



The City of
Durant, Oklahoma

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

As of and for the Fiscal Year Ended
June 30, 2015



THE CITY OF DURANT, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

**CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

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**CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Durant, Oklahoma (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, 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.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, in fiscal 2015 the City adopted new accounting guidance, Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2016, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the City’s internal control over financial reporting and compliance.



February 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Durant’s financial performance provides an overview of the City’s financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2015, the City’s total net position increased by \$2,993,692 or 3.7% from the prior year.
- During the year, the City’s expenses for governmental activities were \$20,651,564 and were funded by program revenues of \$3,045,562 and further funded with taxes and other general revenues that totaled \$17,628,871.
- In the City’s business-type activities, such as utilities, total program revenues exceeded expenses by \$1,995,407.
- For budgetary reporting purposes, the General Fund reported revenues exceeding estimates by \$614,693 or 5.1%, while expenditures were under the final appropriations by \$2,027,914 or 13.6%.
- The City has implemented GASB Statement 68 and 71-Accounting and Financial Reporting for Pension Plans, during this fiscal year, which resulted in the restatement of beginning net position related to the reporting of net pension asset/liability and deferred outflows and inflows related to pensions.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Durant (the “City”) and its component units using the integrated approach as prescribed by GASB. Included in this report are government-wide statements for each of the three categories of activities, governmental, business-type, and discretely-presented component units. The government-wide financial statements present the complete financial picture of the City’s reporting entity from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt), and also include all deferred outflows and deferred inflows.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City’s finances is, “Has the City’s overall financial condition improved, declined or remained steady over the past year?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City’s net position and changes in them from the prior year. You can think of the City’s net position – the difference between assets, deferred outflows, liabilities, and deferred inflows – as one way to measure the City’s financial condition, or position. Over time, increases or decreases in the City’s net position are one indicator of whether its financial health is

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improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds -- When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

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**CITY OF DURANT, OKLAHOMA
MANAGEMENT DISCUSSION & ANALYSIS
June 30, 2015**

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

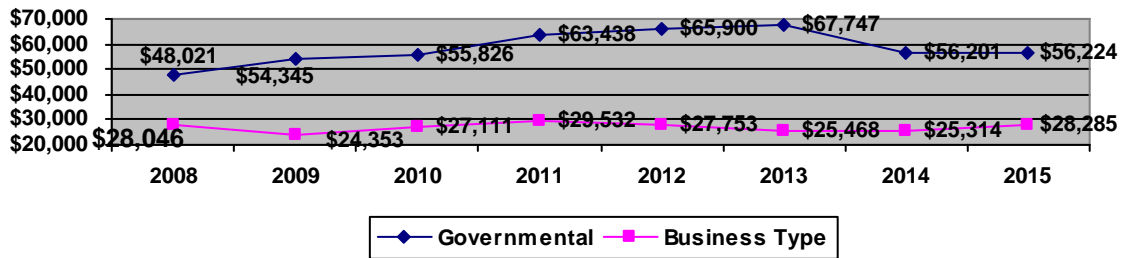
The City's combined net position increased from \$81,515,338 to \$84,509,030 between fiscal years 2014 and 2015. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$22,869, while business-type activities increased \$2,970,823.

**Table 1
Net Position**

	Governmental		% Inc. Dec.	Business-type		% Inc. Dec.	Total		% Inc. Dec.
	Activities			Activities			Primary Government		
	2015	Restated 2014		2015	Restated 2014		2015	Restated 2014	
Assets:									
Current and other assets	\$ 15,193,862	\$ 15,044,442	1%	\$ 5,383,910	\$ 4,811,450	12%	\$ 20,577,772	\$ 19,855,892	4%
Capital assets, net	54,749,791	55,583,313	-1%	52,629,942	52,928,833	-1%	107,379,733	108,512,146	-1%
Total assets	69,943,653	70,627,755	-1%	58,013,852	57,740,283	0%	127,957,505	128,368,038	-
Deferred Outflows of Resources:									
Deferred amount related to pensions	1,026,936	849,498	21%	163,098	174,881	-7%	1,190,034	1,024,379	16%
Deferred amount on refunding	-	-	-	89,780	109,731	-18%	89,780	109,731	-18%
Total deferred outflows	1,026,936	849,498	21%	252,878	284,612	-11%	1,279,814	1,134,110	13%
Liabilities:									
Long-term debt	9,719,427	12,704,655	-23%	28,866,155	32,067,099	-10%	38,585,582	44,771,754	-14%
Other liabilities	2,165,548	2,571,341	-16%	709,440	643,715	10%	2,874,988	3,215,056	-11%
Total liabilities	11,884,975	15,275,996	-22%	29,575,595	32,710,814	-10%	41,460,570	47,986,810	-14%
Deferred Inflows of Resources:									
Deferred amount related to pensions	2,861,488	-	100%	406,231	-	100%	3,267,719	-	100%
Net Position:									
Net investment in capital assets	53,945,085	54,508,108	-1%	28,852,397	26,319,064	10%	82,797,482	80,827,172	2%
Restricted	6,201,912	6,274,246	-1%	-	-	-	6,201,912	6,274,246	-1%
Unrestricted (deficit)	(3,922,871)	(4,581,097)	-14%	(567,493)	(1,004,983)	-44%	(4,490,364)	(5,586,080)	-20%
Total net position	\$ 56,224,126	\$ 56,201,257	-	\$28,284,904	\$25,314,081	12%	\$84,509,030	\$81,515,338	4%

Total net position of the City's governmental activities increased slightly to approximately \$56.2 million. However, \$60,146,997 of that net position either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position amounted to a deficit \$3,922,871 at the end of this year. Total net position of the business-type activities increased 11.7 percent to approximately \$28.3 million. However, \$28,852,397 of net position is invested in capital assets. Consequently, unrestricted net position amounted to a deficit of \$567,493 at the end of the year.

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



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**CITY OF DURANT, OKLAHOMA
MANAGEMENT DISCUSSION & ANALYSIS
June 30, 2015**

Changes in Net Position

For the year ended June 30, 2015, net position of the primary government changed as follows:

**Table 2
Changes in Net Position**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2015	2014		2015	2014		2015	2014	
Revenues:									
Program revenues:									
Charges for services	\$ 885,628	\$ 881,815	-	\$ 10,337,255	\$ 10,448,082	-1%	\$ 11,222,883	\$ 11,329,897	-1%
Operating grants/contributions	1,274,983	1,185,344	8%	-	-	-	1,274,983	1,185,344	8%
Capital grants/contributions	884,951	551,533	60%	817,218	618,789	32%	1,702,169	1,170,322	45%
General revenues:									
Sales and use taxes	16,010,330	15,073,535	6%	-	-	-	16,010,330	15,073,535	6%
Other taxes	1,065,927	1,037,590	3%	-	-	-	1,065,927	1,037,590	3%
Other general revenue	1,036,873	922,261	12%	491,157	265,773	85%	1,528,030	1,188,034	29%
Total revenues	<u>21,158,692</u>	<u>19,652,078</u>	8%	<u>11,645,630</u>	<u>11,332,644</u>	3%	<u>32,804,322</u>	<u>30,984,722</u>	6%
Program expenses:									
General government	4,255,588	4,648,246	-8%	-	-	-	4,255,588	4,648,246	-8%
Public safety	8,956,699	10,159,070	-12%	-	-	-	8,956,699	10,159,070	-12%
Public works	3,085,918	3,312,753	-7%	-	-	-	3,085,918	3,312,753	-7%
Culture and recreation	2,448,149	2,957,231	-17%	-	-	-	2,448,149	2,957,231	-17%
Cemetery	172,406	129,587	33%	-	-	-	172,406	129,587	33%
Industrial dev. (payment to DIA)	13,846	7,961	74%	326,415	458,871	-29%	340,261	466,832	-27%
Community dev. (payment to DCFA)	1,692,144	1,615,746	5%	-	-	-	1,692,144	1,615,746	5%
Interest on long-term debt	26,814	32,859	-18%	315,640	331,451	-5%	342,454	364,310	-6%
Water	-	-	-	2,577,621	2,715,111	-5%	2,577,621	2,715,111	-5%
Sewer	-	-	-	2,395,493	2,419,030	-1%	2,395,493	2,419,030	-1%
Sanitation	-	-	-	2,386,163	3,248,900	-27%	2,386,163	3,248,900	-27%
Airport	-	-	-	1,157,734	1,414,041	-18%	1,157,734	1,414,041	-18%
Federal building	-	-	-	-	751	-100%	-	751	-100%
Total expenses	<u>20,651,564</u>	<u>22,863,453</u>	-10%	<u>9,159,066</u>	<u>10,588,155</u>	-13%	<u>29,810,630</u>	<u>33,451,608</u>	-11%
Excess (deficiency) before transfers	507,128	(3,211,375)	-116%	2,486,564	744,489	234%	2,993,692	(2,466,886)	-221%
Transfers	(484,259)	768,739	-163%	484,259	(768,739)	163%	-	-	-
Increase (decrease) in net position	<u>\$ 22,869</u>	<u>(\$ 2,442,636)</u>	101%	<u>\$ 2,970,823</u>	<u>\$ (24,250)</u>	12,351%	<u>\$ 2,993,692</u>	<u>(\$ 2,466,886)</u>	221%

The City's governmental activities' increase in net position of \$22,869 represents a 101% increase in the change in net position from the prior year. The business-type activities' increase in net position of \$2,970,823 represents a 12,351% increase in the change in net position from the prior year.

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

- Governmental activities capital grants and contributions increased 60% due to the increase in grants from the Oklahoma Department of Commerce from prior year.
- Business-type activities capital grants and contributions increased 32% due to the increase in grants from the Oklahoma Department of Commerce and a decrease in grants from the Federal Aviation Administration.
- Business-type activities other general revenues increased 85% due to the increase in payments received from the Durant Industrial Authority component unit of approximately \$400,000.

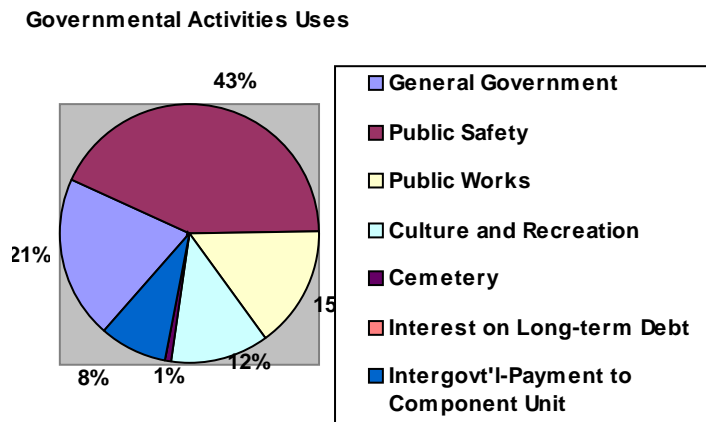
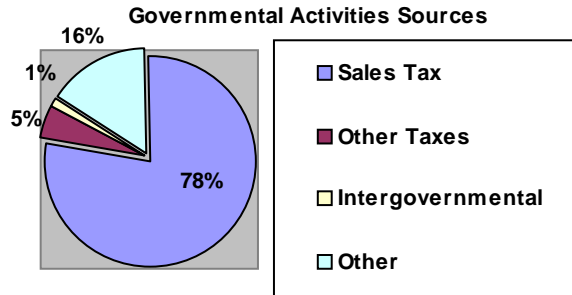
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- Transfers changed significantly due to the reclassification of capital asset activity between governmental and business-type activities.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City’s taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

For the year ended June 30, 2015, the City’s governmental activities were funded as follows:



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**CITY OF DURANT, OKLAHOMA
MANAGEMENT DISCUSSION & ANALYSIS
June 30, 2015**

For the year ended June 30, 2015, total expenses for governmental activities amounted to \$20,651,564. Of these total expenses, taxpayers and other general revenues funded \$17,628,871, while those directly benefiting from the program funded \$2,159,934 from grants and other contributions and \$885,628 from charges for services.

Net Cost of Durant's Governmental Activities

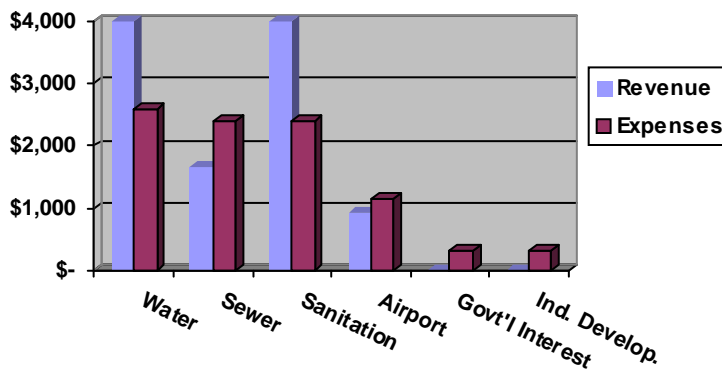
	<u>Total Cost of Services</u>		<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2015</u>	<u>2014</u>	<u>2015-2014</u>	<u>2015</u>	<u>2014</u>	<u>2015-2014</u>
General government	\$4,255,588	\$4,648,246	-8.4%	(\$4,033,737)	(\$4,259,016)	-5.3%
Public safety	8,956,699	10,159,070	-11.8%	(7,087,260)	(8,885,299)	-20.2%
Public works	3,085,918	3,312,753	-6.8%	(2,423,027)	(3,094,735)	-21.7%
Culture and recreation	2,448,149	2,957,231	-17.2%	(2,218,795)	(2,278,240)	-2.6%
Cemetery	172,406	129,587	33.0%	(110,379)	(70,905)	55.7%
Industrial development - payments to DIA	13,846	7,961	73.9%	(13,846)	(7,961)	73.9%
Community development - payments to DCFA	1,692,144	1,615,746	4.7%	(1,692,144)	(1,615,746)	4.7%
Interest on long-term debt	26,814	32,859	-18.4%	(26,814)	(32,859)	-18.4%
Total	\$20,651,564	\$22,863,453	-9.7%	(\$17,606,002)	(\$20,244,761)	-13.0%

Business-type Activities

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

- Total business-type activities reported net revenues of \$1,995,407 for the year ended June 30, 2015.
- All individual activities reported net revenues for the year ended June 30, 2015, with the exception of sewer, airport, governmental interest on long-term debt and industrial development (payment to DIA) which reported net expenses of \$716,592, \$218,390, \$315,640 and \$326,415, respectively.

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



Unaudited

A FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$11,307,156 or a 8.5% decrease from the prior year. The enterprise funds reported net position of \$28,551,665 or a 10.4% increase from 2014.

Other fund highlights include:

- For the year ended June 30, 2015, the General Fund’s total fund balance decreased by \$144,226 or 4.0%.
- The Capital Improvement Fund’s total fund balance decreased by \$1,089,193 due to a decrease in proceeds from issuance of debt from the prior year.

General Fund Budgetary Highlights

For the year ended June 30, 2015, the General Fund reported actual budgetary basis revenues above final estimates by \$614,693 or a 5.1% positive variance. General Fund actual budgetary basis expenditures were under final appropriations by \$2,027,914 or a 13.6% positive variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the City had \$107,379,733 invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water lines and sewer lines. (See table below).

	Primary Government Capital Assets (Net of accumulated depreciation)					
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$5,787,699	\$5,787,699	\$1,724,994	\$1,724,994	\$7,512,693	\$7,512,693
Buildings	19,368,404	19,311,133	16,066,220	17,001,357	35,434,624	36,312,490
Improvements	1,103,351	1,075,979	7,630,096	323,715	8,733,447	1,399,694
Machinery & equipment	4,537,488	4,997,996	2,308,069	2,646,382	6,845,557	7,644,378
Infrastructure	22,293,243	23,364,070	22,149,434	30,258,976	44,442,677	53,623,046
Construction in progress	1,659,606	1,046,436	2,751,129	973,409	4,410,735	2,019,845
Totals	<u>\$54,749,791</u>	<u>\$55,583,313</u>	<u>\$52,629,942</u>	<u>\$52,928,833</u>	<u>\$107,379,733</u>	<u>\$108,512,146</u>

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

- The City placed in service four 2015 Chevy Tahoes totaling \$161,637.
- The City placed in service a Chuckwa street repair project totaling \$339,749.
- The City placed in service the City Hall remodel project totaling \$653,090.
- The DIA purchased the former SOSU aviation building totaling \$157,072.
- The City placed in service the water tank improvement project totaling \$243,821.
- The City placed in service a cemetery drainage project totaling \$113,581.

