,181	\$ 1,275,254	\$ 1,111,592	\$ (555,929)

City of Perry, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2023

Changes in Net Position:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (4,807,903)	\$ 4,251,974	\$ (555,929)
General revenues:			
Taxes:			
Sales and use tax	\$ 3,898,174	-	3,898,174
Franchise taxes	119,389	-	119,389
911 tax	127,500	-	127,500
Alcohol beverage tax	114,415	-	114,415
Tobacco tax	21,277	-	21,277
Investment income	192,447	13,631	206,078
Royalties	497,879	1,107	498,986
Other income	362,687	-	362,687
Pension change	(32,632)	-	(32,632)
Transfers-Internal activity	1,905,858	(1,905,858)	-
Transfers to other governments	(734,875)	-	(734,875)
Total general revenues and transfers	<u>\$ 6,472,119</u>	<u>(1,891,120)</u>	<u>4,580,999</u>
Change in net position	1,664,216	2,360,854	4,025,070
Net position-beginning	14,943,530	9,924,672	24,868,202
Net position-ending	<u>\$ 16,607,746</u>	<u>\$ 12,285,526</u>	<u>\$ 28,893,272</u>

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

	General Fund	2016 Bond Fund	Limited Purpose Sales Tax	Street Improvement Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,995,582	\$ -	\$ -	\$ -	\$ 12,611	\$ 4,008,193
Cash and investments, restricted	1,643,774	(434,291)	1,711,717	670,427	184,185	3,775,812
Accounts receivable	845,016	-	-	-	-	845,016
Allowance for doubtful accounts	(194,227)	-	-	-	-	(194,227)
Taxes receivable	112,699	-	131,204	58,313	-	302,216
Other assets	161,396	-	-	-	-	161,396
Total assets	<u>\$ 6,564,240</u>	<u>\$ (434,291)</u>	<u>\$ 1,842,921</u>	<u>\$ 728,740</u>	<u>\$ 196,796</u>	<u>\$ 8,898,406</u>
LIABILITIES						
Accounts payable	\$ 122,001	\$ -	\$ 121,355	\$ -	\$ -	\$ 243,356
Due to other funds	41,089	-	-	-	-	41,089
Compensated absences	97,718	-	-	-	3,411	101,129
Accrued payroll liabilities	206,281	-	-	-	-	206,281
Total liabilities	<u>467,089</u>	<u>-</u>	<u>121,355</u>	<u>-</u>	<u>3,411</u>	<u>591,855</u>
FUND BALANCES						
Restricted	358,793	(434,291)	1,721,566	728,740	184,185	2,558,993
Committed	69,611	-	-	-	9,200	78,811
Assigned	200,062	-	-	-	-	200,062
Unassigned	5,468,685	-	-	-	-	5,468,685
Total fund balances	<u>6,097,151</u>	<u>(434,291)</u>	<u>1,721,566</u>	<u>728,740</u>	<u>193,385</u>	<u>8,306,551</u>
Total liabilities and fund balances	<u>\$ 6,564,240</u>	<u>\$ (434,291)</u>	<u>\$ 1,842,921</u>	<u>\$ 728,740</u>	<u>\$ 196,796</u>	<u>\$ 8,898,406</u>
Total fund balance- total governmental funds						\$ 8,306,551
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.						
	Land and construction in process			\$ 5,108,806		
	Capital assets			22,341,079		
	Less: Accumulated depreciation			<u>(15,622,418)</u>		11,827,467
Long-term receivables are not due and receivable in the current period and are not reported in the funds.						
	Lease Receivable					101,027
Long-term liabilities are not due and payable in the current period and are not reported in the funds.						
	Intercompany payable to Perry Municipal Authority			(101,027)		
	Bonds payable			(2,315,000)		
	Net pension related deferred (inflows)/outflows			1,168,106		
	Net pension obligation			<u>(2,379,378)</u>		<u>(3,627,299)</u>
Net position of governmental activities						<u>\$ 16,607,746</u>

City of Perry, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2023

	General Fund	2016 Bond Fund	Limited Purpose Sales Tax	Street Improvement Fund	Non-Major Funds	Total Governmental Funds
REVENUES						
Sales tax	\$ 737,741	\$ -	\$ 1,659,918	\$ 737,741	\$ -	\$ 3,135,400
Use tax	762,774	-	-	-	-	762,774
Franchise tax	92,769	-	-	-	26,620	119,389
Hotel/motel tax	217,239	-	-	-	-	217,239
Other taxes	655,544	-	-	-	-	655,544
Licenses and permits	80,742	-	-	-	-	80,742
Rents & royalties	578,889	-	-	-	-	578,889
Fines and forfeitures	168,609	-	-	-	-	168,609
Charges for services	737,006	-	-	-	36,540	773,546
Intergovernmental revenues	487,214	-	-	-	-	487,214
Donations	195,841	-	-	-	-	195,841
Other revenues	362,687	-	-	-	-	362,687
Interest	192,447	-	-	-	-	192,447
Total revenues	5,269,502	-	1,659,918	737,741	63,160	7,730,321
EXPENDITURES						
General government:						
General government	993,350	-	-	-	-	993,350
Total general government	993,350	-	-	-	-	993,350
Public safety and judiciary:						
Police	1,727,867	-	-	-	-	1,727,867
Code enforcement	150,362	-	-	-	-	150,362
Animal control	71,427	-	-	-	-	71,427
Fire	439,765	-	-	-	-	439,765
Municipal court	112,880	-	-	-	-	112,880
Total public safety and judiciary	2,502,301	-	-	-	-	2,502,301
Transportation:						
Street	423,593	-	-	394	-	423,987
Total transportation	423,593	-	-	394	-	423,987
Cultural, parks and recreation:						
Parks	166,642	-	-	-	-	166,642
Swimming pool	67,550	-	-	-	-	67,550
Ball park	226,788	-	-	-	-	226,788
Library	269,027	-	-	-	-	269,027
Public access	-	-	-	-	67,550	67,550
Total cultural, parks and recreation	730,007	-	-	-	67,550	797,557
Cemetery:						
General cemetery	-	-	-	-	122,349	122,349
Total cemetery	-	-	-	-	122,349	122,349
Ambulance:						
Ambulance	1,014,912	-	-	-	-	1,014,912
Total ambulance	1,014,912	-	-	-	-	1,014,912
Economic development:						
Economic development	79,228	-	-	-	-	79,228
Total economic development	79,228	-	-	-	-	79,228
Capital outlay	1,614,399	-	-	-	-	1,614,399
Debt service						
Principle	-	-	-	430,000	-	430,000
Interest	-	-	-	63,782	-	63,782
Total expenditures	7,357,790	-	-	494,176	189,899	8,041,865
Excess (deficiency) of revenues over expenditures	(2,088,288)	-	1,659,918	243,565	(126,739)	(311,544)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,380,196	-	-	-	130,000	2,510,196
Transfers out	-	(17,978)	(586,360)	-	-	(604,338)
Transfer out to other governments	-	-	(734,875)	-	-	(734,875)
Total other financing sources and uses	2,380,196	(17,978)	(1,321,235)	-	130,000	1,170,983
Net change in fund balances	291,908	(17,978)	338,683	243,565	3,261	859,439
Fund balances - beginning	5,805,243	(416,313)	1,382,883	485,175	190,124	7,447,112
Prior period adjustment	-	-	-	-	-	-
Fund balances - ending	\$ 6,097,151	\$ (434,291)	\$ 1,721,566	\$ 728,740	\$ 193,385	\$ 8,306,551

City of Perry, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2023

Net change in fund balances - total governmental funds	\$	859,439
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases	1,614,399	
Depreciation expense	<u>(1,206,990)</u>	407,409

Repayment of debt principle is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt activity reported in the fund statements		
Series 2016 bond principle		430,000

In the statement of activities, the cost of pension benefits earned net of employee contributions are reported as an component of pension expense. The fund financial statements report pension contributions as expenditures.

