



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

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2024**

**THE CITY OF DUNCAN, OKLAHOMA**

Annual Financial Statements  
And Independent Auditor's Report

As of and For the Fiscal Year Ended  
December 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Duncan, Oklahoma (the "City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, 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 December 31, 2024, 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.

We did not audit the financial statements of Duncan Area Economic Development Foundation ("DAEDF"), which represents approximately 99 percent and 99 percent, respectively, of the assets and revenues of the aggregate discretely presented component units of the City as of December 31, 2024. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for DAEDF, is based solely on the report of the other auditor. The financial statements of DAEDF were not audited in accordance with *Government Auditing Standards*.

#### Basis for Opinions

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

#### Emphasis of Matter—Restatement of Beginning Balances Due to Implementation of GASB Statement No. 101

As discussed in Note G to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, in the current year. As a result, the City restated its beginning net position/fund balance as of January 1, 2024, to reflect the cumulative effect of applying the new standard. Our opinion is not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

## **Required Supplementary Information**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

The logo for Arledge & Associates PC, featuring the company name in a stylized, cursive script font.

Oklahoma City, Oklahoma  
November 25, 2025



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## **Management's Discussion and Analysis**

Our discussion and analysis of the City of Duncan's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended December 31, 2024, the City's total net position increased by \$6,154,449 or 9.39% from the prior year.
- In the City's governmental activities, program expenses exceeded program revenues by \$29,236,186, while the governmental activities total net position decreased by \$2,156,800 for the fiscal year.
- In the City's business-type activities, such as utilities, program expenses exceeded program revenues by \$10,441,918. The business-type activities total net position increased by \$8,311,249 for the fiscal year.
- At December 31, 2024, the General Fund reported an unassigned fund balance of 5,647,212.
- For budgetary reporting purposes, the General Fund reported revenues above estimates by \$940,149 or 5.97%, while expenditures were over the final appropriations by \$311,175 or 1.46%.
- The City implemented GASB Statement 101, Compensated Absences. This implementation caused a restatement of beginning net position (\$1,878,526).

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

The financial statements presented herein include all of the activities of the City of Duncan (the "City") and its component units using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB) Statements No. 14, 34, 39, and 61. Included in this report are government-wide statements for each of three categories of activities – governmental, business-type, and discretely presented component units. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) and deferred outflows of resources, as well as all liabilities (including all long-term debt) and deferred inflows of resources.

#### **About the City**

The City of Duncan is an incorporated municipality with a population of approximately 23,000 located in southwestern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government.

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

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***The City's Financial Reporting Entity***

This annual report includes all activities for which the City Council of the City of Duncan is fiscally responsible. These activities are operated within several separate legal entities that are reported together to make up the City's financial reporting entity.

The City's financial reporting entity includes the City of Duncan, three blended component units, and three discretely presented component units.

**Primary Government:**

**The City of Duncan** – incorporated municipality that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities

**Blended Component Units:**

**Duncan Public Utilities Authority (DPUA)** – public trust that operates the electric, water, wastewater, solid waste/sanitation, airport and lake services of the City.

**Duncan Economic Development Trust Authority (DEDTA)** – public trust that accounts for sales tax restricted for the promotion of economic development.

**Duncan Enhancement Trust Authority (DETA)** – public trust that finances and promotes beautification and aesthetic enhancement of the appearance of the City.

**Discretely Presented Component Units:**

**Duncan Industrial Authority (DIA)** - created to finance, promote, develop and maintain industry within the City of Duncan and the surrounding area. The Authority does not issue separate financial statements. The DIA is currently inactive.

**Duncan Hospital Authority (DHA)** - created to provide financing for physical plant facilities, improvements, equipment, and medical services for the purpose of providing or improving health care within the City of Duncan. The Authority does not issue separate financial statements.