Unaudited

**CITY OF DURANT, OKLAHOMA
MANAGEMENT DISCUSSION & ANALYSIS
June 30, 2015**

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

Long-Term Debt

At year-end, the City had \$38,585,582 in long-term debt outstanding which represents a \$6,186,172 or 13.8% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt							Total
	Governmental		Business-Type		Total		Percentage
	Activities		Activities				Change
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015-2014</u>
Capital lease obligations	\$804,706	\$1,075,205	\$ -	\$ -	\$804,706	\$1,075,205	-25.2%
Notes payable	-	-	27,708,237	30,657,409	27,708,237	30,657,409	-9.6%
Landfill closure liability	-	-	358,516	336,606	358,516	336,606	6.5%
Meter deposit liability	-	-	400,724	381,794	400,724	381,794	5.0%
Net Pension Liability	7,078,874	9,923,751	-	304,252	7,078,874	10,228,003	-30.8%
Net OPEB Liability	557,811	465,679	150,180	125,375	707,991	591,054	19.8%
Accrued comp absences	1,278,036	1,240,020	248,498	261,663	1,526,534	1,501,683	1.7%
Totals	<u>\$9,719,427</u>	<u>\$12,704,655</u>	<u>\$28,866,155</u>	<u>\$32,067,099</u>	<u>\$38,585,582</u>	<u>\$44,771,754</u>	-13.8%

For the year ended June 30, 2015, other than normal debt retirements, the following significant long-term debt transactions occurred:

- The City issued 1 new capital lease for 4 police vehicles.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Unemployment Rates

To date, the most current Employment Securities Commission Research Analysis Data is posted for November 2015. The United States Unemployment Rate for November 2015 is 5.0%. The state of Oklahoma Unemployment Rate for November 2015 is 4.2%, down from the 4.4% of November 2014. The Durant/Bryan County Unemployment Rate for November 2015 is 4.2%, up from the 4.1% of November 2014. The Durant/Bryan County rolling twelve-month unemployment average for 2015 is 4.5%, up from the 4.4% of November 2014. Bryan County posted its number of employed workforce for November 2015 at 17,820, down from the 20,276 for November 2014.

Sales Tax Collection

Sales tax collections year-to-date for fiscal year 2015-2016 is up 3.48% as of December 2015. Sales tax collections in fiscal year 2014-2015 increase over the previous fiscal year of 2013-2014 by 4.53%, while sales tax collections for the fiscal year of 2013-2014 reflect an increase of 3.84%. The city sales tax collection has increased six consecutive years since 2009-2010.

Unaudited

The 2014 United States Census

The 2014 United States Censuses listed the State of Oklahoma as having a population of 3,878,050, an increase of 27,482 over 2013 and 126,693 over 2010, a 3.4% increase from 2010. The City of Durant is listed as having a population of 17,041, an increase of 150 over 2013 and 1,180 over 2010, a 7.4% increase from 2010. In summary, Durant's rate of growth for 2010-2014 was over double the State of Oklahoma, according to the 2014 United States Census Data for population Growth.

Projects Completed In The Current Fiscal Year 2014-2015

Texhoma Truss

Texhoma Truss, LLC is a newly formed company with Panel Truss Company of Henderson, TX. This project began in August of 2014, and in October 2014, the truss equipment was installed at the Durant Regional Airport Industrial Park-former Stahl building. The manufacturing facility is a 50,000 SF industrial building. The Durant Industrial Authority funded \$35,000 in building renovations to the former Stahl building for a new office roof, dual electric service, and a new heating/air conditioning unit for the offices. The Texhoma Truss project is an investment of \$1.5M in new automation processing equipment, there are currently 3 automated truss processing lines and there is a 4th line on order. The number of employees for this company is currently 21. Texhoma Truss will be adding a 2nd shift in January 2016 to bring the total number of jobs to 30. This new company currently has a backlog of orders for the next 8 months on its books.

Economic Development Administration-Southeastern Oklahoma State University Water Tower

The Southern Oklahoma Development Association applied for and Durant received a \$950,000 Economic Development Administration Grant. The grant was researched by the Durant Industrial Authority (DIA) and the funds were applied toward the construction of a new 500,000 gallon water tower and infrastructure to service North Durant and Southeastern Oklahoma State University campus. This project was a \$4.5 Million Dollar total investment for our community. The Durant Industrial Authority provided \$500,000 in funds to support this community infrastructure project.

Waldron Drive Road

The City of Durant received a Community Development Block Grant in the amount of \$500,000 to improve street infrastructure on Waldron Drive based upon the 52 jobs created at PharmcareOK of Durant. The total business investment for PharmcareOK of Durant was \$750,000. The Durant Industrial Authority provided \$630,000 in additional funds to support this community street improvement project at the Durant Regional Airport Industrial Park.

Best Fender-Crawford Street

The Durant Industrial Authority provided \$110,000 to improve the industrial access road infrastructure on Crawford Drive, based upon the new jobs created at the Best Fenders company. Best Fenders has a workforce of 55 employees and \$1.7M in current total payroll. Over the past eight years, this company has invested \$3.5M in equipment and facility. The City of Durant provided the labor for this Crawford Street industrial access road. This was a 2014-2015 project for the Durant Industrial Authority and the City of Durant.

Bryan County Fairgrounds Fence

The Durant Industrial Authority provided \$50,000 to construct a new wrought iron fence at the Bryan County Fairgrounds, along with improvements to various buildings. This was a 2014-2015 project that supports our community, the Bryan County Fairgrounds, the Magnolia Festival, the Durant Round-up Club, and the Oklahoma State University Extension Office.

Applebee's Restaurant

The Durant Industrial Authority began a long term (10 year) recruitment of Applebee's Restaurant on October 4, 2006. Over the years the Durant Industrial Authority has provided retail site maps, city profiles, retail sales analysis from Oklahoma State University and other demographic information to Mr. John Male in Kansas City, MO. This process and retail project was made to improve the quality of life for our citizens. The Durant Applebee's opened on December 28, 2016 at 1001 Westside Drive.

Durant Industrial Authority 200-Acre Agriculture Land Lease

The Durant Industrial Authority put out for sealed bid and received seven (7) bids. The annual agriculture lease was awarded to Mr. Robert Self, with a bid of \$8370.00 (\$41.85/ac) per year. Mr. Self has executed the lease and paid for the 2016 year.

Projects In Process For Upcoming Fiscal Year 2015-2016

Durant Industrial Authority-Texoma Manufacturing Job Creation Loan

On September 1, 2011, the Durant Industrial Authority signed a Job Creation loan agreement with Texoma Mfg., LLC. The purpose of this loan was to purchase manufacturing equipment. The amount of the loan was \$1M and the current balance as of November 30, 2015 is \$472,218.

The Durant Industrial Authority keeps quarterly employee records beginning year-end 2011. These reports include number of employees and total payroll. As of the third quarter 2015, the total employees are 85 and the total payroll is \$527,535.14. As of the 3rd Quarter, the grand total from 2011-2015 is \$6,815,140.70 as of the 3rd quarter.

Durant Industrial Authority-PharmCareOK of Durant Job Creation Loan

On August 21, 2012, the Durant Industrial Authority signed a Job Creation loan agreement with PharmCareOK of Durant, Inc. The purpose of this loan was to purchase real estate and building. The amount of the loan was \$520K and the current balance as of November 30, 2015 is \$368,333.45.

The Durant Industrial Authority keeps quarterly employee records beginning year-end 2013. These reports include number of employees and total payroll. As of the third quarter 2015, the total employees are 32 and the total payroll is \$184,408.04. As of the 3rd Quarter, the grand total from 2012-2015 is \$1,021,884.87.

Unaudited

Community Development Block Grant for Country Club Industrial Road

The City of Durant has submitted its application for a Community Development Block Grant (CDBG) in the amount of \$525,000 to improve infrastructure on Country Club Road. The CDBG grant is based upon the 15-20 new direct and indirect jobs created at the Overland Materials and Manufacturing Corporation asphalt plant. The Durant Industrial Authority (DIA) recruited this corporation to Durant and provided the industrial building site for the facility. The DIA is providing \$500,000 in funds to support this industrial access road in matching the Community Development Block Grant. The City of Durant is providing the labor to build this 33 ft. wide industrial asphalt road with concrete curb and gutter.

Hitchcock Distribution Center

Mr. Hitchcock and the Durant Industrial Authority continue to work together in planning a new building site for the expansion of the beer distribution center. Mr. Hitchcock has selected a site at his present business location at 2901 W. Arkansas Street. Mr. Hitchcock is working with an architectural and engineering firm that designs beer and beverage refrigerated distribution centers for his products. The Durant Industrial authority met with the project consultants Gene Schwartz from St. Louis, Missouri, and Tex Burrows from Temple, Texas, several times and provided them with information concerning incentive programs available for the new refrigerated distribution center. The total project investment will be approximately \$4 Million Dollars for this 2014-2016 project. The Durant Industrial Authority has funded a new city sewer line at a cost of \$10,416.00, as well as paying for the building permit at a cost of \$5943.00 for a total investment of \$16,359.00. The general contractor is Plyler Construction Company located in Sherman, Texas and the site excavation began in December 2015.

DIA Build To Suit-Tile Shop Distribution Center

The Tile Shop Distribution Center outgrew its facility and began storing excess floor tile inventory in its parking lot. Phase II of The Tile Shop project began in 2014 with plans to construct an 88,000 sf. distribution center in 2015-2016. The City of Durant and the Durant Industrial Authority will be seeking a Community Development Block Grant for Economic Development Infrastructure (CDBG-EDIF Grant) for \$1M from the Oklahoma Department of Commerce and approximately \$1.2M in New Market Tax Credits in 2016. The Tile Shop has purchased the adjoining industrial property for future expansion in 2014. The Tile Shop will provide the remaining funding balance of the building and equipment. Presently, there are 35 employees at The Tile Shop. The new distribution center will add 30 new jobs in 2016, making the total Tile Shop workforce 65 employees.

BrucePac

BrucePac, headquartered in Woodburn, Oregon purchasing the closed, former J.C. Potter Sausage Company in November 2014. The Durant Industrial Authority has been involved in the recruitment and support of this West Coast meat processing company. The BrucePac Company renovated the 140,000 SF facility, adding an investment of approximately \$22M in 2015 and 2016. The Durant Industrial Authority provided a Job Creation Forgivable Loan of \$700,000 for the first 70 employees hired at the newly renovated facility. The BrucePac Company's long-range plans are to have a total project investment of approximately \$25M and a total workforce of 300 employees by the second year of operations. The Durant location, named DurantPac joins BrucePac's other facilities that produce more than 1.3 million pounds of ready-to-eat chicken, beef, pork, turkey and salmon products on a weekly basis. Terry Buford, Vice President of BrucePac stated that the one thing that convinced them to be in Durant, was the City of Durant and the Durant Industrial Authority support their effort to help them grow their ready-to-eat meat processing company in Oklahoma.

Unaudited

BrucePac applied for the Oklahoma Department of Commerce's Quality Jobs Program incentive, which targets manufacturers and certain service industries that have a new payroll investment of \$2.5 million or more to receive a quarterly cash payment of up to 5% of new taxable payroll. In addition, Oklahoma's Training for Industry Program, a CareerTech initiative provides a no-cost/low-cost way for new or growing companies that create jobs to get a skilled and trained workforce.

McCraw Minerals

The owner of McCraw Minerals, located in Telephone, TX, has secured three parcels of land in Durant that have rail access from the Genesee Wyoming Kiamichi Railroad. Mr. Mayfield McCraw has leased the former Earth Bio-diesel fuels facility and has purchased the former Golden Peanut property to create a new company to clean, process, and store frac sand for natural gas and the oil energy drilling industry. The total jobs created in the first year will be 30 employees with a land, building, and equipment investment of \$7M. The average employee pay will be \$16.50 per hour. McCraw Minerals will be providing frac sand storage and trans load for the following businesses: McCraw Minerals in Durant, Alan Ritchey Sand Company in Yuba, OK and Cardinal Minerals in Coleman, OK.

Commercial Metals Company

Commercial Metals Company (CMC) is a 100-year-old, \$6 billion dollar international company headquartered in Irving, Texas with a strong global footprint in the steel industry. CMC has 200 locations with approximately 9,000 total employees worldwide. This company has state of the art technology utilizing Danieli processing equipment and leading edge continuous-continuous process with 95% recycled raw materials sources within 500 miles and 5% is alloys to obtain the proper grade material. CMC Durant will produce 380,000 tons per year Steel Rebar with the Micro Mill and will have a \$275M initial capital investment. The mill will employ approximately 175 people with an average approximate annual salary of \$60,000 upon completion.

The Durant Industrial Authority acquired approximately 400 acres of land for the benefit of CMC, as an economic incentive. The land is located adjacent to the US 70 Highway and Genesee & Wyoming Kiamichi Rail Road, which has increased the land value in that area by becoming industrial land vs. agricultural land. A Tax Increment Financing (TIF) District is being established as incentive, which will be paid back through the increase in ad valorem property taxes.

The Durant mill will be the second Micro Mill for Commercial Metals Company. The general contractor for the building of this facility will be Commercial Metals Company, project manager will be Scott Henderson and the engineering consultant will be RE Warner located in Cleveland, Ohio. The core project team will consist of 12 CMC employees, 11 Warner employees and 8 Danieli employees and the relocation will begin in November 2015 with estimated opening in the Fall 2017.

The site excavation began on January 12, 2016 and the Durant Industrial Authority is responsible for purchasing and providing a clean, deeded property at an estimated cost of \$3.5M. The Durant Industrial Authority approved, on January 12, 2016 at their regular monthly board meeting a Tax Increment Financing Loan of \$3.1M, which will be repaid to the Durant Industrial Authority at a 0% interest rate.

Durant Cardinal Glass Float Glass Facility

In December 2015, Mr. Sean Banner and his engineering team contacted the Durant Industrial Authority seeking assistance with the Oklahoma Department of Environmental Quality (ODEQ) permitting and submitting building plans to the City of Durant Community Development department.

The Durant Cardinal Glass facility is currently under construction (January 2016) building an 112,000 square foot environmentally controlled distribution center addition at a cost of \$8M. The company has scheduled a major hot-end complete furnace rebuild for December 2016 at a cost of \$40M and also install a new environmental exhaust control system at a cost of \$16M. The facility will be closed for 81 days during the hot-end construction phase. The total upgrade costs will be approximately \$64M in 2016-2017.

Platinum Machine Company

The Durant Industrial Authority assisted Mr. Clint Dobson, owner of Platinum Machine Company, presently located at 301 S. 21st Street in a building relocation effort for future growth. The company does general and custom-welding fabrication of various parts for the oil, gas, energy, agriculture and livestock feed industries.

Platinum Machine Company's current building is 6500 SF with 6 employees and the newly leased building, which is the former Biofuels facility located at 53 East Main Street is 18,000 SF and the company hopes to double employees within the next year. The relocation is scheduled to be complete in February 2016.

CONTACTING THE CITY OF DURANT'S FINANCIAL MANAGEMENT

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

**CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Statement of Net Position– June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Durant Industrial Authority	Durant Community Facilities Authority
ASSETS:					
Cash and cash equivalents	\$ 6,699,160	\$ 4,758,140	\$ 11,457,300	\$ 220,331	\$ 1,248,536
Investments	3,448,579	316,802	3,765,381	1,135,896	-
Accounts receivable, net of allowance	-	1,238,187	1,238,187	2,535	-
Franchise tax receivable	61,968	-	61,968	-	-
Court fine receivable, net of allowance	17,048	-	17,048	-	-
Internal balances	1,150,661	(1,150,661)	-	-	-
Due to/from component unit	209,942	-	209,942	-	(209,942)
Due from other governments	2,713,332	-	2,713,332	-	-
Notes receivable	148,398	-	148,398	1,637,350	-
Other receivables	86,174	-	86,174	-	-
Net pension asset	658,600	221,442	880,042	21,187	-
Capital assets:					
Land and construction in progress	7,447,305	4,476,123	11,923,428	1,687,702	266,000
Other capital assets, net of depreciation	47,302,486	48,153,819	95,456,305	-	-
Total Assets	<u>69,943,653</u>	<u>58,013,852</u>	<u>127,957,505</u>	<u>4,705,001</u>	<u>1,304,594</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred amount related to pensions	1,026,936	163,098	1,190,034	15,605	-
Deferred amount on refunding	-	89,780	89,780	-	1,060,050
Total Deferred Outflows	<u>1,026,936</u>	<u>252,878</u>	<u>1,279,814</u>	<u>15,605</u>	<u>1,060,050</u>
LIABILITIES:					
Accounts payable	1,023,813	355,275	1,379,088	5,820	403
Accrued payroll liabilities	557,881	108,994	666,875	10,717	-
Accrued interest payable	-	245,171	245,171	552	56,568
Due to other governments	1,972	-	1,972	-	-
Claims liability	567,686	-	567,686	-	-
Unearned revenue	14,196	-	14,196	-	-
Long-term liabilities:					
Due within one year	428,020	3,086,256	3,514,276	140,374	1,049,739
Due in more than one year	9,291,407	25,779,899	35,071,306	1,298,612	11,207,565
Total Liabilities	<u>11,884,975</u>	<u>29,575,595</u>	<u>41,460,570</u>	<u>1,456,075</u>	<u>12,314,275</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred amount related to pensions	2,861,488	406,231	3,267,719	38,867	-
NET POSITION:					
Net investment in capital assets	53,945,085	28,852,397	82,797,482	1,326,913	266,000
Restricted	6,201,912	-	6,201,912	-	-
Unrestricted (deficit)	(3,922,871)	(567,493)	(4,490,364)	1,898,751	(10,215,631)
Total Net Position	<u>\$ 56,224,126</u>	<u>\$ 28,284,904</u>	<u>\$ 84,509,030</u>	<u>\$ 3,225,664</u>	<u>\$ (9,949,631)</u>

See accompanying notes to the Basic Financial Statements.

CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Statement of Activities – Year Ended June 30, 2015

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Durant Industrial Authority	Durant Community Facilities Authority
Primary government									
Governmental activities:									
General government	\$ 4,255,588	\$ 221,851	\$ -	\$ -	\$ (4,033,737)	\$ -	\$ (4,033,737)	\$ -	\$ -
Public safety	8,956,699	447,283	1,039,678	382,478	(7,087,260)	-	(7,087,260)	-	-
Public works	3,085,918	7,560	158,703	496,628	(2,423,027)	-	(2,423,027)	-	-
Culture and recreation	2,448,149	147,884	75,625	5,845	(2,218,795)	-	(2,218,795)	-	-
Cemetery	172,406	61,050	977	-	(110,379)	-	(110,379)	-	-
Industrial development (Payment to DIA)	13,846	-	-	-	(13,846)	-	(13,846)	-	-
Community development (Payment to DCFA)	1,692,144	-	-	-	(1,692,144)	-	(1,692,144)	-	-
Interest on long-term debt	26,814	-	-	-	(26,814)	-	(26,814)	-	-
Total governmental activities	<u>20,651,564</u>	<u>885,628</u>	<u>1,274,983</u>	<u>884,951</u>	<u>(17,606,002)</u>	<u>-</u>	<u>(17,606,002)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Water	2,577,621	3,387,293	-	660,146	-	1,469,818	1,469,818	-	-
Sewer	2,395,493	1,678,901	-	-	-	(716,592)	(716,592)	-	-
Sanitation	2,386,163	4,488,789	-	-	-	2,102,626	2,102,626	-	-
Airport	1,157,734	782,272	-	157,072	-	(218,390)	(218,390)	-	-
Governmental interest on long-term debt	315,640	-	-	-	-	(315,640)	(315,640)	-	-
Industrial development (Payment to DIA)	326,415	-	-	-	-	(326,415)	(326,415)	-	-
Total business-type activities	<u>9,159,066</u>	<u>10,337,255</u>	<u>-</u>	<u>817,218</u>	<u>-</u>	<u>1,995,407</u>	<u>1,995,407</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 29,810,630</u>	<u>\$ 11,222,883</u>	<u>\$ 1,274,983</u>	<u>\$ 1,702,169</u>	<u>(17,606,002)</u>	<u>1,995,407</u>	<u>(15,610,595)</u>	<u>-</u>	<u>-</u>
Component Units									
Industrial development	\$ 1,097,771	\$ -	\$ -	\$ -	-	-	-	(1,097,771)	-
Community development	617,042	-	-	-	-	-	-	-	(617,042)
Total component units	<u>\$ 1,714,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,097,771)</u>	<u>(617,042)</u>
General revenues:									
Taxes:									
Sales and use taxes					16,010,330	-	16,010,330	-	-
Franchise and public service taxes					782,856	-	782,856	-	-
E-911 taxes					283,071	-	283,071	-	-
Intergovernmental revenue not restricted to specific programs					285,705	-	285,705	-	-
Investment income					20,364	10,017	30,381	2,179	1,544
Miscellaneous					367,346	450,928	818,274	29,181	-
Payments received from primary government					-	-	-	340,261	1,692,144
Payments received from component unit					363,458	30,212	393,670	-	-
Transfers - internal activity					(484,259)	484,259	-	-	-
Total general revenues and transfers					<u>17,628,871</u>	<u>975,416</u>	<u>18,604,287</u>	<u>371,621</u>	<u>1,693,688</u>
Change in net position					22,869	2,970,823	2,993,692	(726,150)	1,076,646
Net position (deficit) - beginning, restated					56,201,257	25,314,081	81,515,338	3,951,814	(11,026,277)
Net position (deficit) - ending					<u>\$ 56,224,126</u>	<u>\$ 28,284,904</u>	<u>\$ 84,509,030</u>	<u>\$ 3,225,664</u>	<u>\$ (9,949,631)</u>

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Governmental Funds Balance Sheet - June 30, 2015

	Special Revenue Funds			Capital Project Funds		Other Governmental Funds	Total Governmental Funds
	General	1/4% Economic Development Fund	5/8% Sales Tax Education Fund	Capital Improvement Fund	1% Sales Tax Revenue Fund		
ASSETS							
Cash and cash equivalents	\$ 1,267,414	\$ 3,498,112	\$ -	\$ 569,831	\$ 112,749	\$ 618,096	\$ 6,066,202
Investments	689,115	1,905,856	-	310,457	61,429	154,430	3,121,287
Receivables:							
Due from other funds	891,547	-	-	-	-	2,638	894,185
Due from component unit	209,942	-	-	-	-	-	209,942
Due from other governments	1,104,458	109,082	294,292	233,040	436,328	536,132	2,713,332
Notes receivable	-	-	-	148,398	-	-	148,398
Franchise tax receivable	61,968	-	-	-	-	-	61,968
Court fines receivable, net	17,048	-	-	-	-	-	17,048
Other receivables	27,406	-	-	-	-	58,350	85,756
Total assets	<u>\$ 4,268,898</u>	<u>\$ 5,513,050</u>	<u>\$ 294,292</u>	<u>\$ 1,261,726</u>	<u>\$ 610,506</u>	<u>\$ 1,369,646</u>	<u>\$ 13,318,118</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:							
Liabilities:							
Accounts payable	\$ 243,035	\$ 6,283	\$ -	\$ 259,830	\$ -	\$ 423,754	\$ 932,902
Accrued payroll liabilities	519,633	-	-	-	-	31,162	550,795
Due to other funds	2,638	-	-	-	-	7,647	10,285
Due to other governments	1,972	-	-	-	-	-	1,972
Unearned revenue	14,196	-	-	-	-	-	14,196
Total liabilities	<u>781,474</u>	<u>6,283</u>	<u>-</u>	<u>259,830</u>	<u>-</u>	<u>462,563</u>	<u>1,510,150</u>
Deferred Inflows of Resources:							
Deferred revenue	43,578	-	-	233,040	-	224,194	500,812
Fund balances:							
Restricted	69,236	4,798,278	294,292	-	609,252	430,854	6,201,912
Assigned	2,261,446	708,489	-	768,856	1,254	494,783	4,234,828
Unassigned (deficit)	1,113,164	-	-	-	-	(242,748)	870,416
Total fund balances	<u>3,443,846</u>	<u>5,506,767</u>	<u>294,292</u>	<u>768,856</u>	<u>610,506</u>	<u>682,889</u>	<u>11,307,156</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,268,898</u>	<u>\$ 5,513,050</u>	<u>\$ 294,292</u>	<u>\$ 1,261,726</u>	<u>\$ 610,506</u>	<u>\$ 1,369,646</u>	<u>\$ 13,318,118</u>

See accompanying notes to the Basic Financial Statements.

CITY OF DURANT, OKLAHOMA
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Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2015

	Special Revenue Funds			Capital Project Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	1/4% Economic Development Fund	5/8% Sales Tax Education Fund	Capital Improvement Fund	1% Sales Tax Revenue Fund		
REVENUES							
Taxes	\$ 8,481,121	\$ 860,697	\$ 2,287,189	\$ -	\$ 3,442,785	\$ 2,004,465	\$ 17,076,257
Intergovernmental	1,543,311	-	-	768,148	-	452,918	2,764,377
Charges for services	207,038	-	-	-	-	102,727	309,765
Licenses and permits	194,800	-	-	-	-	-	194,800
Fines and forfeitures	342,581	-	-	-	-	-	342,581
Investment income	4,443	7,985	-	5,917	228	635	19,208
Miscellaneous	229,037	-	-	213,437	-	3,985	446,459
Total revenues	<u>11,002,331</u>	<u>868,682</u>	<u>2,287,189</u>	<u>987,502</u>	<u>3,443,013</u>	<u>2,564,730</u>	<u>21,153,447</u>
EXPENDITURES							
Current:							
General government	1,879,928	-	2,243,244	-	-	-	4,123,172
Public safety	8,761,662	-	-	-	-	766,390	9,528,052
Public works	1,601,857	-	-	-	-	-	1,601,857
Culture and recreation	1,945,203	-	-	-	-	7,536	1,952,739
Cemetery	157,298	-	-	-	-	-	157,298
Capital Outlay	4,327	12,541	-	2,771,953	-	1,338,248	4,127,069
Debt Service:							
Principal	-	-	-	430,665	-	-	430,665
Interest and other charges	-	-	-	26,770	-	-	26,770
Total expenditures	<u>14,350,275</u>	<u>12,541</u>	<u>2,243,244</u>	<u>3,229,388</u>	<u>-</u>	<u>2,112,174</u>	<u>21,947,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,347,944)</u>	<u>856,141</u>	<u>43,945</u>	<u>(2,241,886)</u>	<u>3,443,013</u>	<u>452,556</u>	<u>(794,175)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	3,153,531	-	-	1,716,438	-	1,377,934	6,247,903
Transfers out	(57,503)	(1,152,188)	-	(762,576)	(3,330,475)	(29,262)	(5,332,004)
Transfers from component unit	107,690	218,668	-	37,100	-	-	363,458
Transfers to component unit	-	-	-	-	-	(1,692,144)	(1,692,144)
Proceeds from issuance of debt	-	-	-	161,731	-	-	161,731
Total other financing sources and uses	<u>3,203,718</u>	<u>(933,520)</u>	<u>-</u>	<u>1,152,693</u>	<u>(3,330,475)</u>	<u>(343,472)</u>	<u>(251,056)</u>
Net change in fund balances	<u>(144,226)</u>	<u>(77,379)</u>	<u>43,945</u>	<u>(1,089,193)</u>	<u>112,538</u>	<u>109,084</u>	<u>(1,045,231)</u>
Fund balances - beginning	3,588,072	5,584,146	250,347	1,858,049	497,968	573,805	12,352,387
Fund balances - ending	<u>\$ 3,443,846</u>	<u>\$ 5,506,767</u>	<u>\$ 294,292</u>	<u>\$ 768,856</u>	<u>\$ 610,506</u>	<u>\$ 682,889</u>	<u>\$ 11,307,156</u>

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Fund Balance – Net Position:

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

Total fund balance, governmental funds \$ 11,307,156

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$70,742,916 54,731,167

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

Grants receivable	492,705
Court fines receivable	8,107
	<u>500,812</u>

Certain long-term assets and deferred outflows are not current financial resources and, therefore, are not reported in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:

Net pension asset	658,600
Pension related deferred outflows	1,026,936
	<u>1,685,536</u>

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

Net position of the Internal Service Funds	295,542
Internal service fund interfund balance resulting from net revenues reported in business-type activities	266,761
	<u>562,303</u>

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

Capital lease obligations	(804,706)
OPEB obligation	(557,811)
Accrued compensated absences	(1,259,969)
Net pension liability	(7,078,874)
Pension related deferred inflows	(2,861,488)
	<u>(12,562,848)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 56,224,126

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

Net change in fund balances - total governmental funds: \$ (1,045,231)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets contributed	125,805
Capital assets transferred from other funds	43,196
Capital asset purchases capitalized	1,951,581
Book value on capital assets disposed	(49,536)
Depreciation expense	(2,912,350)
	(841,304)

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

Change in deferred revenue	279,415
	279,415

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

819,427
819,427

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Debt proceeds received	(161,731)
Debt principal payments	430,665
	268,934

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

Change in OPEB obligations	(92,132)
Change in accrued compensated absences	(36,712)
	(128,844)

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

Total change in net position of the internal service funds	954,624
Net revenues (expenses) of the internal service fund reported in business-type activities	(284,152)
	670,472

Change in net position of governmental activities **\$ 22,869**

See accompanying notes to the Basic Financial Statements.

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

CITY OF DURANT, OKLAHOMA
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Proprietary Funds Statement of Net Position - June 30, 2015

	<u>Enterprise Funds</u>				<u>Internal Service Funds</u>
	<u>Utility Authority Fund</u>	<u>Airport Authority Fund</u>	<u>Non-Major</u>		
			<u>Federal Building Fund</u>	<u>Total</u>	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 389,485	\$ 70,473	\$ 1	\$ 459,959	\$ 632,958
Restricted cash and cash equivalents	4,212,483	85,698	-	4,298,181	327,292
Investments	-	38,396	-	38,396	-
Restricted investments	278,406	-	-	278,406	-
Accounts receivable, net	1,204,154	34,033	-	1,238,187	418
Total current assets	<u>6,084,528</u>	<u>228,600</u>	<u>1</u>	<u>6,313,129</u>	<u>960,668</u>
Noncurrent assets:					
Net pension asset	221,442	-	-	221,442	-
Capital assets:					
Land and other non-depreciable assets	4,450,323	25,800	-	4,476,123	-
Other capital assets, net of depreciation	37,076,692	11,077,127	-	48,153,819	18,624
Total noncurrent assets	<u>41,748,457</u>	<u>11,102,927</u>	<u>-</u>	<u>52,851,384</u>	<u>18,624</u>
Total assets	<u>47,832,985</u>	<u>11,331,527</u>	<u>1</u>	<u>59,164,513</u>	<u>979,292</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred amounts related to pensions	163,098	-	-	163,098	-
Deferred amount on refunding	89,780	-	-	89,780	-
Total Deferred Outflows of Resources	<u>252,878</u>	<u>-</u>	<u>-</u>	<u>252,878</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	298,906	56,369	-	355,275	90,911
Accrued payroll liabilities	108,994	-	-	108,994	7,086
Due to other funds	883,900	-	-	883,900	-
Accrued interest payable	244,725	446	-	245,171	-
Estimated liability for claims	-	-	-	-	567,686
Current portion of:					
Meter deposit liability	80,145	-	-	80,145	-
Notes payable	2,919,285	44,050	-	2,963,335	-
Landfill closure liability	17,926	-	-	17,926	-
Accrued compensated absences	24,850	-	-	24,850	1,807
Total current liabilities	<u>4,578,731</u>	<u>100,865</u>	<u>-</u>	<u>4,679,596</u>	<u>667,490</u>
Noncurrent liabilities:					
Meter deposit liability	320,579	-	-	320,579	-
Notes payable	24,744,902	-	-	24,744,902	-
Landfill closure liability	340,590	-	-	340,590	-
Accrued compensated absences	223,648	-	-	223,648	16,260
OPEB obligation	150,180	-	-	150,180	-
Total non-current liabilities	<u>25,779,899</u>	<u>-</u>	<u>-</u>	<u>25,779,899</u>	<u>16,260</u>
Total liabilities	<u>30,358,630</u>	<u>100,865</u>	<u>-</u>	<u>30,459,495</u>	<u>683,750</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred amounts related to pensions	406,231	-	-	406,231	-
NET POSITION					
Net investment in capital assets	17,708,268	11,144,129	-	28,852,397	18,624
Unrestricted (deficit)	(387,266)	86,533	1	(300,732)	276,918
Total net position	<u>\$ 17,321,002</u>	<u>\$ 11,230,662</u>	<u>\$ 1</u>	<u>28,551,665</u>	<u>\$ 295,542</u>

Amounts reported for business-type activities in the Statement of Net Position are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. An interfund receivable or payable has been recorded in the business-type activities for Net position of the Internal Service Funds

(266,761)

Net position of business-type activities

\$ 28,284,904

See accompanying notes to the Basic Financial Statements.