	<u>(32,632)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>1,664,216</u></u>
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City of Perry, Oklahoma
Statement of Fund Net Position
Proprietary Funds
June 30, 2023

	Public Utility Authority	Airport Authority	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,681,621	\$ 283,383	\$ 3,965,004
Investments	408,523	-	408,523
Accounts receivable	1,003,786	17,878	1,021,664
Allowance for doubtful accounts	(17,441)	(17,278)	(34,719)
Grant receivable	-	-	-
Inventory	-	32,318	32,318
Total current assets	<u>5,076,489</u>	<u>316,301</u>	<u>5,392,790</u>
Current assets:			
Restricted assets:			
Cash, including time deposits	716,090	-	716,090
Investments	715,382	-	715,382
Total restricted assets	<u>1,431,472</u>	<u>-</u>	<u>1,431,472</u>
Noncurrent assets:			
Due from other funds	142,116	-	142,116
Capital assets (net)	11,585,906	2,473,994	14,059,900
Total noncurrent assets	<u>11,728,022</u>	<u>2,473,994</u>	<u>14,202,016</u>
Total assets	<u>\$ 18,235,983</u>	<u>\$ 2,790,295</u>	<u>\$ 21,026,278</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,069,637	\$ 16,783	\$ 1,086,420
Sales tax payable	14,073	-	14,073
Compensated absences	41,538	1,217	42,755
Notes payable, current	523,277	-	523,277
Total current liabilities	<u>1,648,525</u>	<u>18,000</u>	<u>1,666,525</u>
Liabilities payable from restricted assets:			
Customer deposits payable	538,355	-	538,355
Bonds payable, current	585,000	-	585,000
Total liabilities payable from restricted assets	<u>1,123,355</u>	<u>-</u>	<u>1,123,355</u>
Noncurrent liabilities:			
Deferred income	35,079	-	35,079
Notes payable, non-current	2,095,793	-	2,095,793
Bonds payable, non-current	3,820,000	-	3,820,000
Total noncurrent liabilities	<u>5,950,872</u>	<u>-</u>	<u>5,950,872</u>
Total liabilities	<u>8,722,752</u>	<u>18,000</u>	<u>8,740,752</u>
NET POSITION			
Net investment in capital assets	8,966,836	2,473,994	11,440,830
Restricted	893,117	-	893,117
Unrestricted	<u>(346,722)</u>	<u>298,301</u>	<u>(48,421)</u>
Total net position	<u>\$ 9,513,231</u>	<u>\$ 2,772,295</u>	<u>\$ 12,285,526</u>

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

	Public Utility Authority	Airport Authority	Total Enterprise Funds
<u>Operating revenues:</u>			
Charges for services:			
Electric charges	\$ 9,558,528	\$ -	\$ 9,558,528
Water charges	1,358,274	-	1,358,274
Sewer charges	1,113,389	-	1,113,389
Sanitation charges	845,011	-	845,011
Penalties	81,370	-	81,370
Total charges for services	<u>12,956,572</u>	<u>-</u>	<u>12,956,572</u>
Service charges	179,845	-	179,845
Lease and rental income	-	50,758	50,758
Other fees and charges	105,878	-	105,878
Fees & oil sales	-	111,829	111,829
Total operating revenues	<u>13,242,295</u>	<u>162,587</u>	<u>13,404,882</u>
<u>Operating expenses:</u>			
Personal services	1,512,770	116,403	1,629,173
Materials and supplies	557,484	16,439	573,923
Purchases for resale	5,508,965	85,113	5,594,078
Other services and charges	843,073	50,256	893,329
Depreciation	1,118,783	236,601	1,355,384
Total operating expenses	<u>9,541,075</u>	<u>504,812</u>	<u>10,045,887</u>
Net operating income	3,701,220	(342,225)	3,358,995
<u>Nonoperating revenue (expense):</u>			
Investment income	13,631	-	13,631
Royalty income	-	1,107	1,107
Grant revenue	1,000,000	111,592	1,111,592
Interest expense	(218,613)	-	(218,613)
Total nonoperating revenue (expense)	<u>795,018</u>	<u>112,699</u>	<u>907,717</u>
Net income before contributions and transfers	4,496,238	(229,526)	4,266,712
Transfers from other funds	586,360	-	586,360
Transfers to other funds	(2,492,218)	-	(2,492,218)
Change in net position	2,590,380	(229,526)	2,360,854
Net position-beginning of year	6,922,851	3,001,821	9,924,672
Net position-end of year	<u><u>\$ 9,513,231</u></u>	<u><u>\$ 2,772,295</u></u>	<u><u>\$ 12,285,526</u></u>