**Duncan Area Economic Development Foundation (DAEDF)** - created as a non-profit corporation December 19, 1954 to promote industry development and job creation within the City and surrounding area. A majority of the Foundation revenues are derived from sales tax proceeds, which are passed through the Duncan Economic Development Trust Authority (DEDTA). The DAEDF issues separate financial statements, which are available by contacting that entity at Box 1051, Duncan, OK 73534.

**Using This Annual Report**

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

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

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- **Supplemental Schedules** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information, combining non-major fund schedules, and information related to the City's participation in pension systems and other post-employment benefit plans.

### *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, liabilities and deferrals using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets, deferred outflows, liabilities, and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

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

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, electric, airport, lake and sanitation activities are reported here.
- **Discretely presented component units** -- Accounts for various activities related to industrial and economic development and hospital development.

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## **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, the City Council 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 in that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities that the city reports in the government-wide statements but provide more detail and additional information, such as cash flows.

*Fiduciary funds* - When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or other parties, these activities are reported as fiduciary funds, such as the Employee Retirement Trust Fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance operations.

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

### **Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$69,834,854 at the close of the most recent fiscal year.

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	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2024	2023		2024	2023		2024	2023	
Current assets	\$ 39,661	\$ 40,657	-2%	\$ 34,860	\$ 33,758	3%	\$ 74,521	\$ 74,415	0%
Capital assets, net	39,675	39,829	0%	84,898	73,739	15%	124,573	113,568	10%
Deferred outflows	4,935	5,854	-16%	2,621	4,763	-45%	7,556	10,617	-29%
<b>Total assets and deferred outflows</b>	<b>84,271</b>	<b>86,340</b>	<b>-2%</b>	<b>122,379</b>	<b>112,260</b>	<b>9%</b>	<b>206,650</b>	<b>198,600</b>	<b>4%</b>
Current liabilities	5,312	6,226	-15%	8,534	9,989	-15%	13,846	16,215	-15%
Non-current liabilities	29,138	27,449	6%	87,314	78,406	11%	116,452	105,855	10%
Deferred inflows	5,125	5,812	-12%	1,192	6,837	-83%	6,317	12,649	-50%
<b>Total liabilities and deferred inflows</b>	<b>39,575</b>	<b>39,487</b>	<b>0%</b>	<b>97,040</b>	<b>95,232</b>	<b>2%</b>	<b>136,615</b>	<b>134,719</b>	<b>1%</b>
Net position									
Net investment in capital assets	36,194	36,718	-1%	39,707	40,778	-3%	75,901	77,496	-2%
Restricted	17,216	15,991	8%	607	2,898	-79%	17,823	18,889	-6%
Unrestricted (deficit)	(8,714)	(5,856)	49%	(14,975)	(26,648)	-44%	(23,689)	(32,504)	-27%
<b>Total net position</b>	<b>\$ 44,696</b>	<b>\$ 46,853</b>	<b>-5%</b>	<b>\$ 25,339</b>	<b>\$ 17,028</b>	<b>49%</b>	<b>\$ 70,035</b>	<b>\$ 63,881</b>	<b>10%</b>

\* Prior year restated for GASB 101

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. For 2024, the net investment in capital assets amounted to \$75,900,764. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$17,823,457 also represents resources that are subject to external restrictions on how they may be used.

Explanations of significant changes displayed in Table 1 are as follows:

*Governmental Activities:*

Non-current liabilities – Increase of \$1.7 million (6%) due to a increase in pension liabilities.

*Business-type Activities:*

Capital assets – Increase of \$11.2 million (15%) due to construction projects for improvements to the water and wastewater systems.

Deferred outflows – Decrease of \$2.1 million (45%) due to changes in deferred outflows related the pensions.

Non Current liabilities – Increase of \$8.9 million (11%) due to an increase in long term notes payable to the Oklahoma Water Resources Board for improvements to the water and wastewater systems.

Deferred inflows - Decrease of \$5.6 million (83%) due to an decrease in the inflows related the pension plans and the OPEB plan.