**CITY OF DURANT, OKLAHOMA
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Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2015

	Enterprise Funds			Total	Internal Service Funds
	Utility Authority Fund	Airport Authority Fund	Non-Major Federal Building Fund		
OPERATING REVENUES					
Charges for services:					
Water charges	\$ 2,892,270	\$ -	\$ -	\$ 2,892,270	\$ -
Sewer charges	1,678,901	-	-	1,678,901	-
Water and sewer taps	198,420	-	-	198,420	-
Penalties	106,652	-	-	106,652	-
Non-payment fees	155,301	-	-	155,301	-
Sanitation charges	3,902,027	-	-	3,902,027	-
Landfill gate fees	245,364	-	-	245,364	-
Lab tests	22,625	-	-	22,625	-
Airport	-	782,272	-	782,272	-
Rentals	72,129	-	-	72,129	-
Transfer station fees	331,183	-	-	331,183	-
Recyclable products	10,215	-	-	10,215	-
Self insurance charges	-	-	-	-	2,697,484
Miscellaneous	384,957	5,867	-	390,824	2,306,349
Total operating revenues	<u>10,000,044</u>	<u>788,139</u>	<u>-</u>	<u>10,788,183</u>	<u>5,003,833</u>
OPERATING EXPENSES					
Public works administration	131,349	-	-	131,349	-
Utility billing	318,024	-	-	318,024	-
Water/sewer line maintenance	759,308	-	-	759,308	-
Water treatment plant	846,634	-	-	846,634	-
Wastewater treatment	706,614	-	-	706,614	-
Collection - solid waste	990,371	-	-	990,371	-
General government	105,513	-	-	105,513	-
Lake Durant	33,537	-	-	33,537	-
Disposal - solid waste	1,011,684	-	-	1,011,684	-
Airport	-	622,416	-	622,416	-
Federal building	-	-	-	-	-
Claims expense	-	-	-	-	4,052,607
Depreciation expense	2,106,844	449,046	-	2,555,890	4,054
Total operating expenses	<u>7,009,878</u>	<u>1,071,462</u>	<u>-</u>	<u>8,081,340</u>	<u>4,056,661</u>
Operating income (loss)	2,990,166	(283,323)	-	2,706,843	947,172
NON-OPERATING REVENUES (EXPENSES)					
Investment income	9,776	230	11	10,017	1,156
Interest expense and fiscal charges	(989,813)	(6,887)	-	(996,700)	(44)
Total non-operating revenue (expenses)	<u>(980,037)</u>	<u>(6,657)</u>	<u>11</u>	<u>(986,683)</u>	<u>1,112</u>
Net income (loss) before contributions and transfers	2,010,129	(289,980)	11	1,720,160	948,284
Capital contributions	1,995,741	182,872	-	2,178,613	6,340
Transfers in	3,791,777	201,441	-	3,993,218	-
Transfers out	(4,711,511)	(173,014)	(24,592)	(4,909,117)	-
Transfers from component unit	-	30,212	-	30,212	-
Transfers to component unit	(326,415)	-	-	(326,415)	-
Change in net position	<u>2,759,721</u>	<u>(48,469)</u>	<u>(24,581)</u>	<u>2,686,671</u>	<u>954,624</u>
Total net position - beginning, restated	14,561,281	11,279,131	24,582	25,864,994	(659,082)
Total net position - ending	<u>\$ 17,321,002</u>	<u>\$ 11,230,662</u>	<u>\$ 1</u>	<u>\$ 28,551,665</u>	<u>\$ 295,542</u>

Change in net position - enterprise funds \$ 2,686,671

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

Change in net position of the Internal Service Fund 284,152

Change in the net position of the business-type activities \$ 2,970,823

See accompanying notes to the Basic Financial Statements.

CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2015

	Enterprise Funds				Internal Service Funds
	Utilities Authority Fund	Airport Authority Fund	Non-Major Federal Building Fund	Total Proprietary Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 10,164,392	\$ 828,432	\$ -	\$ 10,992,824	\$ 5,004,487
Payments to suppliers	(2,408,960)	(579,822)	-	(2,988,782)	(4,672,566)
Payments to employees	(2,500,141)	(25,996)	-	(2,526,137)	(167,596)
Receipts of customer meter deposits	131,496	-	-	131,496	-
Refunds of customer meter deposits	(112,566)	-	-	(112,566)	-
Other receipts (payments)	142,943	(58,181)	-	84,762	-
Net Cash Provided by Operating Activities	<u>5,417,164</u>	<u>164,433</u>	<u>-</u>	<u>5,581,597</u>	<u>164,325</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	3,791,777	201,441	-	3,993,218	-
Transfers to other funds	(4,711,511)	(173,014)	(24,592)	(4,909,117)	-
Transfers from component unit	-	30,212	-	30,212	-
Transfers to component unit	(326,415)	-	-	(326,415)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(1,246,149)</u>	<u>58,639</u>	<u>(24,592)</u>	<u>(1,212,102)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(48,174)	(30,212)	-	(78,386)	(5,496)
Principal paid on capital debt	(2,872,884)	(76,288)	-	(2,949,172)	(1,565)
Interest and fiscal charges paid on capital debt	(987,949)	(7,736)	-	(995,685)	(44)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,909,007)</u>	<u>(114,236)</u>	<u>-</u>	<u>(4,023,243)</u>	<u>(7,105)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of investments	(278,406)	(38,396)	7,691	(309,111)	242,271
Interest and dividends	9,776	230	11	10,017	1,156
Net Cash Provided by (Used in) Investing Activities	<u>(268,630)</u>	<u>(38,166)</u>	<u>7,702</u>	<u>(299,094)</u>	<u>243,427</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,622)	70,670	(16,890)	47,158	400,647
Balances - beginning of the year	<u>4,608,590</u>	<u>85,501</u>	<u>16,891</u>	<u>4,710,982</u>	<u>559,603</u>
Balances - end of the year	<u>\$ 4,601,968</u>	<u>\$ 156,171</u>	<u>\$ 1</u>	<u>\$ 4,758,140</u>	<u>\$ 960,250</u>
Reconciliation to Statement of Net Assets:					
Cash and cash equivalents	\$ 389,485	\$ 70,473	\$ 1	\$ 459,959	\$ 632,958
Current restricted cash and cash equivalents	4,212,483	85,698	-	4,298,181	327,292
	<u>\$ 4,601,968</u>	<u>\$ 156,171</u>	<u>\$ 1</u>	<u>\$ 4,758,140</u>	<u>\$ 960,250</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 2,990,166	\$ (283,323)	\$ -	\$ 2,706,843	\$ 947,172
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	2,106,844	449,046	-	2,555,890	4,054
Change in assets and liabilities:					
Receivables	164,348	40,293	-	204,641	654
Accounts payable	68,832	20,126	-	88,958	82,209
Accrued payroll liabilities	(2,034)	(2,263)	-	(4,297)	290
Due to other funds	142,943	(58,181)	-	84,762	-
Estimated liability for claims	-	-	-	-	(871,358)
Landfill closure liability	21,910	-	-	21,910	-
Meter deposit liability	18,930	-	-	18,930	-
OPEB obligation	24,805	-	-	24,805	-
Pension liability & related accounts	(107,680)	-	-	(107,680)	-
Accrued compensated absences	(11,900)	(1,265)	-	(13,165)	1,304
Net Cash Provided by Operating Activities	<u>\$ 5,417,164</u>	<u>\$ 164,433</u>	<u>\$ -</u>	<u>\$ 5,581,597</u>	<u>\$ 164,325</u>
Noncash activities:					
Contributed capital assets received	<u>\$ 1,995,741</u>	<u>\$ 182,872</u>	<u>\$ -</u>	<u>\$ 2,178,613</u>	<u>\$ 6,340</u>

See accompanying notes to the basic financial statements.

**CITY OF DURANT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

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

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

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

The City of Durant is a Council/Manager form of government with a population of approximately 16,891 located in Bryan County in southeastern Oklahoma. The City is governed by a five-member council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a five-member governing body elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, culture and recreation, cemetery, streets and public works.

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

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

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

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

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

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

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

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

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved. These trusts issue debt in their name for the acquisition of assets that benefit both other governments and their own.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used. In accordance with the economic resources measurement focus, all assets and liabilities, both current and noncurrent are reported, along with any related deferred outflows and deferred inflows.

Program revenues within the Statement of Activities are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Animal Control, Court, and Civil Emergency Management – fines and forfeitures, fire run charges, restricted operating grants and restricted capital grants
- Public works –Streets and City Garage – commercial vehicle and gasoline excise tax shared by the State, sidewalk and street repair fees, capital grants
- Cemetery – cemetery openings/closings and interments, operating grants
- Culture and recreation – swimming pool fees, library fees, multi-sports complex fees, operating and capital grants
- General Government – license and permits, mowing fees, reports and copy fees, digital mapping fees, operating grants

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Governmental Funds:

The City's governmental funds are comprised of the following:

Major Funds:

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

Special Revenue Funds:

- 1/4 % Sales Tax Economic Development - accounts for one-quarter cent sales tax restricted for economic development.

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

Capital Project Funds:

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

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

Special Revenue Funds:

- Special 911 Tax Fund - accounts for the revenues received from the emergency service fees on telephone bills. Funds are used to pay monthly service charges for the enhanced 911 system. Remaining funds may be used for other emergency communications needs.
- R.L Williams Library Fund - accounts for revenues received from library fines, copies, memorials, etc. Funds are used for operations of the library.
- Drug Enforcement Fund - accounts for revenues received by police department from a proportionate distribution of funds related to property received from drug forfeitures. Funds are expended for purposes of surveillance, communications and related expenditures.
- Durant Library Authority - Title 60 public trust which accounts for library grant from SODA for architectural assessment of new library building.
- HOME/FEMA Grant Fund - accounts for HOME/FEMA Grant funds in accordance with state and federal program guidelines.
- 1/4 % Sales Tax M.S. Fund - accounts for one-quarter cent sales tax restricted for transfer to DCFA for multi-sports complex.
- 1/4 % Sales Tax SOSU Fund - accounts for one-quarter cent sales tax restricted for transfer to DCFA for SOSU capital projects.

Capital Project Funds:

- DWRF Community Center & Library Fund – accounts for donation revenue for community center & library project.
- Cemetery Care Fund - accounts for the transfer of 12.5% of revenue from cemetery lot sales and interment fees, which, with the exception of interest earnings, may only be used to purchase additional land and for major capital improvements to the cemetery. Interest earnings in the fund are transferred to Cemetery Operations Account, which is combined with the General Fund for report purposes.

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- CDBG Fund - accounts for Community Development Block Grant funds in accordance with state and federal program guidelines.

The governmental funds are reported on the modified accrual basis of accounting and current financial resources measurement focus. On the modified accrual basis of accounting revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

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

Proprietary Funds:

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

The Durant City Utilities Authority Fund and the Durant Airport Authority Fund are considered major funds and are therefore displayed in separate columns. The Federal Building Fund is considered a non-major fund and is reported under a separate column entitled Non-Major.

3. Cash, Cash Equivalents, Deposits and Investments

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

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

The City of Durant is governed by the deposit and investment limitations of state law. The deposits and investments held at June 30, 2015 are as follows:

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Deposits and Investments

PRIMARY GOVERNMENT:

<u>Type of Deposits and Investments</u>	<u>Maturities</u>	<u>Carrying Value</u>
Demand deposits		\$7,278,054
Time deposit	07/21/15	1,024,109
Time deposit	07/21/15	287,683
Time deposit	07/21/15	466,729
Time deposit	08/17/15	448,417
Time deposit	09/21/15	1,028,626
Time deposit	12/08/15	465,194
Time deposit	02/04/16	44,622
Cash on hand		3,384
	<u>Credit Rating</u>	
Mutual Funds - First United Money Market	n/a	4,175,863
Total		<u><u>\$15,222,681</u></u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 11,457,300
Investments		3,765,381
		<u><u>\$ 15,222,681</u></u>

COMPONENT UNITS:

Durant Industrial Authority:

<u>Type of Deposits and Investments</u>	<u>Maturities</u>	<u>Carrying Value</u>
Demand deposits		\$ 220,331
Time deposit	9/2/2015	239,644
Time deposit	8/17/2015	145,245
Time deposit	8/17/2015	630,965
Time deposit	8/17/2015	120,042
		<u><u>\$ 1,356,227</u></u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 220,331
Investments		1,135,896
		<u><u>\$ 1,356,227</u></u>

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Durant Community Facilities Authority:		Carrying
<u>Type of Deposits and Investments</u>		<u>Value</u>
Demand deposits		\$ 1,039,027
	Credit	
	Rating	
Mutual Funds - Goldman Sachs Financial Sq Trsy Oblig	AAAm	209,509
Total		<u>\$ 1,248,536</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 1,248,536
		<u>\$ 1,248,536</u>

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. As of June 30, 2015, the City’s deposits were fully collateralized.

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

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

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

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Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted Cash and Investments - The amounts reported as restricted assets of the Enterprise Funds on the statement of net position are comprised of amounts held by the Durant City Utilities Authority and Durant Airport Authority for utility deposits (refunded upon termination of service or applied to final bill) and amounts held by the trustee bank related to debt activity. The restricted assets as of June 30, 2015 are as follows:

	Current Cash and cash Equivalents	Current Investments
Utility Deposits	\$ 122,318	\$ 278,406
OWRB Accounts (DCUA):		
2009A Principal Account	97,747	-
2009A Interest Account	94,165	-
2009A Construction Account	72,921	-
2009B Principal Account	32,857	-
2009B Interest Account	32,448	-
2009B Construction Account	26,115	-
2010 Note Proceeds Account	1,105	-
2010 Principal Account	40,346	-
2010 Interest Account	37,755	-
2010 Construction Account	1,502,212	-
2012A Principal Account	218,321	-
2012A Interest Account	35,376	-
2012A Construction Account	1,179,583	-
2013 Note Proceeds Account	1	-
2013 Principal Account	112,863	-
2013 Interest Account	19,117	-
2006 Interest Account	1,994	-
2006 Principal Account	12,096	-
2007 Revenue Account	4,493	-
2007 Project Account	422,970	-
2007 Principal Account	84,058	-
2007 Interest Account	61,622	-
First United Accounts (DAA):		
Interest Account	2,352	-
Principal Account	14,875	-
Construction Account	68,471	-
 Total Restricted Assets	 <u>\$ 4,298,181</u>	 <u>\$ 278,406</u>

4. Accounts Receivable

	<u>Receivable</u>	<u>Allowance for Bad Debts</u>	<u>Net Receivable</u>
Governmental Activities:			
Court Fines Receivable	<u>\$ 170,485</u>	<u>\$ (153,437)</u>	<u>\$ 17,048</u>
Business-Type Activities:			
Airport Receivables	<u>\$ 37,476</u>	<u>\$ (3,443)</u>	<u>\$ 34,033</u>
Utility Receivables	<u>\$ 1,220,905</u>	<u>\$ (16,751)</u>	<u>\$ 1,204,154</u>

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5. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$5,000 is used to report capital assets with the exception of buildings and infrastructure assets which have a threshold of \$25,000. Capital assets are reported at actual or estimated historical cost. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003. Prior to July 1, 2003, governmental funds' infrastructure assets, such as streets, bridges, drainage systems and traffic signal systems were not capitalized. Infrastructure assets acquired since that date are recorded at cost. Donated capital assets are recorded at their fair value at the date of donation. For the year ended June 30, 2015, capital assets balances changed as follows:

Primary Government:

	Balance at July 1, 2014	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2015
Governmental activities:				
Non-depreciable:				
Land	\$ 5,787,699	\$ -	\$ -	\$ 5,787,699
Construction-in-progress	1,046,436	1,719,590	(1,106,420)	1,659,606
Total non-depreciable assets at historical cost	<u>6,834,135</u>	<u>1,719,590</u>	<u>(1,106,420)</u>	<u>7,447,305</u>
Depreciable:				
Buildings	23,011,224	653,090	-	23,664,314
Improvements	2,892,504	113,581	-	3,006,085
Machinery and equipment	11,708,141	543,980	(225,564)	12,026,557
Infrastructure	79,008,697	339,749	-	79,348,446
Total depreciable assets at historical cost	<u>116,620,566</u>	<u>1,650,400</u>	<u>(225,564)</u>	<u>118,045,402</u>
Less accumulated depreciation				
Buildings	(3,700,091)	(595,819)	-	(4,295,910)
Improvements	(1,816,525)	(86,209)	-	(1,902,734)
Machinery and equipment	(6,710,145)	(954,952)	176,028	(7,489,069)
Infrastructure	(55,644,627)	(1,410,576)	-	(57,055,203)
Total accumulated depreciation	<u>(67,871,388)</u>	<u>(3,047,556)</u>	<u>176,028</u>	<u>(70,742,916)</u>
Net depreciable assets	<u>48,749,178</u>	<u>(1,397,156)</u>	<u>(49,536)</u>	<u>47,302,486</u>
Governmental activities capital assets, net	<u>\$ 55,583,313</u>	<u>\$ 322,434</u>	<u>\$ (1,155,956)</u>	<u>\$ 54,749,791</u>
Business-type activities:				
Non-depreciable:				
Land	\$ 1,724,994	\$ -	\$ -	\$ 1,724,994
Construction-in-progress	973,409	2,051,753	(274,033)	2,751,129
Total non-depreciable assets at historical cost	<u>2,698,403</u>	<u>2,051,753</u>	<u>(274,033)</u>	<u>4,476,123</u>
Depreciable:				
Buildings	32,860,019	187,284	-	33,047,303
Improvements	15,381,988	-	-	15,381,988
Machinery and equipment	9,404,471	45,902	-	9,450,373
Utility property and improvements	35,321,244	259,510	-	35,580,754
Total depreciable assets at historical cost	<u>92,967,722</u>	<u>492,696</u>	<u>-</u>	<u>93,460,418</u>
Less accumulated depreciation				
Buildings	(15,858,662)	(1,122,421)	-	(16,981,083)
Improvements	(7,403,267)	(348,625)	-	(7,751,892)
Machinery and equipment	(6,758,089)	(384,215)	-	(7,142,304)
Utility property and improvements	(12,717,274)	(714,046)	-	(13,431,320)
Total accumulated depreciation	<u>(42,737,292)</u>	<u>(2,569,307)</u>	<u>-</u>	<u>(45,306,599)</u>
Net depreciable assets	<u>50,230,430</u>	<u>(2,076,611)</u>	<u>-</u>	<u>48,153,819</u>
Business-type capital assets, net	<u>\$ 52,928,833</u>	<u>\$ (24,858)</u>	<u>\$ (274,033)</u>	<u>\$ 52,629,942</u>