City of Perry, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Public Utility Authority	Airport Authority	Total Enterprise Funds
<u>Cash flows from operating activities:</u>			
Receipts from customers	\$ 13,123,939	\$ 303,082	\$ 13,427,021
Payments to suppliers	(5,880,323)	(150,348)	(6,030,671)
Payments to employees	(1,505,090)	(117,518)	(1,622,608)
Net cash provided (used) by operating activities	<u>5,738,526</u>	<u>35,216</u>	<u>5,773,742</u>
<u>Cash flows from non-capital financing activities:</u>			
Transfers from other funds	586,360	-	586,360
Transfers to other funds	(2,492,218)	-	(2,492,218)
Receipts from nonoperating income and contributions	105,878	1,106	106,984
Net cash provided (used) by non-capital financing activities	<u>(1,799,980)</u>	<u>1,106</u>	<u>(1,798,874)</u>
<u>Cash flows from capital and related financing activities:</u>			
Purchases of capital assets	(3,548,890)	(20,759)	(3,569,649)
Proceeds from issuance of debt	976,190	-	976,190
Principal paid on capital debt	(1,070,343)	-	(1,070,343)
Interest paid on capital debt	(218,613)	-	(218,613)
Receipts from capital grant funding	1,000,000	111,592	1,111,592
Net cash provided (used) by capital and related financing activities	<u>(2,861,656)</u>	<u>90,833</u>	<u>(2,770,823)</u>
<u>Cash flows from investing activities:</u>			
(Purchase) of investments	(45,707)	-	(45,707)
Investment income	13,631	-	13,631
Net cash provided (used) by investing activities	<u>(32,076)</u>	<u>-</u>	<u>(32,076)</u>
Net increase (decrease) in cash and cash equivalents	1,044,814	127,155	1,171,969
Cash & cash equivalents, June 30, 2022	3,352,897	156,228	3,509,125
Cash & cash equivalents, June 30, 2023	<u>\$ 4,397,711</u>	<u>\$ 283,383</u>	<u>\$ 4,681,094</u>
Cash, including time deposits	\$ 3,681,621	\$ 283,383	3,965,004
Restricted cash, including time deposits	716,090	-	716,090
Total cash and cash equivalents, end of year	<u>\$ 4,397,711</u>	<u>\$ 283,383</u>	<u>\$ 4,681,094</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>			
Operating income (loss)	\$ 3,701,220	\$ (342,225)	\$ 3,358,995
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,118,783	236,601	1,355,384
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(118,356)	140,495	22,139
(Increase) decrease in grant receivable	-	-	-
(Increase) decrease in inventory	-	(15,323)	(15,323)
Increase (decrease) in accounts payable	1,004,727	16,783	1,021,510
Increase (decrease) in deposits subject to refund	24,472	-	24,472
Increase (decrease) in compensated absences	7,680	(1,115)	6,565
Total adjustments	<u>2,037,306</u>	<u>377,441</u>	<u>2,414,747</u>
Net cash provided (used) by operating activities	<u>\$ 5,738,526</u>	<u>\$ 35,216</u>	<u>\$ 5,773,742</u>

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Perry, Oklahoma (the "City") was organized in September 1893 and is incorporated under the provisions of the State of Oklahoma per Executive Department Proclamation on January 6, 1902. Upon incorporation, the City operated under the Aldermanic form of government. On November 11, 2006, the citizens of the City approved a change in the structure of the City government from Aldermanic to a Council-Manager form. This change was approved by Governor Brad Henry on January 4, 2007 and the amended municipal City charter was approved. The City provides the following services: public safety (police and fire protection), street maintenance, utility (sanitation, water, sewer, and electric), culture and recreation, public improvements, planning and zoning, and general administrative services.

The Reporting Entity

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Perry. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

Blended Component Units Reported with Primary Government

Perry Municipal Authority (PMA) – was established December 6, 1993 to operate the City's electrical system. Subsequent amendments have transferred operations of all the utility systems, as well as the airport to the Authority. The activity of the PMA includes electric, water, sewer, and sanitation services, as well as the operations of the municipal airport. PMA is reported in two funds in the business-type activities, the Public Utility Authority and the Airport Authority.

Perry Facilities Authority (PFA) - was established November 7, 2022 to stimulate economic growth and development, specifically to promote, finance, and develop hospitals, ambulance services, and other health care facilities among other things. During the year, the PFA had no financial transactions. Refer to the Note 5 for Commitments.

Discretely Presented Component Units

Perry Economic Development Authority (PEDA) – was established September 26, 1995 to promote the economic development of the City. PEDA is a legally separate entity from the City and is governed by no more than 12 trustees, 9 of whom are the same aldermen who govern the City; the president of the Perry Chamber of Commerce, the executive director of Main Street Perry, Inc., and one trustee appointed by the City's aldermen. PEDA is inactive in the current year, and therefore; not included in the report for the period ended.

Perry Housing Authority (PHA) – was created under provision of the Oklahoma Statutes by a Declaration of the Trust. The Trust was inactive during the year.

B. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The City has no fiduciary funds.

Measurement Focus and Basis of Accounting

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Interfund Balances

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

C. Fund Types and Major Funds

Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

FUND	BRIEF DESCRIPTION
<u>Limited Purpose Sales Tax*</u>	Accounts for legally restricted sales tax proceeds
<u>Street Improvement Fund*</u>	Accounts for the legally restricted sales tax proceeds which were used to improve the streets and alleys of the City of Perry in accordance with the 1% sales tax issue passed in 2007
<u>2016 Bond Fund*</u>	Accounts for activity resulting from the City's 2016 Bonds
<u>General Cemetery</u>	Accounts for the operations of the City's cemetery
<u>Cemetery Care</u>	Accounts for 12 1/2% of cemetery revenue restricted by State law for cemetery capital improvements.
<u>Public Access Fund</u>	Accounts for the Board restricted 5% franchise fee from the cable television franchise

The General Fund is considered major funds in accordance with GASB criteria. The Limited Purpose Sales Tax Fund, The Street Improvement Fund, and the 2016 Bond Fund are presented as a major fund based upon management's election.

PROPRIETARY FUND TYPES

Enterprise Funds

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprises funds:

FUND	BRIEF DESCRIPTION
<u>Perry Utility Fund</u>	Accounts for the activities of the authority in providing electric, water, sewer, and solid waste services to the public. Perry Municipal Authority is the governing Trust for the operations accounted for by this fund.
<u>Perry Airport Fund</u>	Accounts for operations of the airport. Perry Municipal Authority is the governing Trust for the operations accounted for by this fund.

The City's Utility Fund and Airport Fund are considered major funds.

D. Budgets and Budgetary Accounting

Budget Policy and Practice

The City Clerk submits an annual budget to the City Council in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the Council adopts the annual fiscal year budgets for City operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the City Clerk and must be approved by the Council. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Council review and approval process.

Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

Budget Basis of Accounting

The combined statement of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the next fiscal year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

E. Assets, Liabilities and Equity

Cash and Investments

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

Allowance for Uncollectible Accounts

Significant receivables include amounts due from customers primarily for utility services. These receivables are due within one year. The City has established an allowance for collectible accounts based on management's prior experience using past due amounts more than 60 to 90 days. Management does not believe there are significant losses in excess of the allowance.

Inventory

Inventories are recorded on a first-in first-out basis, which approximates market. Inventory, consisting of airport fuel for resale, is valued at the lower of cost or market.

Property, Plant and Equipment

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

Government-Wide Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful life of the assets are not capitalized. The City has established a capitalization limit of \$1,500.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

• Buildings	10-25 years
• Other improvements	10-25 years
• Machinery, furniture & equipment	3-25 years
• Infrastructure	10-20 years

Fund Financial Statement:

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

Long-Term Debt

In the government-wide and proprietary financial statements, outstanding debt is reported as a liability.

Equity Classifications

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

Nonspendable

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council, the City's highest level of decision-making authority,

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 restricted or committed, and

Unassigned

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

Net Position

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position.

Net investment in capital assets

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position

This consists of net position that does not meeting the criteria of "restricted" or "net investment in capital assets".