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## **Changes in Net Position**

For the year ended December 31, 2024, net position of the primary government changed as follows:

**TABLE 2**  
**CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2024	2023*		2024	2023*		2024	2023	
<b>Revenues</b>									
Charges for service	\$ 1,719	\$ 1,746	-2%	\$ 39,791	\$ 35,904	11%	\$ 41,510	\$ 37,650	10%
Operating grants and contributions	2,965	2,275	30%	244	221	10%	3,209	2,496	29%
Capital grants and contributions	43	103	-58%	1,491	-	100%	1,534	103	1389%
Taxes	21,837	22,237	-2%	-	-	-	21,837	22,237	-2%
Intergovernmental revenue	914	1,403	-35%	-	-	-	914	1,403	-35%
Investment income	617	584	-6%	1,044	548	-91%	1,661	1,132	-47%
Miscellaneous	527	189	179%	9	56	-84%	536	245	119%
<b>Total revenues</b>	<b>28,622</b>	<b>28,537</b>	<b>0%</b>	<b>42,579</b>	<b>36,729</b>	<b>16%</b>	<b>71,201</b>	<b>65,266</b>	<b>9%</b>
<b>Expenses</b>									
General government	5,909	4,925	20%	-	-	-	5,909	4,925	20%
Public safety	17,879	14,576	23%	-	-	-	17,879	14,576	23%
Highways and streets	4,402	4,110	7%	-	-	-	4,402	4,110	7%
Culture and recreation	2,433	1,790	36%	-	-	-	2,433	1,790	36%
Health	498	369	35%	-	-	-	498	369	35%
Community development	860	737	17%	-	-	-	860	737	17%
Economic development	1,680	982	71%	-	-	-	1,680	982	71%
Interest on long-term debt	301	323	-7%	-	-	-	301	323	-7%
Water	-	-	-	6,324	4,142	53%	6,324	4,142	53%
Wastewater	-	-	-	2,514	2,312	9%	2,514	2,312	9%
Sanitation	-	-	-	4,786	4,331	11%	4,786	4,331	11%
Electric	-	-	-	16,374	16,190	1%	16,374	16,190	1%
Airport	-	-	-	219	414	-47%	219	414	-47%
Lake	-	-	-	868	767	13%	868	767	13%
<b>Total expenses</b>	<b>33,962</b>	<b>27,812</b>	<b>22%</b>	<b>31,085</b>	<b>28,156</b>	<b>10%</b>	<b>65,047</b>	<b>55,968</b>	<b>16%</b>
Excess (deficiency) before transfers	(5,340)	725	-837%	11,494	8,573	34%	6,154	9,298	-34%
Transfers	3,183	3,405	-7%	(3,183)	(3,405)	-7%	-	-	-
<b>Change in net position</b>	<b>(2,157)</b>	<b>4,130</b>	<b>-152%</b>	<b>8,311</b>	<b>5,168</b>	<b>61%</b>	<b>6,154</b>	<b>9,298</b>	<b>-34%</b>

\*Prior year restated for GASB 101

Explanations of significant changes (changes in excess of \$1 million and 20%) in Table 2 are as follows:

### *Governmental:*

Most all expense categories increased due to the change in the pension liability and the recording of the related expenses.

### *Business-Type Activities:*

Capital grants and contributions – increase of 100% due to the capital grants received for airport construction.

Water expense – increase of 53% due to the change in pension and OPEB expenses.

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**As of and for the Year Ended December 31, 2024**

**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. 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.

**TABLE 3**  
**Net Revenue (Expense) of Governmental Activities**  
**(In Thousands)**

	Total Expense of Services			Net Revenue (Expense) of Services		% Inc. (Dec.)
		2024	2023	2024	2023	
General government	\$ 5,909	\$ 4,925	20%	(\$5,630)	\$ (4,717)	19%
Public safety	17,879	14,576	23%	(14,946)	(12,192)	23%
Highways and streets	4,402	4,110	7%	(4,191)	(3,331)	26%
Culture and recreation	2,433	1,790	36%	(2,028)	(1,691)	20%
Health	498	369	35%	(167)	(222)	-25%
Community development	860	737	17%	(316)	(281)	13%
Economic development	1,680	982	71%	(1,657)	(930)	78%
Interest on long-term debt	301	323	-7%	(301)	(323)	-7%
<b>Total</b>	<b>\$ 33,962</b>	<b>\$ 27,812</b>	<b>22%</b>	<b>(\$29,236)</b>	<b>\$ (23,687)</b>	<b>23%</b>