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Component Units:

	Balance at July 1, 2014	Additions and Transfers	Deductions and Transfers	Balance at June 30, 2015
COMPONENT UNITS:				
Durant Industrial Authority:				
Non-depreciable:				
Land	\$1,673,856	\$ -	\$ -	\$1,673,856
Construction-in-progress	-	13,846	-	13,846
Total non-depreciable assets at historical cost	<u>1,673,856</u>	<u>13,846</u>	<u>-</u>	<u>1,687,702</u>
Depreciable:				
Machinery and equipment	34,631	-	-	34,631
Total depreciable assets at historical cost	<u>34,631</u>	<u>-</u>	<u>-</u>	<u>34,631</u>
Less accumulated depreciation				
Machinery and equipment	(29,821)	(4,810)	-	(34,631)
Total accumulated depreciation	<u>(29,821)</u>	<u>(4,810)</u>	<u>-</u>	<u>(34,631)</u>
Net depreciable assets	<u>4,810</u>	<u>(4,810)</u>	<u>-</u>	<u>-</u>
Durant Industrial Authority capital assets, net	<u>\$1,678,666</u>	<u>\$9,036</u>	<u>\$ -</u>	<u>\$1,687,702</u>
Durant Community Facilities Authority:				
Non-depreciable:				
Land	\$266,000	\$ -	\$ -	\$266,000
Durant Community Facilities Authority capital assets, net	<u>\$266,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$266,000</u>

Depreciation:

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

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 149,244	Water	\$ 825,431
Public safety	558,095	Sewer	1,105,734
Public works	1,463,367	Sanitation	175,679
Culture and recreation	707,617	Airport	449,046
Cemetery	38,081	Federal building	-
Total depreciation	<u>\$ 2,916,404</u>	Total depreciation	<u>\$ 2,555,890</u>

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6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2015, the reporting entity's long-term debt changed as follows:

Type of Debt	(Restated) Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Amounts Due Within a Year
Governmental Activities:					
Capital Lease Obligations	\$1,075,205	\$161,731	\$432,230	\$804,706	\$300,216
Net Pension Liability	9,923,751	-	2,844,877	7,078,874	-
Net OPEB Liability	465,679	92,132	-	557,811	-
Accrued Compensated Absences	1,240,020	162,018	124,002	1,278,036	127,804
Total Governmental Activities	<u>\$12,704,655</u>	<u>\$415,881</u>	<u>\$3,401,109</u>	<u>\$9,719,427</u>	<u>\$428,020</u>
Business-type Activities:					
Notes Payable	\$30,657,409	\$ -	\$2,949,172	\$27,708,237	\$2,963,335
Landfill Closure Liability	336,606	21,910	-	358,516	17,926
Meter Deposit Liability	381,794	131,496	112,566	400,724	80,145
Net Pension Liability	304,252	-	304,252	-	-
Net OPEB Liability	125,375	24,805	-	150,180	-
Accrued Compensated Absences	261,663	26,167	39,332	248,498	24,850
Total Business-Type Activities	<u>\$32,067,099</u>	<u>\$204,378</u>	<u>\$3,405,322</u>	<u>\$28,866,155</u>	<u>\$3,086,256</u>
Component Unit Debt:					
Durant Industrial Authority:					
Notes Payable	\$1,538,259	\$ -	\$121,081	\$1,417,178	\$138,908
Net Pension Liability	29,110	-	29,110	-	-
Net OPEB Liability	5,970	1,181	-	7,151	-
Accrued Compensated Absences	11,001	4,756	1,100	14,657	1,466
Total Durant Industrial Authority	<u>1,584,340</u>	<u>5,937</u>	<u>151,291</u>	<u>1,438,986</u>	<u>140,374</u>
Durant Community Facilities Authority:					
Notes Payable	\$1,047,329	-	\$110,025	\$937,304	\$114,739
Revenue Bonds Payable	12,215,000	-	895,000	11,320,000	935,000
Total Durant Community Facilities Authority	<u>13,262,329</u>	<u>-</u>	<u>1,005,025</u>	<u>12,257,304</u>	<u>1,049,739</u>
Total Component Unit Debt	<u>\$14,846,669</u>	<u>\$5,937</u>	<u>\$1,156,316</u>	<u>\$13,696,290</u>	<u>\$1,190,113</u>

Governmental activities long-term debt:

Capital Lease Obligations:

\$202,370 capital lease with Vision Bank for DMSC field lighting, payable in monthly installments of \$2,145, final payment due March 20, 2018, with interest at 4.91%	\$46,654
\$61,537 capital lease with First United Bank for a forklift, payable in monthly installments of \$1,112, final payment due September 20, 2016, with interest at 3.249%	16,434
\$115,943 capital lease with First United Bank for a backhoe, payable in monthly installments of \$2,080, final payment due October 20, 2017, with interest at 2.89%	56,047
\$202,733 capital lease with First United Bank for 6 police vehicles, payable in monthly installments of \$5,862, final payment due September 20, 2016, with interest at 2.59%	86,337

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\$58,641 capital lease with Landmark Bank for a garage lift, payable in monthly installments of \$1,698, final payment due August 6, 2016, with interest at 2.75%	23,418
\$271,060 capital lease with Vision Bank for a dump truck, payable in monthly installments of \$4,837, final payment due March 20, 2019, with interest at 2.679%	206,550
\$335,000 capital lease with Ronald F. Arnett for Old Country Club property, payable in monthly installments of \$6,000, final payment due September 1, 2018, with interest at 2.87%	217,704
\$161,731 capital lease with Landmark Bank for 4 police vehicles, payable in monthly installments of \$2,867, final payment due February 11, 2020, with interest at 2.45%	<u>151,562</u>
Total Capital Lease Obligations	<u>\$804,706</u>
Current portion	\$300,216
Non-current portion	<u>504,490</u>
Total Capital Lease Obligations	<u>\$804,706</u>

Accrued Compensated Absences:

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

Current portion	\$127,804
Non-current portion	<u>1,150,232</u>
Total Accrued Compensated Absences	<u>\$1,278,036</u>

Net Pension Liability:

Current portion	\$ -
Non-current portion	<u>7,078,874</u>
Total Net Pension Liability	<u>\$7,078,874</u>

Net OPEB Liability:

Current portion	\$ -
Non-current portion	<u>557,811</u>
Total Net OPEB Liability	<u>\$557,811</u>

Business-type activities long-term debt:

Notes Payable:

Note Payable (DCUA) to Oklahoma Water Resources Board dated March 25, 2003, original amount of \$4,127,524 with an annual interest rate of 0%, admin fee of 0.5%, due in semi-annual principal installments each March 15 and September 15 of \$114,653 beginning September 15, 2003, final installment due March 15, 2021	\$1,375,841
Note Payable (DCUA) to Oklahoma Water Resources Board dated April 16, 2004, original amount of \$2,131,976 with an annual interest rate of 0%, admin fee of 0.5%, due in semi-annual principal installments each March 15 and September 15 of \$62,705 beginning September 15, 2004, final installment due March 15, 2021	752,379

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Note Payable (DAA) to First United Bank dated November 1, 2005, original amount of \$595,000 with an annual interest rate of 6.9%, due in semi-annual installments of \$41,514, final installment due November 1, 2015	44,050
Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated August 28, 2007, original amount of \$5,610,000 with an annual interest rate of 4.490%, due in semi-annual installments with principal ranging from \$80,000 to \$215,000, final installment due September 1, 2027	4,070,000
Sales Tax & Utility Revenue Note (DCUA) to Bank of America dated September 11, 2006, original amount of \$1,505,000 annual interest rate of 4.095%, due in monthly installments with principal ranging from \$7,400 to \$13,700, final installment due June 15, 2018	462,900
Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated September 1, 2009, original amount of \$6,000,000 annual interest rate of 4.45%, due in semi-annual installments with principal ranging from \$90,000 to \$225,000, final installment due September 1, 2029	4,865,000
Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated September 1, 2009, original amount of \$2,000,000 annual interest rate of 4.589%, due in semi-annual installments with principal ranging from \$25,000 to \$75,000, final installment due September 1, 2029	1,625,000
Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated November 1, 2010, original amount of \$6,000,000 annual interest rate of 3.95%, due in semi-annual installments with principal ranging from \$100,000 to \$215,000, final installment due November 1, 2030	5,025,000
Note Payable (DCUA) to Landmark Bank for sanitation truck dated May 30, 2012, original amount of \$291,814 with an annual interest rate of 3.012%, due in monthly installments of \$5,241, final installment due May 20, 2017	116,874
Note Payable (DCUA) to First United Bank for a brushloader dated August 15, 2011, original amount of \$126,017 with an annual interest rate of 3.249%, due in monthly installments of \$2,279, final installment due August 20, 2016	31,401
Note Payable (DCUA) to First Texoma National Bank for a water truck dated August 14, 2012, original amount of \$41,988 with an annual interest rate of 2.667%, due in monthly installments of \$1,216, final installment due August 14, 2015	2,422
Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated December 20, 2012, original amount of \$7,500,000 annual interest rate of 2.35%, due in semi-annual installments with principal ranging from \$300,000 to \$495,000, final installment due October 1, 2021	5,990,000
Sales Tax & Utility Revenue Note (DCUA) to First United Trust Bank dated July 24, 2013, original amount of \$3,805,000 annual interest rate of 2.06%, due in semi-annual installments with principal ranging from \$60,000 to \$255,000, final installment due October 1, 2021	3,090,000
Note Payable (DCUA) to Vision Bank for a compactor dated August 21, 2013, original amount of \$401,786 with an annual interest rate of 1.915%, due in monthly installments of \$11,497, final installment due August 20, 2016	158,926
Note Payable (DCUA) to Vision Bank for a roll-off truck dated January 9, 2014, original amount of \$184,000 with an annual interest rate of 1.925%, due in monthly installments of \$5,269, final installment due January 20, 2017	<u>98,444</u>
Total Notes Payable	<u>\$27,708,237</u>

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Current portion	\$2,963,335
Non-current portion	<u>24,744,902</u>
Total Notes Payable	<u>\$27,708,237</u>

Accrued Compensated Absences:

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

Current portion	\$24,850
Non-current portion	<u>223,648</u>
Total Accrued Compensated Absences	<u>\$248,498</u>

Meter Deposit Liability:

Meter deposit liability reported in the business-type activities:

Current portion	\$80,145
Non-current portion	<u>320,579</u>
Total Meter Deposit Liability	<u>\$400,724</u>

Landfill Closure Liability:

Landfill closure liability reported in the business-type activities:

Current portion	\$17,926
Non-current portion	<u>340,590</u>
Total Landfill Closure Liability	<u>\$358,516</u>

Net OPEB Liability:

Current portion	\$ -
Non-current portion	<u>150,180</u>
Total Net OPEB Liability	<u>\$150,180</u>

Component Unit long-term debt:

Notes Payable (DIA):

Notes payable of the Durant Industrial Authority to ODOC dated February 23, 2000, original amount of \$300,000 with an annual interest rate of 0%, due in monthly installments of \$1,250, final installment due February 1, 2023.	\$112,500
Notes payable of the Durant Industrial Authority to ODOC dated April 29, 2004, original amount of \$400,000 with an annual interest rate of 0%, due in monthly installments of \$1,667, final installment due January 1, 2025.	188,333
Notes payable of the Durant Industrial Authority to ODOC dated May 8, 2003, original amount of \$500,000 with an annual interest rate of 0%, due in monthly installments of \$2,083, final installment due January 1, 2024.	210,416

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Notes payable of the Durant Industrial Authority to John and Cheryl Jackson dated February 20, 2003, for land, original amount of \$700,000 with an annual interest rate of 5.5%, due in monthly installments of \$4,815, final installment due February 20, 2023.	360,789
Notes payable of the Durant Industrial Authority to ODOC dated August 25, 2006, original amount of \$400,000 with an annual interest rate of 0%, due in monthly installments of \$1,667, final installment due December 1, 2026.	301,833
Notes payable of the Durant Industrial Authority to ODOC dated November 8, 2006, original amount of \$399,956 with an annual interest rate of 0%, due in monthly installments of \$1,666, final installment due September 1, 2027.	<u>243,307</u>
	<u>\$1,417,178</u>
Current portion	\$138,908
Non-current portion	<u>1,278,270</u>
Total Notes Payable	<u>\$1,417,178</u>

Notes Payable (DCFA):

Sales Tax Revenue Note (of DCFA) to First United Bank dated February 1, 2007, original amount of \$1,275,000 with an annual interest rate of 5.6%, due in monthly installments of \$9,099, final installment due October 30, 2024. Final draw-downs equal \$1,085,320.	\$790,104
Notes payable of the Durant Community Facilities Authority to City of Durant dated September 2, 2008, original amount of \$235,430 with an annual interest rate of 0%, due in monthly installments of \$1,962, final installment due September 2, 2018.	76,901
Notes payable of the Durant Community Facilities Authority to City of Durant dated September 2, 2008, original amount of \$222,320 with an annual interest rate of 4.91%, due in monthly installments of \$2,348, final installment due September 2, 2018.	<u>70,299</u>
	<u>\$937,304</u>
Current portion	\$114,739
Non-current portion	<u>822,565</u>
Total Notes Payable	<u>\$937,304</u>

Revenue Bonds Payable (DCFA):

Refunding revenue bonds payable of the Durant Community Facilities Authority dated December 22, 2011, original amount of \$14,115,000 with an annual interest rate of 3.1%, due in semi-annual principal installments each May 1 and November 1 ranging from \$350,000 to \$735,000 beginning November 1, 2012, final installment due November 1, 2024	<u>\$11,320,000</u>
Current portion	\$935,000
Non-current portion	<u>10,385,000</u>
Total Revenue Bonds Payable	<u>\$11,320,000</u>

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Accrued Compensated Absences (DIA):

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

Current portion	\$1,466
Non-current portion	<u>13,191</u>
Total Accrued Compensated Absences	<u>\$14,657</u>

Net OPEB Liability (DIA):

Current portion	\$ -
Non-current portion	<u>7,151</u>
Total Net OPEB Liability	<u>\$7,151</u>

Long-term debt service requirements to maturity:

Governmental Activities

<u>Year Ending June 30,</u>	Capital Lease Obligations	
	Principal	Interest
2016	\$ 300,216	\$ 19,006
2017	226,244	10,812
2018	167,277	5,303
2019	88,242	1,535
2020	<u>22,727</u>	<u>217</u>
Total	\$ 804,706	\$ 36,873

Business-Type Activities

<u>Year Ending June 30,</u>	Notes Payable	
	Principal	Interest
2016	\$ 2,963,335	\$ 899,105
2017	2,819,718	818,771
2018	2,786,117	742,248
2019	2,679,717	667,137
2020	2,734,717	593,907
2021-2025	8,074,633	1,960,905
2026-2030	5,435,000	622,498
2031	<u>215,000</u>	<u>4,341</u>
Total	\$ 27,708,237	\$ 6,308,912

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<u>Year Ending June 30,</u>	Component Units	
	Durant Industrial Authority	
	Notes Payable	
	Principal	Interest
2016	\$ 138,908	\$ 18,872
2017	141,103	16,677
2018	143,422	14,359
2019	145,871	11,909
2020	148,459	9,322
2021-2025	554,253	11,071
2026-2030	145,162	-
Total	\$ 1,417,178	\$ 82,210

<u>Year Ending June 30,</u>	Durant Community Facilities Authority			
	Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
	2016	\$ 114,739	\$ 46,170	\$ 935,000
2017	119,970	40,939	980,000	314,495
2018	115,924	35,591	1,040,000	283,728
2019	84,517	30,942	1,095,000	251,022
2020	82,733	26,454	1,165,000	216,613
2021-2025	419,421	54,854	6,105,000	488,327
Total	\$ 937,304	\$ 234,950	\$ 11,320,000	\$ 1,898,053

Landfill Closure Liability:

State and federal laws and regulations require the City to place a final cover on its construction and demolition landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for eight years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these costs as an operating expense of the Utilities Authority in each fiscal year. The current period expense amount is based upon the amount of landfill capacity used as of each fiscal year end.