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets and liabilities, the statement of financial position and the governmental fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

F. Revenues, Expenditures and Expenses

Sales Tax

The City levied a 4.25% sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. A portion of the sales tax received is restricted as to the use. The unrestricted portion (1%) is recorded as sales tax revenue within the General Fund; the remaining 3.25% is restricted and recorded as sales tax revenue in the Limited Purpose Sales Tax fund, allocated 1.25% for water improvements, Street Improvement fund the remaining 1%.

Franchise Tax

Effective February 21, 1994, the City approved a 2% increase in the franchise tax levied from 3% to a total of 5%. The total franchise tax revenue is restricted in use to provide public, educational, and governmental television access service. Funds are reported in the Public Access fund.

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers".

Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time employees to specified maximums. Generally, after one year of services, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Governmental funds report the current portion of compensated absences payable to employees.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

A. Deficit Fund Net Position/Fund Balance

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

The City reported no deficit fund balances or net position for the fiscal year.

B. Budget Requirements

For the year ended June 30, 2023, the City did not materially overspend in any department-level category.

C. Debt Covenants

The long term debt held by the Perry Municipal Authority contains a number of covenants which are related to financial matters. The most significant of which is the Debt Service Coverage, whereby, pledged revenues less operating expenses shall provide Net Revenues Available for Debt Service equal to 1.25 times average annual debt service on the respective notes for the Authority. Refer to footnote 3C for discussion of long term debt.

D. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

<u>REVENUE SOURCE</u>	<u>LEGAL RESTRICTIONS OF USE</u>
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes
Cemetery Revenue (12.5%)	Cemetery Capital Improvements
Franchise Tax	Public television access
Sales Tax (1.25%)	Water system improvements
Sales Tax (1%)	Street Improvements
Hotel/Motel Tax	Economic Development

(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Cash and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Investments

The City invests in certificates of deposit.

B. PROPERTY, PLANT AND EQUIPMENT

Governmental Activities:

A summary of the changes in the governmental activities fixed assets for the year ended June 30, 2023 follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Land	\$ 2,197,504	\$ 21,900	\$ -	\$ 2,219,404
Construction in process	2,524,096	365,306	-	2,889,402
Buildings & structures	1,781,323	-	-	1,781,323
Machinery, furniture, & equipment	5,710,306	1,164,377	-	6,874,683
Infrastructure & improvements	13,622,257	62,816	-	13,685,073
 Total	 25,835,486	 1,614,399	 -	 27,449,885
Less accumulated depreciation	14,415,428	1,206,990	-	15,622,418
 Fixed assets, net	 <u>\$ 11,420,058</u>	 <u>\$ 407,409</u>	 <u>\$ -</u>	 <u>\$ 11,827,467</u>

Business-Type Activities:

A summary of the proprietary fund types fixed assets for the year ended June 30, 2023 follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Land	\$ 504,810	\$ -	\$ -	\$ 504,810
Construction in process	6,236,586	2,747,870	-	8,984,456
Buildings	3,480,741	-	-	3,480,741
Machinery, furniture, & equipment	2,739,877	469,953	-	3,209,830
Infrastructure	21,068,827	351,826	-	21,420,653
Total	34,030,841	3,569,649	-	37,600,490
Less accumulated depreciation	22,185,206	1,355,384	-	23,540,590
Fixed assets, net	<u>\$ 11,845,635</u>	<u>\$ 2,214,265</u>	<u>\$ -</u>	<u>\$ 14,059,900</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Depreciation expense was charged to functions in the statement of activities as follows:

Governmental Activities

General government	\$ 36,745
Public safety & judiciary	164,649
Transportation	660,889
Cultural, parks & recreation	88,893
Cemetery	2,500
Ambulance	43,887
Economic development	209,427
Total depreciation expense	<u>\$ 1,206,990</u>

Business-type Activities

Electric	\$ 120,504
Water	587,712
Sewer	337,383
Customer service	73,184
Airport	236,601
Total depreciation expense	<u>\$ 1,355,384</u>

C. LONG-TERM DEBT

NOTES AND BONDS PAYABLE

Governmental Activities:

In February 2016, PMA issued the Perry Municipal Authority Series 2016 Revenue Note with proceeds of \$4,365,000. Proceeds will be used for Street improvements and other capital improvements. The note carries a 2.41% interest rate maturing January 2028.

\$ 2,315,000

Total Governmental Activities \$ 2,315,000

Business-Type Activities:

On June 6, 2006, PMA issued the Perry Municipal Authority Utility System and Sales Tax Revenue Note, Series 2006 in the amount of \$7,735,000. The note carries an interest rate of 4.49%, maturing June 1, 2026. The loan requires monthly payments into a debt service account from which the semi-annual debt service payments are made. Debt covenants include debt service coverage of 1.25 of net utility revenues. The Note is secured by 1.25% restricted sales tax revenues, as well as water revenues and 1% general sales tax revenues.

\$ 1,642,880

In December 2015, PMA issued the Perry Municipal Authority Utility System Revenue Note, Series 2015 with proceeds of \$3,100,000. Proceeds will be used for sewer improvements. The note requires monthly payments into a debt service account from which semi-annual debt service payments are made and carries a 2.47% interest rate maturing July 2030.

1,770,000

In October 2017, PMA issued the Perry Municipal Authority Utility System and Sales Tax Revenue Note, Series 2017 with proceeds of \$3,320,000. Proceeds will be used to refund the Authority's Revenue Bonds, Series 2013 and finance capital improvements including but not limited to automated meter reading system and infrastructure improvements. The note carries an interest rate of 2.65% requiring monthly payments into a debt service account from which semi-annual debt service payments are made. Bonds mature April 2030.

1,955,000

In December 2018, PMA issued the Perry Municipal Authority Utility System and Sales Tax Revenue Note, Series 2018 with proceeds of \$1,055,000. Proceeds will be used for sewer system improvements. The notes carries an interest rate of 3.33% requiring monthly payments into a debt service account from which semi-annual debt service payments are made. Bonds mature January 2029.

680,000

In September 2022 the Perry Municipal Authority entered into a loan agreement with the Oklahoma Water Resources Board for \$4,000,000. The loan qualified for \$1,000,000 in loan forgiveness. The note carries an interest rate of 3.45%. Proceeds will be distributed for water system improvements, maturing no later than September 2053. The loan requires monthly payments into a debt service account from which semi-annual debt service payments are made in March and September. The loan is secured by water revenues and 2.25% sales tax.