For the year ended December 31, 2024 total expenses for governmental activities amounted to \$34 million which was an increase compared with the prior year. See Table 2 above for explanations of changes.

**Business-type Activities**

**TABLE 4**  
**Net Revenue (Expense) of Business-Type Activities**  
**(In Thousands)**

	Total Expense of Services			Net Revenue (Expense) of Services		% Inc. Dec.
		2024	2023	2024	2023	
Water	\$ 6,324	\$ 4,142	53%	\$ 6,477	\$ 6,414	1%
Wastewater	2,514	2,312	9%	891	546	63%
Sanitation	4,786	4,331	11%	(578)	(623)	-7%
Electric	16,374	16,190	1%	3,033	2,583	17%
Airport	219	414	-47%	1,326	(361)	-467%
Lake	868	767	13%	(708)	(590)	20%
<b>Total</b>	<b>\$ 31,085</b>	<b>\$ 28,156</b>	<b>10%</b>	<b>\$ 10,441</b>	<b>\$ 7,969</b>	<b>31%</b>

The City's business-type activities include utility services for water, electric, wastewater, and sanitation.

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

- Total business-type activities reported an increase in net position of \$8,311,249 for the year ended December 31, 2024.
- The sanitation and lake operating revenues were slightly less than operational expenses.

*A FINANCIAL ANALYSIS OF THE CITY'S FUNDS*

As the City completed its 2024 fiscal year, the governmental funds reported a combined total fund balance of \$34.3 million, or a 1.8% increase of \$606,644, mainly due to the unspent proceeds from the issuance of debt and transfers from other funds.

The enterprise funds reported combined total net position of \$25.1 million, or a 48.5% increase from 2023, mainly related to contributed capital and increases in investment income.

General Fund Budgetary Highlights

For budgetary reporting purposes, the General Fund reported revenues above estimates by \$940,149 or 5.97%, while expenditures were over the final appropriations by \$311,175 or 1.46%.

*CAPITAL ASSET AND DEBT ADMINISTRATION*

**Capital Assets**

At the end of December 31, 2024, the City had \$124.6 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, electrical infrastructure, water lines and sewer lines, along with other capital (See table below). This represents a net increase of 9.69%.

**TABLE 5**  
**Capital Assets**  
**(In Thousands)**  
**(Net of accumulated depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>	
Land	\$ 1,438	\$ 1,438	374	374	1,812	\$ 1,812
Buildings	11,231	11,811	14,578	13,197	25,809	25,008
Machinery, furniture and equipment	9,133	8,294	3,539	3,490	12,672	11,784
Infrastructure	15,994	16,592	31,126	22,310	47,120	38,902
Water rights	-	-	6,057	6,290	6,057	6,290
SIBITA	36	60	-	-	36	60
Intangible leased assets	229	-	30	89	259	89
Construction in progress	1,614	1,633	29,193	27,989	30,807	29,622
<b>Totals</b>	<b>\$ 39,675</b>	<b>\$ 39,828</b>	<b>\$ 84,897</b>	<b>\$ 73,739</b>	<b>\$ 124,572</b>	<b>\$ 113,567</b>

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This year's more significant capital asset additions included:

El Rancho Water Tower	\$9,071,336
Electric Improvements	1,101,673

See Note III. D. 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 \$82.3 in long-term debt outstanding, which represents a \$7.3 million or 10.1% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