The \$358,516 reported as accrued landfill closure cost liability at June 30, 2015, represents the cumulative amount of such costs reported to date based on the use of 67.14% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$175,499 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2015. The Authority expects to close the landfill in the year 2027 and actual costs may be higher or lower at that time due to inflation, changes in technology or changes in regulations.

The City has qualified under the Department of Environmental Quality (DEQ) financial assurance test relating to these future closure and post-closure care costs, whereby the City's overall financial condition and other submitted information serves as evidence of the City's ability to pay for the closure and post-closure care costs when the landfill is actually closed. As such, the City is not required to fund an escrow trust account for these costs.

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Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged, for debt covenant coverage purposes, three cents (or 69%) of future sales tax revenues, and net utility revenues to repay the \$6,000,000 of the 2010 Sales Tax and Utility Revenue Note, \$6,000,000 of the 2009A Sales Tax and Utility Revenue Note, \$2,000,000 of the 2009B Sales Tax and Utility Revenue Note, \$5,610,000 of the 2007 Sales Tax Revenue Note, \$1,505,000 of the Series 2006 Sales Tax and Utility Revenue Note, \$4,127,524 of the 2003A OWRB BF Note, \$2,131,976 of the 2004 OWRB ORF, \$6,792,000 of the 2004 OWRB DW, \$7,500,000 of the 2012A Utility System and Sales Tax Note, and \$3,805,000 of the 2013 Sales Tax and Utility Revenue Note. Proceeds from the notes provided for the purchase or construction of capital assets. The notes are payable from the pledged sales tax revenues and net utility revenues. The notes are payable through 2030, 2029, 2029, 2027, 2018, 2021, 2021, 2021, 2022, and 2021 respectively. The total principal and interest payable for the remainder of the life of these notes are \$33,555,862. Pledged sales taxes in the current year were \$10,328,354 and net utility revenues were \$1,985,040. Maximum annual debt service payments of \$3,693,098 for the applicable debt were 30% of pledged sales taxes and net utility revenues.

Sales Tax Revenue Pledge – Component Unit (DCFA) – The City has pledged one-half cent of future sales tax revenues to repay the \$14,115,000 of the 2011 Refunding Sales Tax Revenue Bonds, the \$1,275,000 of the 2007 Sales Tax Revenue Note, the \$235,430 of the Note Payable to the City for paving, and the \$222,320 of the Note Payable to the City for lighting. Proceeds from the notes provided for the purchase or construction of capital assets. The notes are payable from the pledged sales tax revenue. The notes are payable through 2024, 2025, 2018, and 2018, respectively. The total principal and interest for the remainder of the life of these notes are \$14,390,307. Pledged sales taxes received in the current year were \$1,692,144. Current annual debt service payments of \$1,427,677 for the applicable debt were 84% of pledged and transferred sales taxes.

Debt Service Coverage Requirement:

The OWRB debt agreements require that Net Revenues Available for Debt Service must equal at least 125% of the maximum annual debt service on all DUA parity debt. The 2007 Sales Tax Revenue Note requires coverage to meet at least 125% of average annual debt service, while the 2010 Sales Tax & Utility Revenue Note requires coverage to meet at least 100% of annual debt service. Since the OWRB debt requires a greater restriction, all calculations will not be presented. The actual coverage was met as follows:

Gross Revenue Available for Debt Service:	
Charges for services	\$4,876,243
Investment income	9,776
Sales tax pledged (3 cents)	10,328,354
Total Gross Revenues Available	15,214,373
Operating Expenses:	
Operations	2,900,979
Total Operating Expenses	2,900,979
Net Revenues Available for Debt Service	\$12,313,394
Debt Service Requirements:	
Maximum annual debt service on all DUA parity debt	\$3,693,098
Computed Coverage	333%
Coverage Requirement	125%

The above gross revenue and operating expenses include only water and sewer operations of the Utility Authority, excluding depreciation and amortization.

7. Net Position and Fund Balances

Net Position:

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

- a. *Net investment in capital assets* - Consists of capital assets and related accounts, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balances

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

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

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It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

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

	General Fund	1/4% Economic Development Fund	5/8% Sales Tax Education Fund	Capital Improvement Fund	1% Sales Tax Revenue Fund	Other Governmental Funds	Total
Fund Balance:							
Restricted For:							
Economic development	\$ -	\$4,798,278	\$ -	\$ -	\$ -	\$ -	\$4,798,278
Education	-	-	294,292	-	-	-	294,292
Capital improvements and debt service	-	-	-	-	609,252	-	609,252
Cemetery	-	-	-	-	-	161,067	161,067
Multi-sports complex	-	-	-	-	-	109,082	109,082
SOSU capital projects	-	-	-	-	-	109,082	109,082
Public safety	69,236	-	-	-	-	980	70,216
Community center & library	-	-	-	-	-	770	770
Library	-	-	-	-	-	49,873	49,873
Sub-total Restricted	69,236	4,798,278	294,292	-	609,252	430,854	6,201,912
Assigned to:							
Economic development	-	708,489	-	-	-	-	708,489
Capital improvements and debt service	-	-	-	768,856	1,254	-	770,110
Public safety	-	-	-	-	-	146	146
Community center & library	-	-	-	-	-	401,388	401,388
Library	-	-	-	-	-	1,651	1,651
Insurance	\$161,914	-	-	-	-	-	161,914
Christmas lighting	350	-	-	-	-	-	350
Beautification	29,096	-	-	-	-	-	29,096
Cemetery	39,871	-	-	-	-	2,524	42,395
Recreation	39,588	-	-	-	-	-	39,588
Capital projects - grants	-	-	-	-	-	11	11
E911 services	-	-	-	-	-	89,063	89,063
Budget balancing purposes	1,990,627	-	-	-	-	-	1,990,627
Sub-total Assigned	2,261,446	708,489	-	768,856	1,254	494,783	4,234,828
Unassigned (deficit)	1,113,164	-	-	-	-	(242,748)	870,416
Total Fund Balance	\$ 3,443,846	\$ 5,506,767	\$ 294,292	\$ 768,856	\$ 610,506	\$ 682,889	\$11,307,156

Restricted Net Position – Governmental Activities

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

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Fund	Restricted By	Amount
1/4% Economic Development Fund	Enabling legislation	\$ 4,798,278
5/8% Sales Tax Education Fund	Enabling legislation	294,292
1% Sales Tax Revenue Fund	Enabling legislation	609,252
1/4% Sales Tax M.S. Fund	Enabling legislation	109,082
1/4% Sales Tax SOSU Fund	Enabling legislation	109,082
General Fund	External parties	69,236
DWRF Community Center & Library Fund	External parties	770
R.L. Williams Library Fund	External parties	49,873
Drug Enforcement Fund	State statutes and/or debt indentures	980
Cemetery Care Fund	State statutes and/or debt indentures	161,067
		\$ 6,201,912

Prior Period Adjustments

Beginning net position was restated as of June 30, 2015, as follows:

	Fund Level	Government-Wide		
	DCUA	Governmental Activities	Business-Type Activities	Component Unit Durant Industrial Authority
Beginning net position, as previously reported	\$14,690,652	\$65,304,844	\$25,443,452	\$3,964,192
Overstatement of grant receivable	-	(29,334)	-	-
Implementation of GASB Pension Statements 68 & 71	(129,371)	(9,074,253)	(129,371)	(12,378)
Beginning net position, restated	\$14,561,281	\$56,201,257	\$25,314,081	\$3,951,814

8. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

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Transfers:

Internal transfers between funds and activities for the year ended June 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	Capital Improvement	\$31,401	Capital purchase
General Fund	Special 911 Tax Fund	1,197	Operational subsidy
General Fund	Cemetery Care Fund	12,905	Statutory transfer (12.5%)
General Fund	Durant Airport Authority Fund	12,000	Operational subsidy
1/4% Economic Development Fund	Capital Improvement	22,188	Capital purchase
1/4% Economic Development Fund	Capital Improvement	500,000	Grant match
1/4% Economic Development Fund	CDBG Fund	630,000	Grant match
1% Sales Tax Revenue Fund	Capital Improvement	195,017	Capital projects/debt service
1% Sales Tax Revenue Fund	Durant City Utilities Authority	3,135,458	Sales tax transfer
Capital Improvement Fund	CDBG Fund	284,188	Reimbursement of expenses
Capital Improvement Fund	Durant City Utilities Authority	478,388	Debt payments
HOME/FEMA Grant Fund	General Fund	12,380	Reimbursement of expenses
HOME/FEMA Grant Fund	Durant City Utilities Authority	11,524	Grant reimbursement
Durant Library Authority	General Fund	30	Close out fund
Special 911 Tax Fund	General Fund	5,128	Operational subsidy
Cemetery Care Fund	General Fund	200	Cemetery annual interest
Federal Building Fund	Capital Improvement	24,592	Operational subsidy
Durant Airport Authority Fund	General Fund	6,607	Reimbursement of expenses
Durant Airport Authority Fund	Durant City Utilities Authority	160,607	Debt payments
Durant Airport Authority Fund	Durant City Utilities Authority	5,800	Capital asset activity
Durant City Utilities Authority	General Fund	2,684,759	Sales tax transfer
Durant City Utilities Authority	Special 911 Tax Fund	369,644	Operational subsidy
Durant City Utilities Authority	Capital Improvement	943,240	Reimbursement of Note financing
Durant City Utilities Authority	DWRF Com Ctr & Lib Fund	80,000	Maintenance reserve
Durant City Utilities Authority	Durant Airport Authority Fund	189,441	Debt payments
Durant City Utilities Authority	General Fund	444,427	Operational subsidy
		\$10,241,121	

Reconciliation to fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$6,247,903	(\$5,332,004)	\$915,899
Enterprise Funds	3,993,218	(4,909,117)	(915,899)
Total	\$10,241,121	(\$10,241,121)	-

Reconciliation to statement of activities:

	<u>Governmental</u>	<u>Business-Type</u>
Net transfers	\$915,899	(\$915,899)
Reclassification of capital asset activity	(2,021,541)	2,021,541
Reclassification of activities at the govt-wide statements	621,383	(621,383)
Total Transfers - Internal Activity	(\$484,259)	\$484,259

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Interfund Balances:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
E911 Fund	General Fund	\$ 1,490	Deposit of county 911 taxes to wrong fund
General Fund	E911 Fund	2,500	Service fees initially posted to wrong account
General Fund	Cemetery Care Fund	138	Transfer not yet made for 12.5% of cemetery revenues
R.L. Williams Library Fund	General Fund	6,157	Negative share of pooled cash
Durant City Utilities Authority	General Fund	883,900	Negative share of pooled cash
Total		<u>\$ 894,185</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Internal Service Funds Reconciliation</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 894,185	\$ (10,285)	\$ 266,761	\$ 1,150,661
Proprietary Funds	-	(883,900)	(266,761)	(1,150,661)
Total	<u>\$ 894,185</u>	<u>\$ (894,185)</u>	<u>-</u>	<u>-</u>

9. Sales and Property Tax

Sales Tax:

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

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

Property Tax:

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

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss by securing commercial insurance for general liability and physical property and being self-insured for workers compensation and health and life. For workers compensation, the City has a third-party administrator for the claims process. Claims Administrative

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Services and the City signed an agreement for these services, effective November 22, 2011. For health and life, the City has a third-party administrator for the claims process. Claims up to \$45,000 per individual are self-funded with stop-loss insurance up to \$1,688,550 for the group as a whole. Management believes such insurance coverage is sufficient to preclude any significant losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Claims Liability Analysis – Internal Service Funds:

The claims liabilities related to the risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standards No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Such accrued losses include an estimated liability for incurred but not reported claims based on past historical experience.

For the risk management internal service self-insurance funds, changes in the estimated claims liability for the City from July 1, 2012, to June 30, 2015, are as follows:

	Employee Health	Worker's Compensation	Total Internal Service
Claims liability, July 1, 2012	\$397,444	\$107,695	\$505,139
Claims incurred and changes in estimates	2,531,983	989,790	3,521,773
Claims paid	<u>(2,564,634)</u>	<u>(925,787)</u>	<u>(3,490,421)</u>
Claims liability, July 1, 2013	364,793	171,698	536,491
Claims incurred and changes in estimates	3,328,265	439,772	3,768,037
Claims paid	<u>(2,311,224)</u>	<u>(554,260)</u>	<u>(2,865,484)</u>
Claims liability, July 1, 2014	1,381,834	57,210	1,439,044
Claims incurred and changes in estimates	3,047,911	604,755	3,652,666
Claims paid	<u>(3,953,195)</u>	<u>(570,829)</u>	<u>(4,524,024)</u>
Claims liability, June 30, 2015	<u>\$476,550</u>	<u>\$91,136</u>	<u>\$567,686</u>
Assets available to pay claims at June 30, 2015	<u>\$625,988</u>	<u>\$275,918</u>	<u>\$901,906</u>

11. Contingencies

Litigation:

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

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Federal and State Award Programs:

The City of Durant participates in various federal or state grant/loan programs from year to year. In 2015, the City's involvement in federal and state award programs was material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

12. Outstanding Notes Receivable – City and Component Units

The City has two outstanding notes receivable and the component units have five outstanding notes receivable as of June 30, 2015.

The Capital Improvement Fund executed a \$235,430 note receivable in September 2008 with the Durant Community Facilities Authority at a zero percent (0%) interest rate, due in 120 monthly installments of \$1,962, beginning October 1, 2008	\$76,901
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The Capital Improvement Fund executed a \$222,320 note receivable in September 2008 with the Durant Community Facilities Authority at a 4.91% interest rate, due in 120 monthly installments of \$2,348. DCFA agreed to bring current all monthly installments from the date City made its first payment to the bank (March 2008), maturity date March 2018	<u>71,497</u>
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Total Notes Receivable – City of Durant	<u>\$148,398</u>
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The Durant Industrial Authority executed a \$400,000 note receivable in April 2004 with Cardinal FG Company at a zero percent (0%) interest rate, due in 240 monthly installments of \$1,667, maturity date January 2025	\$192,359
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The Durant Industrial Authority executed a \$399,956 note receivable in November 2006 with Eagle Suspensions, Inc at a zero percent (0%) interest rate, due in 240 monthly installments of \$1,666, maturity date September 2027	241,640
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The Durant Industrial Authority executed a \$400,000 note receivable in August 2006 with Earth Biofuels at a zero percent (0%) interest rate, due in 240 monthly installments of \$1,667, maturity date October 2023	271,688
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The Durant Industrial Authority executed a \$520,000 note receivable in August 2012 with PharmcareOK at a zero percent (0%) interest rate, due in 120 monthly installments of \$4,333, maturity date January 2023	390,000
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The Durant Industrial Authority executed a \$1,000,000 note receivable in June 2011 with Texoma Manufacturing at a 5.5% interest rate (subject to forgiveness for the first year related to providing jobs), due in monthly installments of \$13,889 beginning October 1, 2012, with balance due upon maturity on September 1, 2018. Total drawdowns to date equal \$1,000,000.

541,663

Total Notes Receivable – DIA

\$1,637,350

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Improvement Fund:				
DCFA - Paving Project at DMSC	\$100,444	\$ -	\$23,543	\$76,901
DCFA - Lighting Project at DMSC	95,579	-	24,082	71,497
DIA:				
Cardinal FG Company	212,359	-	20,000	192,359
Abbott Family LLC/Pharmcare	442,000	-	52,000	390,000
Eagle Suspension	261,638	-	19,998	241,640
Earth Biofuels	271,688	-	-	271,688
Texoma Manufacturing	708,331	-	166,668	541,663
Total	<u>\$2,092,039</u>	<u>\$ -</u>	<u>\$306,291</u>	<u>\$1,785,748</u>

13. Pension Plan Participation

The City of Durant participates in four pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF) – an agent multiple-employer defined benefit plan
- Oklahoma Municipal Retirement System Defined Contribution Plan (OkMRF) – an agent multiple-employer defined contribution plan

Firefighters’ Plan:

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

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 complete 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 of service

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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 complete 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 of service

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-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-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 determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$262,072. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$606,232; these on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting the amount of on-behalf payments made were \$547,569.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$7,078,874 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2014. Based upon this information, the City's proportion was 0.6884%.