976,190

\$ 7,024,070

CITY OF PERRY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Changes in Long-Term Debt:

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

Type of Debt	Balance at July 1, 2022	Amount Issued	Amount Retired	Balance at June 30, 2023	Due Within One Year
Governmental activities:					
Capital improvements, Series 2016	\$ 2,745,000	\$ -	\$ 430,000	\$ 2,315,000	\$ 440,000
Total governmental activities	<u>\$ 2,745,000</u>	<u>\$ -</u>	<u>\$ 430,000</u>	<u>\$ 2,315,000</u>	<u>\$ 440,000</u>
Type of Debt	Balance at July 1, 2022	Amount Issued	Amount Retired	Balance at June 30, 2023	Due Within One Year
Business-type activities:					
Meter deposits	513,043	25,312	-	538,355	-
<i>Notes Payable</i>					
Water system	2,143,223	-	500,343	1,642,880	523,277
OWRB 2022	-	976,190	-	976,190	-
<i>Bonds Payable</i>					
Sewer improvements, Series 2015	1,980,000	-	210,000	1,770,000	210,000
Electric improvements, Series 2017	2,215,000	-	260,000	1,955,000	270,000
Improvements, Series 2018	780,000	-	100,000	680,000	105,000
Total business-type activities	<u>\$ 7,631,266</u>	<u>\$ 1,001,502</u>	<u>\$ 1,070,343</u>	<u>\$ 7,562,425</u>	<u>\$ 1,108,277</u>
Total long-term debt	<u>\$ 10,376,266</u>	<u>\$ 1,001,502</u>	<u>\$ 1,500,343</u>	<u>\$ 9,877,425</u>	<u>\$ 1,548,277</u>

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt held by business-type activities as of June 30, 2023 follow:

Year Ending June 30	Governmental Activities		Business Type Activities			
	Bonds Payable		Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 440,000	\$ 53,141	\$ 523,277	\$ 63,083	\$ 585,000	\$ 42,422
2025	450,000	42,472	547,261	39,098	605,000	53,091
2026	465,000	31,571	1,548,532	14,014	620,000	84,561
2027	475,000	20,304	-	-	705,000	67,797
2028	485,000	8,797	-	-	790,000	48,685
2029-2031	-	-	-	-	1,100,000	39,058
Totals	<u>\$ 2,315,000</u>	<u>\$ 156,285</u>	<u>\$ 2,619,070</u>	<u>\$ 116,195</u>	<u>\$ 4,405,000</u>	<u>\$ 335,614</u>

CITY OF PERRY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Pledged Revenue:

The following revenues are pledged toward debt obligations:

Debt	Revenue Pledged	Total Pledged Revenue in Current Year	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available for Other Purposes
<i>Notes Payable</i>						
OWRB Water system (2006)	PMA revenue from water utilities plus 1.25% restricted sales tax and 1% general sales tax	\$ 2,957,090	\$ 493,564	17%	\$ 1,799,161	Until 2026
<i>Bonds Payable</i>						
Sewer improvements, Series 2015	PMA revenue from the sewer system	1,011,767	257,609	25%	1,951,472	Until 2030
Electric improvements, Series 2017	PMA revenue from electric, sanitation, 1% sales tax, and hotel room tax	11,168,481	318,698	3%	2,149,775	Until 2030
Improvements, Series 2018	PMA revenue from the sewer system	1,011,767	125,974	12%	761,752	Until 2029
OWRB 2022	Water system revenues and 2.25 cents sales tax	3,018,192	-	0%	976,190	Until 2053

D. INTERFUND TRANSACTIONS AND BALANCES

Intercompany balances reported on the Statement of Net Position for the year ended June 30, 2023 were as follows:

		Transfer From				
Transfer To		General Fund	Street Improvement	Municipal Authority	All others	Total
	General Fund	\$ -	\$ 493,782	\$ 2,604,122	\$ -	\$ 3,097,904
	Limited Purpose Sales Tax	586,360	-	-	-	586,360
	All others	-	-	130,000	17,977	147,977
	Total	\$ 586,360	\$ 493,782	\$ 2,734,122	\$ 17,977	\$ 3,832,241

(4) RETIREMENT PLANS

The City participates in three employee pension systems as follows:

Name of Plan	Type of Plan
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Benefit Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighter Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

A summary of the financial implications of the pension plans are as follows:

	<u>Governmental Activities</u>
Pension Expense	
Ok Municipal Retirement System	\$ 82,694
Police	317,577
Firefighters	33,996
	<u>\$ 434,267</u>
Net Pension Liability (Asset)	
Ok Municipal Retirement System	\$ 236,890
Police	(142,252)
Firefighters	2,284,740
	<u>\$ 2,379,378</u>
Deferred Outflows of Resources	
Ok Municipal Retirement System	\$ 1,235,692
Police	918,335
Firefighters	1,388,132
	<u>\$ 3,542,159</u>
Deferred Inflows of Resources	
Ok Municipal Retirement System	\$ 974,621
Police	629,978
Firefighters	769,454
	<u>\$ 2,374,053</u>

A. Oklahoma Police Pension and Retirement Systems

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

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$90,313.

CITY OF PERRY, OKLAHOMA
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JUNE 30, 2023

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported an asset of \$142,252 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.1774%.

For the year ended June 30, 2023, the City recognized pension expense of \$317,577. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 69,776	\$ 15,495
Changes of assumptions	4,953	-
Net difference between projected and actual earnings on pension plan investments	753,293	614,483
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	90,313	-
Total	\$ 918,335	\$ 629,978

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2023	\$	44,669
2024		11,734
2025		(37,810)
2026		170,522
2027		8,930

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:	3%
Salary increases:	4.5% to 17.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense, per annum, compounded annually
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 were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

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

<u>Long-Term Expected Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real Estate	5.50%
Private Equity	5.96%
Other assets	3.08%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	412,147	(142,252)	(610,856)

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.

B. Oklahoma Firefighter's Pension and Retirement Systems

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

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

CITY OF PERRY, OKLAHOMA
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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 years 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 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 \$85,969 (fiscal year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$2,284,740 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 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 0.17471%.

For the year ended June 30, 2023, the City recognized pension expense of \$33,996. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 293,299	\$ 11,534
Changes of assumptions	-	14,567
Net difference between projected and actual earnings on pension plan investments	1,008,864	743,353
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	85,969	-
Total	\$ 1,388,132	\$ 769,454

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2023	\$	141,895
2024		115,898
2025		32,933
2026		241,983
2027		-

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

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

CITY OF PERRY, OKLAHOMA
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The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	2,944,067	2,284,740	1,733,250

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.

C. Oklahoma Municipal Retirement Fund

The City contributes to a cost-sharing, multiple-employer defined benefit pension plan adopted by the City and administered by the Oklahoma Municipal Retirement System, which was established to administer pension plans for municipal employees. The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions rests with the city council. The defined contribution plan is available to all full-time employees not already participating in another plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Benefits vest after 10 years of service.