**TABLE 6**  
**Long-Term Debt**  
**(In Thousands)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total</u> <u>Percentage</u> <u>Change</u>	
	Restated,		Restated,		Restated,			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>		
Notes payable	\$ 11,780	\$ 12,016	\$ 61,825	\$ 54,259	\$ 73,605	\$ 66,275	11.1%	
Lease liability	229	-	32	91	261	91	186.8%	
Debt premium	-	-	2,385	2,495	2,385	2,495	-4.4%	
Meter deposits	-	-	1,149	1,167	1,149	1,167	-1.5%	
Accrued compensated absences	3,497	3,210	923	868	4,420	4,078	8.4%	
Subscription liability	22	53	-	-	22	53	-58.5%	
Claims liability	499	612	-	-	499	612	-18.5%	
<b>Totals</b>	<b>\$ 16,027</b>	<b>\$ 15,891</b>	<b>\$ 66,314</b>	<b>\$ 58,880</b>	<b>\$ 82,341</b>	<b>\$ 74,771</b>	<b>10.1%</b>	

See Note III. E. 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**

Sales Tax remains one of the principal sources of revenue that supports the City of Duncan's governmental functions. We are a consumer driven economy with retail purchases and tourism playing vital roles in the funding of our community. Duncan welcomed 44 new businesses in 2024, bringing a glimpse of recovery with them. The four natural resources that are Duncan's stable tourist attractions: the lakes continue their remodeling and marketing to bring tourism to our town. The Stephens County Fairgrounds continue to be a lively resource as they host large, multi-day events such as the Duncan Auto Swap Meet, the Free Fair, The National Swine Registry, and the Prairie Circuit Finals. The Fairground events average from 3 to 5 days and bring 5 – 10 thousand people to Duncan with each event.

The sales tax collection for 2024 was \$18,029,283.89 which was an increase of 2.47% over the previous year's collection. 2025 appears to be strong and as such the budget reflects a breakeven with the Fiscal Year 2024 budget.

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Comparison Chart:

Year	<b>City and County Annual Sales Tax <i>Oklahoma Tax Commission</i></b>	<b>Stephens County Unemployment Rate <i>Oklahoma Workforce</i></b>	<b>End of Year Oil Prices <i>Baker Hughes</i></b>	<b>End of Year Rig Count <i>EIA.gov</i></b>
2011	\$13,065,145	5.8%	\$98.83	2007
2012	\$14,046,199	4.9%	\$91.83	1763
2013	\$14,130,286	5.4%	\$94.25	1757
2014	\$15,295,481	4.5%	\$87.07	1840
2015	\$14,734,521	6.0%	\$42.53	698
2016	\$13,747,370	9.5%	\$34.13	658
2017	\$13,095,207	6.2%	\$60.46	929
2018	\$14,304,855	3.9%	\$45.15	1093
2019	\$13,904,069	3.4%	\$60.52	773
2020	\$12,981,078	6.0%	\$44.00	51
2021	\$14,129,431	2.5%	\$70.86	480
2022	\$15,788,506	2.9%	\$100.93	780
2023	\$17,595,551	3.4%		472
<b>2024</b>	<b>\$18,029,283</b>			
<b>Budgeted 2025</b>	<b>\$17,695,860</b>			

Duncan wages are expected to remain stable as the City of Duncan and its entire workforce is now in a perpetual alignment and evaluation of the city and national labor market trends. Business retention and expansion activity will continue to be a concern throughout 2025. Confidently moving forward, the City will diligently continue the budget conservation mindset.

**Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact:

City of Duncan  
PO Box 969  
Duncan OK 73534

**CITY OF DUNCAN, OKLAHOMA**  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF DUNCAN, OKLAHOMA**  
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**Statement of Net Position – December 31, 2024**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Aggregate Discretely Presented Component Units</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 33,054,904	\$ 6,137,856	\$ 39,192,760	\$ 991,887
Investments	2,165,333	-	2,165,333	2,359,015
Interest receivable	-	-	-	15,170
Accounts receivable, net of allowance	835,701	5,490,643	6,326,344	43,066
Other receivable	-	-	-	851,396
Internal balances	(517,370)	517,370	-	-
Due from other governmental agencies	2,956,860	65,433	3,022,293	-
Inventories	-	815,921	815,921	-
Prepaid items	-	16	16	189,712
Leases receivable	1,165,268	97,046	1,262,314	-
Cash and cash equivalents, restricted	-	21,428,290	21,428,290	80,626
Investment in joint venture	-	60,705	60,705	-
Investments, restricted	-	246,847	246,847	-
Net pension asset	-	-	-	-
Land available for development	-	-	-	3,303,977
Capital assets:				
Land and construction in progress	3,051,943	29,567,667	32,619,610	1,199,329
Other capital assets, net of depreciation	36,623,532	55,329,917	91,953,449	19,117,333
Total assets	<u>79,336,171</u>	<u>119,757,711</u>	<u>199,093,882</u>	<u>28,151,511</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	4,650,319	1,660,348	6,310,667	-
Deferred amounts related to OPEB	284,781	382,316	667,097	-
Deferred amounts on refunding	-	578,254	578,254	-
Total deferred outflows	<u>4,935,100</u>	<u>2,620,918</u>	<u>7,556,018</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,381,913	3,931,805	5,313,718	346,937
Accrued interest payable	176,875	546,256	723,131	-
Due to depositors	18,958	21,000	39,958	-
Unearned revenue	2,130,248	-	2,130,248	54,730
Long-term liabilities				
Due within one year	1,604,601	4,034,567	5,639,168	133,200
Due in more than one year	29,137,749	87,313,992	116,451,741	505,593
Total liabilities	<u>34,450,344</u>	<u>95,847,620</u>	<u>130,297,964</u>	<u>1,040,460</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	1,420,627	26,016	1,446,643	-
Deferred amounts related to OPEB	2,544,870	1,066,367	3,611,237	-
Deferred amounts related to leases	1,159,453	99,293	1,258,746	-
Total deferred inflows	<u>5,124,950</u>	<u>1,191,676</u>	<u>6,316,626</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	36,193,965	39,706,799	75,900,764	19,677,869
Restricted for:				
Debt service	218,170	607,349	825,519	-
Public safety	503,358	-	503,358	-
Capital projects	12,397,515	-	12,397,515	-
Economic development	3,334,391	-	3,334,391	-
Other	762,674	-	762,674	9,710,596
Unrestricted (deficit)	(8,714,096)	(14,974,815)	(23,688,911)	(2,277,414)
Total net position	<u>\$ 44,695,977</u>	<u>\$ 25,339,333</u>	<u>\$ 70,035,310</u>	<u>\$ 27,111,051</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF DUNCAN, OKLAHOMA**  
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**Statement of Activities – Year Ended December 31,2024**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Aggregate Discretely Presented Component Units</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Primary government</b>								
Governmental activities:								
General government	\$ 5,909,238	\$ 264,113	\$ 15,056	\$ -	\$ (5,630,069)	\$ -	\$ (5,630,069)	\$ -
Public safety	17,879,045	880,919	2,009,463	42,838	(14,945,825)	-	(14,945,825)	-
Highways and streets	4,402,431	-	211,356	-	(4,191,075)	-	(4,191,075)	-