For the year ended June 30, 2015, the City recognized pension expense of \$635,777. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 168,665	\$ -
Net difference between projected and actual earnings on pension plan investments		1,071,548
City contributions subsequent to the measurement date	<u>262,072</u>	<u>-</u>
Total	<u>\$ 430,737</u>	<u>\$ 1,071,548</u>

The \$262,072 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(236,478)
2017		(236,478)
2018		(236,478)
2019		(236,478)
2020		31,409
Thereafter		<u>11,620</u>
	<u>\$</u>	<u>(902,883)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2014, 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.

The actuarial assumptions used in the July 1, 2014, 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, 2014, are summarized in the following table:

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<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-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 9,243,515	\$ 7,078,874	\$ 5,264,062

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.

Police Plan:

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

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

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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 \$312,317. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$299,952 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$254,172. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported an asset of \$273,169 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. 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, 2014. Based upon this information, the City's proportion was 0.8113%.

For the year ended June 30, 2015, the City recognized pension expense of \$100,128. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 122,727
Net difference between projected and actual earnings on pension plan investments	-	960,146
City contributions subsequent to the measurement date	312,317	-
Total	\$ 312,317	\$ 1,082,873

The \$312,317 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase or decrease of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 265,432
2017	265,432
2018	265,432
2019	265,432
2020	21,145
	\$ 1,082,873

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

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The actuarial assumptions used in the July 1, 2014, 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, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected 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%
Commodities	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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 1,625,232	\$ (273,169)	\$ (1,873,073)

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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.

OkMRF Defined Benefit Plan:

Plan Description-The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. 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

<u>Provision</u>	<u>As of 07/01/14 OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	7 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 7 years of service -Disability retirement upon disability with 7 years of service -Death benefit with 7 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	2.625% of final average salary multiplied by credited years of service
Early Retirement	Actuarially reduced benefit based upon age, final average salary, and years of service at termination

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Disability Retirement	Same as normal retirement
Death Benefit	50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 7 Years of Service	No benefits
f. Benefit Authorization	Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

B. Employees Covered by Benefit Terms

Active Employees	130
Deferred Vested Former Employees	23
Retirees or Retiree Beneficiaries	<u>41</u>
Total	<u>194</u>

Contribution Requirements-The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 8.59% of covered payroll as of 7-1-15 and 9.13% of covered payroll as of 7-1-14. For the year ended June 30, 2015, the City recognized \$462,585 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$5,050,820. Employees cannot contribute to the plan in accordance with the plan provisions adopted by the City Council.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2015
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Post Retirement Cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 st based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%.
e. Inflation Rate	3%
f. Mortality Table	UP 1994, with projected mortality improvement

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g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years: Year 1: 215 Year 2: 140 Year 3: 95 Year 4: 65 Year 5: 40

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, 2014 are summarized in the following table:

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	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%
TOTAL	100%		
Average Real Return			4.75%
Inflation			3.00%
Long-term expected return			7.75%

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2014 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, 2014 and the City's report ending date of June 30, 2015, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	\$ 17,083,785	\$ 16,220,856	\$ 862,929
Changes for the Year:			
Service cost	474,442	-	474,442
Interest expense	1,339,625	-	1,339,625
Contributions--City	-	493,430	(493,430)
Contributions--members	-	174,621	(174,621)
Net investment income	-	2,676,643	(2,676,643)
Benefits paid	(555,849)	(555,849)	-
Plan administrative expenses	-	(39,638)	39,638
Net Changes	1,258,218	2,749,207	(1,490,989)
Balances End of Year	\$ 18,342,003	\$ 18,970,063	\$ (628,060)

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Sensitivity of the net pension liability (asset) to changes in the discount rate-The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability (Asset)	\$ 1,973,792	\$ (628,060)	\$ (2,776,784)

The City reported \$154,607 in pension expense for the year ended June 30, 2015. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,152,165
City contributions subsequent to the measurement date	462,585	-
Total	\$ 462,585	\$ 1,152,165

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

Year ended June 30:	
2016	\$ (288,041)
2017	(288,041)
2018	(288,041)
2019	(288,042)
	\$ (1,152,165)

OMRF Defined Contribution Plan:

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

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years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the plan rests with the City Council.

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

For the year ended June 30, 2015, the City contributed \$21,013 to the plan, while the employee contributions totaled \$96,735.

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

14. Postemployment Healthcare Plan

Plan Description. The City sponsors medical and prescription drug insurance coverage to qualifying retirees and their dependents. Coverage is provided through the administrative policy which operates as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter’s Pension and Retirement System, or the City of Durant Retirement Plan. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying the premium rate. Benefits are paid from general operating assets of the City.

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the city council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015, the actuarially expected City contribution in the form of net age adjustment was \$118,118 to the Plan. Plan members receiving benefits contributed \$14,187 of the total premiums in FY 2015.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to for the year ended June 30, 2015:

Normal Cost	\$	92,216
Interest on Net OPEB Obligation		20,781
Amortization of Net OPEB Obligation		(21,087)
Amortization of Actuarial Accrued Liability (AAL)		40,395
Annual OPEB cost (expense)		132,305
Expected net benefits during the year		(14,187)
Increase in net OPEB obligation		118,118
Net OPEB obligation - beginning of year		597,024
Net OPEB obligation - end of year	\$	715,142

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/12	\$114,774	0.0%	\$364,132
6/30/13	119,140	0.0%	483,272
6/30/14	113,752	0.0%	597,024
6/30/15	118,118	0.0%	715,142

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$1,019,441, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,019,441. The covered payroll (annual payroll of active employees covered by the plan) was \$8.67 million, and the ratio of the UAAL to the covered payroll was 10 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.3 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7.35 percent initially, reduced by decrements to an ultimate rate of 4.87 percent in 2060. The UAAL is being amortized over 30 years based on a level percent-of-pay basis. The remaining amortization period at July 1, 2014, was twenty-six years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$2,067,737	\$2,892,445	\$3,899,599	\$1,007,154
Resources (Inflows):				
Taxes	7,994,923	7,994,923	8,481,121	486,198
Intergovernmental	483,000	631,232	637,127	5,895
Charges for services	63,800	63,800	57,958	(5,842)
Fines and Forfeitures	244,500	244,500	342,581	98,081
Licenses and Permits	222,000	222,000	194,800	(27,200)
Investment Income	3,000	3,000	4,065	1,065
Miscellaneous	136,217	159,651	216,117	56,466
Other Financing Sources	3,109,467	2,697,139	2,697,169	30
Total Resources	12,256,907	12,016,245	12,630,938	614,693
Amounts available for appropriation	14,324,644	14,908,690	16,530,537	1,621,847
Charges to Appropriations (Outflows):				
City Administration	565,210	611,660	546,679	64,981
City Clerk	175,174	190,174	181,307	8,867
City Treasurer	191,951	206,951	184,476	22,475
City Attorney	123,310	120,557	100,819	19,738
General Government	2,162,200	1,833,865	497,491	1,336,374
Police	4,195,893	4,362,237	4,193,699	168,538
Animal Control	100,748	100,748	72,970	27,778
Fire	2,974,292	2,976,226	2,880,290	95,936
Municipal Court	103,067	110,767	105,081	5,686
Civil Emergency Management	264,791	266,601	245,927	20,674
Community Development	491,839	499,839	435,555	64,284
Streets	883,495	883,495	851,780	31,715
City Garage	303,497	318,497	279,633	38,864
Parks, Recreation and General Services	741,057	741,057	717,567	23,490
Swimming Pool	100,012	122,432	72,706	49,726
Public Library	656,887	656,887	614,433	42,454
Senior Citizens Center	21,945	21,945	15,611	6,334
Other Financing Uses - Transfers Out	269,276	884,752	884,752	-
Total Charges to Appropriations	14,324,644	14,908,690	12,880,776	2,027,914
Ending Budgetary Fund Balance	\$ -	\$ -	\$3,649,761	3,649,761

See accompanying notes to budgetary comparison schedules.

Unaudited

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2015, Continued

SPECIAL REVENUE - 1/4% ECONOMIC DEVELOPMENT FUND

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$5,465,790	\$5,491,275	\$5,584,146	\$92,871
Resources (Inflows):				
Taxes	807,490	807,490	860,697	53,207
Investment income	5,000	5,000	7,985	2,985
Transfers in - component unit	218,668	218,668	218,668	-
Amounts available for appropriation	<u>6,496,948</u>	<u>6,522,433</u>	<u>6,671,496</u>	<u>149,063</u>
Charges to appropriations (outflows):				
Economic development	6,496,948	5,282,433	12,541	5,269,892
Transfers out	-	1,240,000	1,152,188	87,812
Total Charges to Appropriations	<u>6,496,948</u>	<u>6,522,433</u>	<u>1,164,729</u>	<u>5,357,704</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,506,767</u>	<u>\$5,506,767</u>

SPECIAL REVENUE - 5/8% SALES TAX EDUCATION FUND

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$250,347	\$250,347
Resources (Inflows):				
Taxes	2,064,748	2,243,245	2,287,189	43,944
Amounts available for appropriation	<u>2,064,748</u>	<u>2,243,245</u>	<u>2,537,536</u>	<u>294,291</u>
Charges to appropriations (outflows):				
General government	2,064,748	2,243,245	2,243,244	1
Total Charges to Appropriations	<u>2,064,748</u>	<u>2,243,245</u>	<u>2,243,244</u>	<u>1</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$294,292</u>	<u>\$294,292</u>

See accompanying notes to budgetary comparison schedules

Unaudited

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Footnotes to Budgetary Comparison Schedules:

1. The City prepares its budgets for all funds on the modified accrual basis of accounting with the exception of payroll accruals and certain expenditures related to on-behalf payments for police and fire and tax apportionment revenue transfers. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid. All unexpended encumbrances lapse at year-end and therefore are not recorded as expenditures for budgetary purposes.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	<u>General Fund</u>
Total budgetary amounts available for appropriation	\$16,530,537
Current year on-behalf payments made by state	906,184
Beginning budgetary fund balance	<u>(3,899,599)</u>
Actual revenues and transfers per Statement of Revenues and Expenditures and Changes in Fund Balance	<u>\$13,537,122</u>
Total revenues	\$10,839,953
Transfers in	<u>2,697,169</u>
	<u>\$13,537,122</u>
Total budgetary charges to appropriations	\$12,880,776
Net difference in prior year and current year payroll accruals	(47,178)
Current year on-behalf payments made by state	<u>906,184</u>
Actual expenditures and transfers per Statement of Revenues and Expenditures and Changes in Fund Balance	<u>\$13,739,782</u>
Total expenditures	13,455,030
Transfers out	44,598
Interaccount transfers	<u>240,154</u>
	<u>\$13,739,782</u>

Unaudited

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

	<u>2015</u>
City's proportion of the net pension liability	0.688374%
City's proportionate share of the net pension liability	\$ 7,078,874
City's covered-employee payroll	\$ 1,788,012
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	396%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

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

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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

	<u>2015</u>
Statutorially required contribution	\$ 262,072
Contributions in relation to the statutorially required contribution	<u>262,072</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 1,868,206
Contributions as a percentage of covered-employee payroll	14.03%

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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

	2015
City's proportion of the net pension liability (asset)	0.8113%
City's proportionate share of the net pension liability (asset)	\$ (273,169)
City's covered-employee payroll	\$ 2,191,728
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	12.46%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%

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

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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

	2015
Statutorily required contribution	\$ 312,317
Contributions in relation to the statutorily required contribution	312,317
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 2,395,574
Contributions as a percentage of covered-employee payroll	13.04%

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios	Last Fiscal Year
	2015
Total pension liability	
Service cost	\$ 474,442
Interest	1,339,625
Benefit payments, including refunds of member contributions	(555,849)
Net change in total pension liability	1,258,218
Total pension liability - beginning	17,083,785
Total pension liability - ending (a)	\$ 18,342,003
Plan fiduciary net position	
Contributions - employer	\$ 493,430
Contributions - member	174,621
Net investment income	2,676,643
Benefit payments, including refunds of member contributions	(555,849)
Administrative expense	(39,638)
Net change in plan fiduciary net position	2,749,207
Plan fiduciary net position - beginning	16,220,856
Plan fiduciary net position - ending (b)	\$ 18,970,063
Net pension liability (asset) - ending (a) - (b)	\$ (628,060)
Plan fiduciary net position as a percentage of the total pension liability	103.42%
Covered employee payroll	\$ 4,806,130
Net pension asset as a percentage of covered-employee payroll	13.07%

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions	Last Fiscal Year
	<u>2015</u>
Actuarially determined contribution	\$ 462,585
Contributions in relation to the actuarially determined contribution	462,585
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 5,050,820
Contributions as a percentage of covered-employee payroll	9.16%

Notes to Schedule:

1. Only the current fiscal year is presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2015
3. Actuarially determined contribution rate is calculated as of July 1, 2014 and July 1, 2015
 Fiscal year 2014-2015 contributions were at a rate of 9.13%.
 Fiscal year 2015-2016 contributions are set at a rate of 8.59%.
4. Methods and assumptions used to determine contribution rates:
 Actuarial cost method - Entry age normal
 Amortization method - Level percent of payroll, closed
 Remaining amortization period - 29 years
 Asset valuation method - Actuarial:
 Smoothing period - 4 years
 Recognition method - Non-asymptotic
 Corridor - 70% - 130%
 Salary increases - 4.00% to 7.42% (varies by attained age)
 Investment rate of return - 7.50%

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Required Supplementary Information – OPEB

OPEB Liability - Schedule of Funding Progress

Required Supplementary Information - Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) --PUC Method</u>	<u>Unfunded (Overfunded) AAL</u>	<u>Funded Ratio</u>	<u>(est) Covered Payroll</u>	<u>AAL as a Percentage of Covered Payroll</u>
7/1/09	\$0	\$975,471	\$975,471	0%	\$6,956,000	(14%)
7/1/10	\$0	\$1,105,598	\$1,105,598	0%	\$7,721,000	(14%)
7/1/11	\$0	\$904,095	\$904,095	0%	\$8,485,000	(11%)
7/1/12	\$0	\$1,209,728	\$1,209,728	0%	\$8,576,000	(12%)
7/1/13	\$0	\$1,019,441	\$1,019,441	0%	\$8,667,000	(10%)

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SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – General Fund Accounts – June 30, 2015

	General Fund Accounts					Total	
	General Fund	Cemetery Operations Account	Beautification Account	Christmas Lighting Account	Insurance Cash Account		Multi-Sports Complex Account
ASSETS							
Cash and cash equivalents	\$ 1,062,848	\$ 36,728	\$ 18,835	\$ 227	\$ 104,811	\$ 43,965	\$ 1,267,414
Investments	578,208	20,011	10,261	123	57,103	23,409	689,115
Due from other funds	891,547	-	-	-	-	-	891,547
Due from component unit	209,942	-	-	-	-	-	209,942
Due from other governments	1,104,458	-	-	-	-	-	1,104,458
Franchise tax receivable	61,968	-	-	-	-	-	61,968
Court fines receivable, net	17,048	-	-	-	-	-	17,048
Other receivables	22,781	4,625	-	-	-	-	27,406
Total assets	<u>\$ 3,948,800</u>	<u>\$ 61,364</u>	<u>\$ 29,096</u>	<u>\$ 350</u>	<u>\$ 161,914</u>	<u>\$ 67,374</u>	<u>\$ 4,268,898</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 213,811	\$ 17,170	\$ -	\$ -	\$ -	\$ 12,054	\$ 243,035
Accrued payroll liabilities	499,716	4,185	-	-	-	15,732	519,633
Due to other funds	2,500	138	-	-	-	-	2,638
Due to other governments	1,972	-	-	-	-	-	1,972
Unearned revenue	14,196	-	-	-	-	-	14,196
Total liabilities	<u>732,195</u>	<u>21,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,786</u>	<u>781,474</u>
Deferred Inflows of Resources:							
Deferred revenue	43,578	-	-	-	-	-	43,578
Fund balances:							
Restricted	69,236	-	-	-	-	-	69,236
Assigned	1,990,627	39,871	29,096	350	161,914	39,588	2,261,446
Unassigned	1,113,164	-	-	-	-	-	1,113,164
Total fund balances	<u>3,173,027</u>	<u>39,871</u>	<u>29,096</u>	<u>350</u>	<u>161,914</u>	<u>39,588</u>	<u>3,443,846</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,948,800</u>	<u>\$ 61,364</u>	<u>\$ 29,096</u>	<u>\$ 350</u>	<u>\$ 161,914</u>	<u>\$ 67,374</u>	<u>\$ 4,268,898</u>

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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2015