For the year ended June 30, 2023, the following amounts related to the defined contribution plan:

Payroll for covered employees	\$2,450,859
Employer (City) contributions made	\$132,877

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

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

Eligibility Factors and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, employees of the City or Authority, except police, firefighters, and other employees who are covered under another approved system. The Plan has a 3 month probationary period.
b. Contributions Requirement	
- Authorization	By City Ordinance
- Actuarially Determined	Yes
- Employer Rate	5.65% of covered payroll
- Employee Rate	4% of covered payroll
c. Period Required to Vest	10 years of vesting service
d. Eligibility for Distribution	<ul style="list-style-type: none"> - Normal retirement at age 65 with 10 years of vesting service. - Early Retirement after age 55 with 10 years or more of vesting. - Disability retirement upon total and permanent disability with 10 years of service. - Death benefits with 10 years of vesting service, if married, 50% of accrued benefit payable to spouse until death or remarriage, if single, 50% of the accrued benefit is payable for 10 years certain.
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 years of service.
f. Benefit Determination Methods:	
- Normal Retirement	2.625% of final average compensation multiplied by the number of years of credited service.
- Early Retirement	Payable starting at normal retirement or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.
- Disability Retirement	Payable upon disablement without reduction for early payment
- Death Benefit	50% of employee's accrued benefit, see above
- Prior to 10 Years Service	Return of employee contributions with accrued interest.
g. Form of Benefit Payments	Normal form of payment of the accrued benefit is a monthly lifetime annuity with 10 years certain. Other retirement benefits are available under actuarially equivalent optional forms.

Employees Covered by Benefit Terms

Active Employees	44
Deferred Vested Former Employees	4
Retirees or Retiree Beneficiaries	<u>16</u>
Total	<u>64</u>

Contribution Requirements

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. Employees contribute a fixed 4% to the plan in accordance with the plan provisions adopted by the City Council.

Actuarial Assumptions

a. Date of last Actuarial Valuation	March 2023
b. Significant Actuarial Assumptions Used:	
1. Rate of Return on Investments	7.5% per annum
2. Pay increases	Rates by age
3. Retirement Age	Rates by age

CITY OF PERRY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

4. Mortality Table	UP 1994 mortality (projected)
5. Asset Value	Actuarial method
c. Actuarial cost method	Entry age normal
d. Date of last experience study	Sept 2017 for fiscal years 2012 thru 2016

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2022 are summarized in the following table:

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

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2022 and the City's report ending date of June 30, 2023, that would have had a significant impact on the net pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	1,002,697	236,890	(383,526)

The City reported \$82,694 in pension expense for the year ended June 30, 2023.

CITY OF PERRY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 80,242	\$ 348,993
Changes of assumptions	38,255	74,041
Net difference between projected and actual earnings on pension plan investments	984,308	551,587
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	132,887	-
Total	\$ 1,235,692	\$ 974,621

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	\$	9,520
2025		(6,230)
2026		(42,173)
2027		170,073
2028		(3,006)
Thereafter		-

(5) COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

B. Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

C. Loan Commitment

On June 5, 2023 the Perry Facilities Authority approved a \$8,761,400 loan commitment letter with agreement to purchase \$2,730,000 in new market tax credits from BancFirst to remodel the Perry Memorial Hospital, including necessary equipment.

**City of Perry, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023**

	General Cemetery Fund	Cemetery Care Fund	Public Access Fund	Total Non-Major Funds
ASSETS				
Cash and cash equivalents	\$ 7,173	\$ 70,537	\$ 5,438	\$ 83,148
Investments	-	113,648	-	113,648
Total assets	<u>\$ 7,173</u>	<u>\$ 184,185</u>	<u>\$ 5,438</u>	<u>\$ 196,796</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued vacation payable	340	-	3,071	3,411
Total liabilities	<u>340</u>	<u>-</u>	<u>3,071</u>	<u>3,411</u>
FUND BALANCES				
Restricted	-	184,185	-	184,185
Committed	6,833	-	2,367	9,200
Total fund balances	<u>6,833</u>	<u>184,185</u>	<u>2,367</u>	<u>193,385</u>
Total liabilities and fund balances	<u>\$ 7,173</u>	<u>\$ 184,185</u>	<u>\$ 5,438</u>	<u>\$ 196,796</u>

City of Perry, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
June 30, 2023

	General Cemetery Fund	Cemetery Care Fund	Public Access Fund	Total Non-Major Funds
<u>REVENUES</u>				
Franchise taxes	\$ -	\$ -	\$ 26,620	\$ 26,620
Charges for services	31,963	4,577	-	36,540
Total revenues	31,963	4,577	26,620	63,160
<u>EXPENDITURES</u>				
Cultural, parks and recreation:				
General cemetery	122,349	-	-	122,349
Public information network	-	-	67,550	67,550
Total cultural, parks and recreation	122,349	-	67,550	189,899
Total expenditures	122,349	-	67,550	189,899
Excess (deficiency) of revenues over expenditures	(90,386)	4,577	(40,930)	(126,739)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in/(out)	90,000	-	40,000	130,000
Total other financing sources and uses	90,000	-	40,000	130,000
Net change in fund balances	(386)	4,577	(930)	3,261
Fund balances - beginning	7,219	179,608	3,297	190,124
Fund balances - ending	\$ 6,833	\$ 184,185	\$ 2,367	\$ 193,385

City of Perry, Oklahoma
General Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Taxes	\$ 2,238,283	\$ 1,861,000	\$ 4,099,283	\$ 2,466,067	\$ (1,633,216)
Licenses & permits	18,900	-	18,900	80,742	61,842
Rents & royalties	236,750	-	236,750	578,889	342,139
Fines and forfeitures	114,300	-	114,300	168,609	54,309
Charges for services	967,047	60,000	1,027,047	737,006	(290,041)
Intergovernmental	114,474	-	114,474	487,214	372,740
Interest	13,000	-	13,000	192,447	179,447
Other revenues	64,250	-	64,250	558,528	494,278
Total revenues	<u>3,767,004</u>	<u>1,921,000</u>	<u>5,688,004</u>	<u>5,269,502</u>	<u>(418,502)</u>
EXPENDITURES					
General government:					
General government	<u>854,466</u>	<u>652,005</u>	<u>1,506,471</u>	<u>1,416,714</u>	<u>89,757</u>
Total general government	<u>854,466</u>	<u>652,005</u>	<u>1,506,471</u>	<u>1,416,714</u>	<u>89,757</u>
Public safety and judiciary:					
Police	1,711,692	116,000	1,827,692	1,826,844	848
Code enforcement	191,525	-	191,525	150,362	41,163
Animal control	73,135	(1,200)	71,935	71,427	508
Fire	640,590	583,200	1,223,790	1,223,698	92
Municipal court	113,622	-	113,622	112,880	742
Total public safety and judiciary	<u>2,730,564</u>	<u>698,000</u>	<u>3,428,564</u>	<u>3,385,211</u>	<u>43,353</u>
Transportation:					
Street	<u>628,032</u>	<u>(163,000)</u>	<u>465,032</u>	<u>464,040</u>	<u>992</u>
Total transportation	<u>628,032</u>	<u>(163,000)</u>	<u>465,032</u>	<u>464,040</u>	<u>992</u>
Cultural, parks and recreation:					
Parks	220,124	203,000	423,124	422,071	1,053
Swimming pool	50,769	17,000	67,769	67,550	219
Ball parks	321,777	(83,200)	238,577	226,788	11,789
Library	275,712	1,200	276,912	276,776	136
Total cultural, parks and recreation	<u>868,382</u>	<u>138,000</u>	<u>1,006,382</u>	<u>993,185</u>	<u>13,197</u>
Ambulance:					
Ambulance	<u>1,164,921</u>	<u>(40,000)</u>	<u>1,124,921</u>	<u>1,014,912</u>	<u>110,009</u>
Total ambulance	<u>1,164,921</u>	<u>(40,000)</u>	<u>1,124,921</u>	<u>1,014,912</u>	<u>110,009</u>
Economic development					
Economic development	<u>60,000</u>	<u>24,500</u>	<u>84,500</u>	<u>83,728</u>	<u>772</u>
Total economic development	<u>60,000</u>	<u>24,500</u>	<u>84,500</u>	<u>83,728</u>	<u>772</u>
Total expenditures	<u>6,306,365</u>	<u>1,309,505</u>	<u>7,615,870</u>	<u>7,357,790</u>	<u>258,080</u>
Revenue over (under) expenditures	(2,539,361)	611,495	(1,927,866)	(2,088,288)	(676,582)
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	2,450,000	-	2,450,000	2,380,196	(69,804)
Transfers to other governments	<u>(514,495)</u>	<u>(210,000)</u>	<u>(724,495)</u>	<u>-</u>	<u>724,495</u>
Net other financing sources (uses)	<u>1,935,505</u>	<u>(210,000)</u>	<u>1,725,505</u>	<u>2,380,196</u>	<u>654,691</u>
Revenues and other financing sources over (under) expenditures and other uses	(603,856)	401,495	(202,361)	291,908	(21,891)
Fund balance at beginning of year (Non-GAAP budgetary basis)				<u>5,775,253</u>	5,775,253
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 6,067,161	<u>\$ 5,753,362</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				29,990	
Fund balance at end of year (GAAP basis)				<u>\$ 6,097,151</u>	

City of Perry, Oklahoma
Limited Purpose Sales Tax
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Taxes	\$ 643,119	\$ -	\$ 643,119	\$ 1,659,918	\$ 1,016,799
Total revenues	643,119	-	643,119	1,659,918	1,016,799
Revenue over (under) expenditures	643,119	-	643,119	1,659,918	1,016,799
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	(586,368)	-	(586,368)	(1,321,235)	(734,867)
Net other financing sources (uses)	(586,368)	-	(586,368)	(1,321,235)	(734,867)
Revenues and other financing sources over (under) expenditures and other uses	56,751	-	56,751	338,683	281,932
Fund balance at beginning of year (Non-GAAP budgetary basis)				1,416,725	1,416,725
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 1,755,408	<u>\$ 1,698,657</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Accrual adjustment				(33,842)	
Fund balance at end of year (GAAP basis)				<u>\$ 1,721,566</u>	

City of Perry, Oklahoma
Street Improvement Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Taxes	\$ 514,495	\$ -	\$ 514,495	\$ 737,741	\$ 223,246
Total revenues	514,495	-	514,495	737,741	223,246
EXPENDITURES					
Street Sales Tax					
Debt Service	691,652	-	691,652	494,176	197,476
Total general government	691,652	-	691,652	494,176	197,476
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-
Revenues and other financing sources over (under) expenditures and other uses	(177,157)	-	(177,157)	243,565	25,770
Fund balance at beginning of year (Non-GAAP budgetary basis)				494,406	494,406
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 737,971	\$ 494,406
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Taxes receivable				(9,231)	
Fund balance at end of year (GAAP basis)				<u>\$ 728,740</u>	

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Police Pension Retirement Plan
Year Ended June 30, 2023

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
City's portion of the net pension liability (asset)	0.1543%	0.1730%	0.1867%	0.1833%	0.1968%	0.1681%	0.1808%	0.1567%	0.0018%
City's proportionate share of the net pension liability (asset)	\$ (51,937)	\$ 7,055	\$ 285,867	\$ 14,098	\$ (93,724)	\$ (10,733)	\$ 207,644	\$ (751,909)	\$ (142,252)
City's covered-employee payroll	\$ 821,697	\$ 887,538	\$ 814,677	\$ 887,979	\$ 864,050	\$ 681,871	\$ 651,877	\$ 715,363	\$ 763,669
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-6%	1%	35%	2%	-11%	-2%	32%	-105%	-19%
Plan fiduciary net position as a percentage of the total pension liability	121.61%	100.00%	99.81%	100.00%	100.00%	100.00%	99.99%	100.03%	100.01%

* The amounts presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Contractually required contribution	\$ 56,101	\$ 63,581	\$ 71,564	\$ 74,566	\$ 71,580	\$ 78,733	\$ 69,222	\$ 82,854	\$ 90,313
Contributions in relation to the contractually required contribution	<u>(56,101)</u>	<u>(63,581)</u>	<u>(71,564)</u>	<u>(74,566)</u>	<u>(71,580)</u>	<u>(78,733)</u>	<u>(69,222)</u>	<u>(82,854)</u>	<u>(90,313)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 821,697	\$ 887,538	\$ 814,677	\$ 887,979	\$ 864,050	\$ 681,871	\$ 651,877	\$ 715,363	\$ 763,669
Contributions as a percentage of covered-employee payroll	6.83%	7.16%	8.78%	8.40%	8.28%	11.55%	10.62%	11.58%	11.83%

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
Year Ended June 30, 2023

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
City's portion of the net pension liability (asset)	0.1453%	0.165428%	0.017009%	0.017692%	0.165550%	0.164660%	0.136480%	0.148330%	0.174710%
City's proportionate share of the net pension liability (asset)	\$ 1,718,753	\$ 1,755,868	\$ 2,078,031	\$ 2,225,102	\$ 1,863,486	\$ 1,739,921	\$ 1,681,325	\$ 976,818	\$ 2,284,740
City's covered-employee payroll	\$ 174,452	\$ 178,194	\$ 181,821	\$ 180,581	\$ 183,326	\$ 570,344	\$ 614,170	\$ 667,177	\$ 743,732
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	985%	985%	1143%	1232%	1016%	305%	274%	146%	307%
Plan fiduciary net position as a percentage of the total pension liability	-1232.14%	99.92%	99.83%	99.94%	99.95%	99.95%	99.96%	99.98%	99.94%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Contractually required contribution	\$ 54,293	\$ 63,279	\$ 66,609	\$ 68,239	\$ 71,034	\$ 60,043	\$ 67,945	\$ 80,255	\$ 85,969
Contributions in relation to the contractually required contribution	<u>(54,293)</u>	<u>(63,279)</u>	<u>(66,609)</u>	<u>(68,239)</u>	<u>(71,034)</u>	<u>(60,043)</u>	<u>(67,945)</u>	<u>(80,255)</u>	<u>(85,969)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 174,452	\$ 178,194	\$ 181,821	\$ 180,581	\$ 183,326	\$ 570,344	\$ 614,170	\$ 667,177	\$ 743,732
Contributions as a percentage of covered-employee payroll	31.12%	35.51%	36.63%	37.79%	38.75%	10.53%	11.06%	12.03%	11.56%