	<u>General Fund</u>	<u>Cemetery Operations Account</u>	<u>Beautification Account</u>	<u>Christmas Lighting Account</u>	<u>Insurance Cash Account</u>	<u>Multi-Sports Complex Account</u>	<u>Total</u>
REVENUES							
Taxes	\$ 8,481,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,481,121
Intergovernmental	1,543,311	-	-	-	-	-	1,543,311
Charges for services	57,958	61,050	-	-	-	88,030	207,038
Licenses and permits	194,800	-	-	-	-	-	194,800
Fines and forfeitures	342,581	-	-	-	-	-	342,581
Investment income	4,065	61	42	1	195	79	4,443
Miscellaneous	216,117	5,942	-	-	6,887	91	229,037
Total revenues	<u>10,839,953</u>	<u>67,053</u>	<u>42</u>	<u>1</u>	<u>7,082</u>	<u>88,200</u>	<u>11,002,331</u>
EXPENDITURES							
Current:							
General government	1,606,863	-	785	-	272,280	-	1,879,928
Public Safety	8,761,662	-	-	-	-	-	8,761,662
Public Works	1,601,857	-	-	-	-	-	1,601,857
Culture, tourism and recreation	1,484,648	-	-	-	-	460,555	1,945,203
Cemetery	-	157,298	-	-	-	-	157,298
Capital Outlay	-	-	-	-	-	4,327	4,327
Total expenditures	<u>13,455,030</u>	<u>157,298</u>	<u>785</u>	<u>-</u>	<u>272,280</u>	<u>464,882</u>	<u>14,350,275</u>
Excess (deficiency) of revenues over expenditures	<u>(2,615,077)</u>	<u>(90,245)</u>	<u>(743)</u>	<u>1</u>	<u>(265,198)</u>	<u>(376,682)</u>	<u>(3,347,944)</u>
OTHER FINANCING SOURCES (USES)							
Interaccount transfers	(240,154)	131,789	-	-	111,804	(3,439)	-
Transfers in	2,697,169	200	-	-	115,706	340,456	3,153,531
Transfers out	(44,598)	(12,905)	-	-	-	-	(57,503)
Transfer from component unit	-	-	-	-	76,490	31,200	107,690
Total other financing sources and uses	<u>2,412,417</u>	<u>119,084</u>	<u>-</u>	<u>-</u>	<u>304,000</u>	<u>368,217</u>	<u>3,203,718</u>
Net change in fund balances	<u>(202,660)</u>	<u>28,839</u>	<u>(743)</u>	<u>1</u>	<u>38,802</u>	<u>(8,465)</u>	<u>(144,226)</u>
Fund balances - beginning	<u>3,375,687</u>	<u>11,032</u>	<u>29,839</u>	<u>349</u>	<u>123,112</u>	<u>48,053</u>	<u>3,588,072</u>
Fund balances - ending	<u>\$ 3,173,027</u>	<u>\$ 39,871</u>	<u>\$ 29,096</u>	<u>\$ 350</u>	<u>\$ 161,914</u>	<u>\$ 39,588</u>	<u>\$ 3,443,846</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015

	SPECIAL REVENUE FUNDS				
	Special 911 Tax Fund	R.L. Williams Library Fund	Drug Enforcement Fund	Durant Library Authority	HOME/FEMA Grant Fund
ASSETS					
Cash and cash equivalents	\$ 46,533	\$ 14,192	\$ 1,136	\$ -	\$ 7
Investments	25,353	44,622	-	-	4
Due from other funds	2,500	-	-	-	-
Due from other governments	-	-	-	-	-
Other receivables	58,350	-	-	-	-
Total assets	<u>\$ 132,736</u>	<u>\$ 58,814</u>	<u>\$ 1,136</u>	<u>\$ -</u>	<u>\$ 11</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 11,021	\$ 1,133	\$ 10	\$ -	\$ -
Accrued payroll liabilities	31,162	-	-	-	-
Due to other funds	1,490	6,157	-	-	-
Total liabilities	<u>43,673</u>	<u>7,290</u>	<u>10</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Deferred revenue	-	-	-	-	-
Fund balances:					
Restricted	-	49,873	980	-	-
Assigned	89,063	1,651	146	-	11
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>89,063</u>	<u>51,524</u>	<u>1,126</u>	<u>-</u>	<u>11</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 132,736</u>	<u>\$ 58,814</u>	<u>\$ 1,136</u>	<u>\$ -</u>	<u>\$ 11</u>

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS			TOTALS
	1/4% Sales Tax M.S. Fund	1/4% Sales Tax SOSU Fund	DWRP Community Center & Library Fund	Cemetery Care Fund	CDBG Fund	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 401,828	\$ 105,807	\$ 48,593	\$ 618,096
Investments	-	-	330	57,646	26,475	154,430
Due from other funds	-	-	-	138	-	2,638
Due from other governments	109,082	109,082	-	-	317,968	536,132
Other receivables	-	-	-	-	-	58,350
Total assets	<u>\$ 109,082</u>	<u>\$ 109,082</u>	<u>\$ 402,158</u>	<u>\$ 163,591</u>	<u>\$ 393,036</u>	<u>\$ 1,369,646</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 411,590	\$ 423,754
Accrued payroll liabilities	-	-	-	-	-	31,162
Due to other funds	-	-	-	-	-	7,647
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,590</u>	<u>462,563</u>
Deferred Inflows of Resources:						
Deferred revenue	-	-	-	-	224,194	224,194
Fund balances:						
Restricted	109,082	109,082	770	161,067	-	430,854
Assigned	-	-	401,388	2,524	-	494,783
Unassigned (deficit)	-	-	-	-	(242,748)	(242,748)
Total fund balances	<u>109,082</u>	<u>109,082</u>	<u>402,158</u>	<u>163,591</u>	<u>(242,748)</u>	<u>682,889</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 109,082</u>	<u>\$ 109,082</u>	<u>\$ 402,158</u>	<u>\$ 163,591</u>	<u>\$ 393,036</u>	<u>\$ 1,369,646</u>

**CITY OF DURANT, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS				
	Special 911 Tax Fund	R.L. Williams Library Fund	Drug Enforcement Fund	Durant Library Authority	HOME/FEMA Grant Fund
REVENUES					
Taxes	\$ 283,071	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	3,743	-	-
Charges for services	102,727	-	-	-	-
Investment earnings	95	142	2	-	10
Miscellaneous	1,008	2,977	-	-	-
Total revenues	<u>386,901</u>	<u>3,119</u>	<u>3,745</u>	<u>-</u>	<u>10</u>
EXPENDITURES					
Current:					
Public Safety	756,438	-	9,952	-	-
Culture and recreation	-	7,536	-	-	-
Capital Outlay	-	-	-	-	-
Total expenditures	<u>756,438</u>	<u>7,536</u>	<u>9,952</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(369,537)	(4,417)	(6,207)	-	10
OTHER FINANCING SOURCES (USES)					
Transfers in	370,841	-	-	-	-
Transfers out	(5,128)	-	-	(30)	(23,904)
Transfer to component unit	-	-	-	-	-
Net change in fund balances	(3,824)	(4,417)	(6,207)	(30)	(23,894)
Fund balances - beginning	92,887	55,941	7,333	30	23,905
Fund balances - ending	<u>\$ 89,063</u>	<u>\$ 51,524</u>	<u>\$ 1,126</u>	<u>\$ -</u>	<u>\$ 11</u>

(Continued)

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS			Totals
	1/4% Sales Tax M.S. Fund	1/4% Sales Tax SOSU Fund	DWRP Community Center & Library Fund	Cemetery Care Fund	CDBG Fund	
REVENUES						
Taxes	\$ 860,697	\$ 860,697	\$ -	\$ -	\$ -	\$ 2,004,465
Intergovernmental	-	-	-	-	449,175	452,918
Charges for services	-	-	-	-	-	102,727
Investment earnings	-	-	180	206	-	635
Miscellaneous	-	-	-	-	-	3,985
Total revenues	<u>860,697</u>	<u>860,697</u>	<u>180</u>	<u>206</u>	<u>449,175</u>	<u>2,564,730</u>
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	766,390
Culture and recreation	-	-	-	-	-	7,536
Capital Outlay	-	-	1,130	-	1,337,118	1,338,248
Total expenditures	<u>-</u>	<u>-</u>	<u>1,130</u>	<u>-</u>	<u>1,337,118</u>	<u>2,112,174</u>
Excess (deficiency) of revenues over expenditures	860,697	860,697	(950)	206	(887,943)	452,556
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	80,000	12,905	914,188	1,377,934
Transfers out	-	-	-	(200)	-	(29,262)
Transfer to component unit	(846,072)	(846,072)	-	-	-	(1,692,144)
Net change in fund balances	14,625	14,625	79,050	12,911	26,245	109,084
Fund balances - beginning	94,457	94,457	323,108	150,680	(268,993)	573,805
Fund balances - ending	<u>\$ 109,082</u>	<u>\$ 109,082</u>	<u>\$ 402,158</u>	<u>\$ 163,591</u>	<u>\$ (242,748)</u>	<u>\$ 682,889</u>

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Combining Statement of Net Position – Internal Service Funds – June 30, 2015

	<u>Employee Health Fund</u>	<u>Worker's Compensation Fund</u>	<u>Info Tech Service Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 415,201	\$ 179,719	\$ 38,038	\$ 632,958
Investments	210,369	96,199	20,724	327,292
Accounts receivable, net of allowance	418	-	-	418
Total current assets	<u>625,988</u>	<u>275,918</u>	<u>58,762</u>	<u>960,668</u>
Non-current assets:				
Capital Assets:				
Other capital assets, net of depreciation	-	-	18,624	18,624
Total non-current assets	<u>-</u>	<u>-</u>	<u>18,624</u>	<u>18,624</u>
Total assets	<u>625,988</u>	<u>275,918</u>	<u>77,386</u>	<u>979,292</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	72,669	-	18,242	90,911
Accrued payroll liabilities	-	-	7,086	7,086
Estimated liability for claims	476,550	91,136	-	567,686
Accrued compensated absences - current	-	-	1,807	1,807
Accrued compensated absences - noncurrent	-	-	16,260	16,260
Total liabilities	<u>549,219</u>	<u>91,136</u>	<u>43,395</u>	<u>683,750</u>
NET ASSETS				
Net investment in capital assets	-	-	18,624	18,624
Unrestricted	76,769	184,782	15,367	276,918
Total net assets	<u>\$ 76,769</u>	<u>\$ 184,782</u>	<u>\$ 33,991</u>	<u>\$ 295,542</u>

**Combining Statement of Changes in Net Position–Internal Service Funds–Year Ended
June 30, 2015**

	<u>Employee Health Fund</u>	<u>Worker's Compensation Fund</u>	<u>Info Tech Service Fund</u>	<u>Total</u>
REVENUES				
Charges for services:				
Self insurance charges	\$ 2,145,788	\$ 551,696	\$ -	\$ 2,697,484
Miscellaneous	1,883,404	233	422,712	2,306,349
Total operating revenues	<u>4,029,192</u>	<u>551,929</u>	<u>422,712</u>	<u>5,003,833</u>
OPERATING EXPENSES				
Claims expense	3,047,911	604,755	-	3,652,666
Info tech services	-	-	399,941	399,941
Depreciation	-	-	4,054	4,054
Total operating expenses	<u>3,047,911</u>	<u>604,755</u>	<u>403,995</u>	<u>4,056,661</u>
Operating income (loss)	<u>981,281</u>	<u>(52,826)</u>	<u>18,717</u>	<u>947,172</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	653	459	44	1,156
Interest expense	-	-	(44)	(44)
Total non-operating revenue (expenses)	<u>653</u>	<u>459</u>	<u>-</u>	<u>1,112</u>
Income (loss) before contributions	981,934	(52,367)	18,717	948,284
Capital contributions	-	-	6,340	6,340
Change in net position	981,934	(52,367)	25,057	954,624
Total net position - beginning	(905,165)	237,149	8,934	(659,082)
Total net position - ending	<u>\$ 76,769</u>	<u>\$ 184,782</u>	<u>\$ 33,991</u>	<u>\$ 295,542</u>

CITY OF DURANT, OKLAHOMA
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Combining Schedule of Net Position – DCUA Accounts – June 30, 2015

	Utilities Authority Fund Accounts		
	Utilities Authority Fund	UA Bonds Sinking Account	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 389,485	\$ -	\$ 389,485
Restricted cash and cash equivalents	709,551	3,502,932	4,212,483
Restricted investments	278,406	-	278,406
Accounts receivable, net of allowance	1,204,154	-	1,204,154
Total current assets	<u>2,581,596</u>	<u>3,502,932</u>	<u>6,084,528</u>
Non-current assets:			
Net pension asset	221,442	-	221,442
Capital Assets:			
Land and other non-depreciable assets	4,450,323	-	4,450,323
Other capital assets, net of depreciation	37,076,692	-	37,076,692
Total noncurrent assets	<u>41,748,457</u>	<u>-</u>	<u>41,748,457</u>
Total assets	<u>44,330,053</u>	<u>3,502,932</u>	<u>47,832,985</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to pensions	163,098	-	163,098
Unamortized loss on refunding	89,780	-	89,780
Total deferred outflows of resources	<u>252,878</u>	<u>-</u>	<u>252,878</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	298,906	-	298,906
Accrued payroll liabilities	108,994	-	108,994
Due to other funds	-	883,900	883,900
Accrued interest payable	244,725	-	244,725
Current Portion of:			
Meter deposit liability	80,145	-	80,145
Notes payable	2,919,285	-	2,919,285
Landfill closure liability	17,926	-	17,926
Accrued compensated absences	24,850	-	24,850
Total current liabilities	<u>3,694,831</u>	<u>883,900</u>	<u>4,578,731</u>
Non-current liabilities:			
Meter deposit liability	320,579	-	320,579
Notes payable	24,744,902	-	24,744,902
Landfill closure liability	340,590	-	340,590
Accrued compensated absences	223,648	-	223,648
OPEB obligation	150,180	-	150,180
Total noncurrent liabilities	<u>25,779,899</u>	<u>-</u>	<u>25,779,899</u>
Total liabilities	<u>29,474,730</u>	<u>883,900</u>	<u>30,358,630</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to pensions	406,231	-	406,231
NET ASSETS			
Net investment in capital assets	15,089,236	2,619,032	17,708,268
Unrestricted (deficit)	(387,266)	-	(387,266)
Total net assets	<u>\$ 14,701,970</u>	<u>\$ 2,619,032</u>	<u>\$ 17,321,002</u>

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Combining Schedule of Revenues, Expenses, and Changes in Net Position – DCUA Accounts – Year Ended June 30, 2015

	Utilities Authority Fund Accounts		
	Utilities Authority Fund	UA Bonds Sinking Account	Total
REVENUES			
Charges for services:			
Water charges	\$ 2,892,270	\$ -	\$ 2,892,270
Sewer charges	1,678,901	-	1,678,901
Water and sewer taps	198,420	-	198,420
Penalties	106,652	-	106,652
Non-payment fees	155,301	-	155,301
Sanitation charges	3,902,027	-	3,902,027
Landfill gate fees	245,364	-	245,364
Lab tests	22,625	-	22,625
Rentals	72,129	-	72,129
Transfer station fees	331,183	-	331,183
Recyclable products	10,215	-	10,215
Miscellaneous	384,957	-	384,957
Total operating revenues	<u>10,000,044</u>	<u>-</u>	<u>10,000,044</u>
OPERATING EXPENSES			
Public works administration	131,349	-	131,349
Utility billing	318,024	-	318,024
Water/sewer line maintenance	759,308	-	759,308
Water treatment plant	846,634	-	846,634
Wastewater treatment	706,614	-	706,614
Collection - solid waste	990,371	-	990,371
General government	105,513	-	105,513
Lake Durant	33,537	-	33,537
Disposal - solid waste	1,011,684	-	1,011,684
Depreciation expense	2,106,844	-	2,106,844
Total Operating Expenses	<u>7,009,878</u>	<u>-</u>	<u>7,009,878</u>
Operating income	<u>2,990,166</u>	<u>-</u>	<u>2,990,166</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	1,286	8,490	9,776
Interest expense and fiscal changes	(989,813)	-	(989,813)
Total non-operating revenue (expenses)	<u>(988,527)</u>	<u>8,490</u>	<u>(980,037)</u>
Income before contributions and transfers	<u>2,001,639</u>	<u>8,490</u>	<u>2,010,129</u>
Capital contributions	1,995,741	-	1,995,741
Interaccount transfers	3,382,209	(3,382,209)	-
Transfers in	495,712	3,296,065	3,791,777
Transfers out	(3,768,271)	(943,240)	(4,711,511)
Transfers to component unit	(326,415)	-	(326,415)
Change in net position	<u>3,780,615</u>	<u>(1,020,894)</u>	<u>2,759,721</u>
Total net position - beginning, (restated)	10,921,355	3,639,926	14,561,281
Total net position - ending	<u>\$ 14,701,970</u>	<u>\$ 2,619,032</u>	<u>\$ 17,321,002</u>