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Oklahoma Municipal Retirement Plan
SINCE INITIAL APPLICATION

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*
Total pension liability									
Service cost	\$ 169,601	\$ 187,865	\$ 208,217	\$ 211,858	\$ 192,366	\$ 209,195	\$ 179,179	\$ 194,730	\$ 199,984
Interest	268,656	269,365	287,090	303,608	319,350	346,707	373,533	368,455	362,441
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	64,083	33,504	921	65,995	(10,287)	(228,273)	(355,128)	80,482
Changes in assumptions	-	-	-	93,922	-	113,073	-	-	(89,466)
Benefit payments, including refunds of employee contributions	(234,260)	(285,697)	(299,774)	(332,178)	(205,018)	(221,169)	(383,781)	(400,809)	(171,553)
Net change in total pension liability	\$ 203,997	\$ 235,616	\$ 229,037	\$ 278,131	\$ 372,693	\$ 437,519	\$ (59,342)	\$ (192,752)	\$ 381,888
Total pension liability - beginning	3,411,869	3,615,866	3,851,482	4,080,519	4,358,650	4,731,343	5,168,862	5,109,520	4,916,768
Total pension liability - ending (a)	\$ 3,615,866	\$ 3,851,482	\$ 4,080,519	\$ 4,358,650	\$ 4,731,343	\$ 5,168,862	\$ 5,109,520	\$ 4,916,768	\$ 5,298,656
Plan fiduciary net position									
Contributions - employer	150,352	151,273	170,255	177,453	178,309	174,914	172,866	184,233	166,388
Contributions - employee	71,511	75,753	79,090	81,920	83,563	81,056	83,814	83,960	84,978
Net investment income	496,111	98,575	32,942	440,679	290,603	293,487	191,965	1,258,820	(721,504)
Benefit payments, including refunds of employee contributions	(234,260)	(285,697)	(299,774)	(332,178)	(205,018)	(221,169)	(383,781)	(400,809)	(171,553)
Administrative expense	(7,342)	(7,266)	(6,989)	(7,679)	(8,146)	(8,733)	(9,317)	(9,303)	(9,881)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	476,372	32,638	(24,476)	360,195	339,311	319,555	55,547	1,116,901	(651,572)
Plan fiduciary net position - beginning	3,037,295	3,513,667	3,546,305	3,521,829	3,882,024	4,221,335	4,540,890	4,596,437	5,713,338
Plan fiduciary net position - ending (b)	\$ 3,513,667	\$ 3,546,305	\$ 3,521,829	\$ 3,882,024	\$ 4,221,335	\$ 4,540,890	\$ 4,596,437	\$ 5,713,338	\$ 5,061,766
City's net pension liability - ending (a) - (b)	\$ 102,199	\$ 305,177	\$ 558,690	\$ 476,626	\$ 510,008	\$ 627,972	\$ 513,083	\$ (796,570)	\$ 236,890
Plan fiduciary net position as a percentage of the total pension liability	97.17%	92.08%	86.31%	89.06%	89.22%	87.85%	89.96%	116.20%	95.53%
Covered-employee payroll	\$ 1,744,183	\$ 2,473,953	\$ 1,984,534	\$ 1,885,144	\$ 2,123,201	\$ 1,877,071	\$ 2,028,958	\$ 2,037,669	\$ 1,938,258
City's net pension liability as a percentage of covered-employee payroll	5.86%	12.34%	28.15%	25.28%	24.02%	33.45%	25.29%	-39.09%	12.22%

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Municipal Retirement Plan
Year Ended June 30, 2023

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
City's portion of the net pension liability (asset)	0.7402%	0.7259%	0.7213%	0.7951%	0.8646%	1.84%	1.50%	-2.33%	0.69%
City's proportionate share of the net pension liability (asset)	\$ 102,199	\$ 305,177	\$ 558,690	\$ 476,626	\$ 510,008	\$ 627,972	\$ 513,083	\$ (796,570)	\$ 236,890
City's covered-employee payroll	\$ 1,744,183	\$ 2,473,953	\$ 1,984,534	\$ 1,885,144	\$ 2,123,201	\$ 1,877,071	\$ 2,028,958	\$ 2,237,428	\$ 1,938,258
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.86%	12.34%	28.15%	25.28%	24.02%	33.45%	25.29%	-35.60%	12.22%
Plan fiduciary net position as a percentage of the total pension liability	87.99%	91.39%	84.14%	87.72%	87.92%	86.17%	88.84%	113.94%	95.32%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Municipal Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>236890</u>
Actuarially determined contribution	\$ 150,352	\$ 151,273	\$ 170,255	\$ 177,453	\$ 178,309	\$ 174,914	\$ 172,866	\$ 163,506	\$ 132,887
Contributions in relation to the actuarially determined contribution	<u>(150,352)</u>	<u>(151,273)</u>	<u>(170,255)</u>	<u>(177,453)</u>	<u>(178,309)</u>	<u>(174,914)</u>	<u>(172,866)</u>	<u>(163,506)</u>	<u>(132,887)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,744,183	\$ 2,473,953	\$ 1,984,534	\$ 1,885,144	\$ 2,123,201	\$ 1,877,071	\$ 2,028,958	\$ 2,237,428	\$ 1,938,258
Contributions as a percentage of covered-employee payroll	8.62%	6.11%	8.58%	9.41%	8.40%	9.32%	8.52%	7.31%	6.86%

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

To the City Council
City of Perry, 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, and each major fund of City of Perry, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Perry, Oklahoma's basic financial statements, and have issued our report thereon dated October 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Perry, 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 City of Perry, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Perry, Oklahoma's internal control.

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

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

Report on Compliance and Other Matters

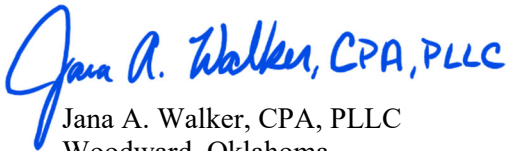
As part of obtaining reasonable assurance about whether City of Perry, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-001.

City of Perry, Oklahoma's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Perry, Oklahoma's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Perry, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
October 2, 2024

City of Perry, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2023

FINDING 2023-001 Lack of Timely Filed Audit

Condition: Audit report issued after allotted 150 days from year end.

Criteria: In accordance with the Oklahoma Water Resource Board loan agreement, Article II, 2.7(D)(4) the City shall furnish copies of the reports of the financial audit within 150 days after the end of each fiscal year.

Cause: Unavailable information to complete workpapers for auditor.

Effect or Potential Effect: Debt covenant violation.

Recommendation: Ensure records are available for inspection after year end in a timely manner.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit. Due to the lack of governmental auditors registered in the State of Oklahoma, it is next to impossible to schedule an audit to be completed by November 30th, which is 31 days earlier than required by the State Statute.