Culture and recreation	2,433,415	76,386	328,823	-	(2,028,206)	-	(2,028,206)	-
Health	498,027	131,394	200,000	-	(166,633)	-	(166,633)	-
Community development	860,010	366,466	177,351	-	(316,193)	-	(316,193)	-
Economic development	1,680,048	-	22,665	-	(1,657,383)	-	(1,657,383)	-
Interest on long-term debt	300,802	-	-	-	(300,802)	-	(300,802)	-
Total governmental activities	<u>33,963,016</u>	<u>1,719,278</u>	<u>2,964,714</u>	<u>42,838</u>	<u>(29,236,186)</u>	<u>-</u>	<u>(29,236,186)</u>	<u>-</u>
Business-type activities:								
Water	6,324,031	12,556,909	244,135	-	-	6,477,013	6,477,013	-
Wastewater	2,513,584	3,405,049	-	-	-	891,465	891,465	-
Sanitation	4,785,680	4,207,325	-	-	-	(578,355)	(578,355)	-
Electric	16,374,091	19,407,172	-	-	-	3,033,081	3,033,081	-
Airport	219,334	54,489	-	1,491,159	-	1,326,314	1,326,314	-
Lake	867,538	159,938	-	-	-	(707,600)	(707,600)	-
Total business-type activities	<u>31,084,258</u>	<u>39,790,882</u>	<u>244,135</u>	<u>1,491,159</u>	<u>-</u>	<u>10,441,918</u>	<u>10,441,918</u>	<u>-</u>
Total primary government	<u>\$ 65,047,274</u>	<u>\$ 41,510,160</u>	<u>\$ 3,208,849</u>	<u>\$ 1,533,997</u>	<u>\$ (29,236,186)</u>	<u>10,441,918</u>	<u>(18,794,268)</u>	
<b>Component Unit</b>								
Economic Development	\$ 980,153	\$ 1,293,891	\$ 6,645	\$ 3,178,016				3,498,399
Health and Welfare	-	915	-	-				915
Total component units	<u>\$ 980,153</u>	<u>\$ 1,294,806</u>	<u>\$ 6,645</u>	<u>\$ 3,178,016</u>				<u>3,499,314</u>
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					20,840,179	-	20,840,179	-
Franchise taxes and public service taxes					576,253	-	576,253	-
Hotel/motel taxes					420,812	-	420,812	-
Intergovernmental					518,624	-	518,624	-
Intergovernmental revenue not restricted to specific programs					395,672	-	395,672	-
Unrestricted investment earnings					617,229	1,043,769	1,660,998	-
Miscellaneous					527,451	8,728	536,179	-
Transfers					3,183,166	(3,183,166)	-	-
Total general revenues and transfers					<u>27,079,386</u>	<u>(2,130,669)</u>	<u>24,948,717</u>	<u>-</u>
Change in net position					(2,156,800)	8,311,249	6,154,449	3,499,314
Net position, beginning December 31, 2023					48,273,512	17,285,419	65,558,931	23,611,737
Restatement, implementation GASB 101 and capital asset correction					(1,420,735)	(257,335)	(1,678,070)	-
Net position, restated December 31, 2023					<u>46,852,777</u>	<u>17,028,084</u>	<u>63,880,861</u>	<u>23,611,737</u>
Net position, ending					<u>\$ 44,695,977</u>	<u>\$ 25,339,333</u>	<u>\$ 70,035,310</u>	<u>\$ 27,111,051</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF DUNCAN, OKLAHOMA**  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

**CITY OF DUNCAN, OKLAHOMA**  
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**Balance Sheet – Governmental Funds – December 31, 2024**

	Capital Project					Total Governmental Funds
	General Fund		Capital Improvement Fund		2021 C Construction Fund	
	General Fund	Capital Improvement Fund	2021 C Construction Fund	Other Governmental Funds		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,466,498	\$ 11,441,320	\$ 9,421,447	\$ 5,218,081	\$ 32,547,346	
Investments	-	641,347	-	1,523,986	2,165,333	
Receivable from other governments	1,824,002	655,120	-	402,657	2,881,779	
Due from other funds	639,051	109,526	-	23,913	772,490	
Taxes receivable, net	85,989	-	-	-	85,989	
Court fines receivable, net	236,149	-	-	-	236,149	
Leases receivable	1,165,268	-	-	-	1,165,268	
Other receivables	512,828	-	-	75,081	587,909	
Total assets	<u><u>\$ 10,929,785</u></u>	<u><u>\$ 12,847,313</u></u>	<u><u>\$ 9,421,447</u></u>	<u><u>\$ 7,243,718</u></u>	<u><u>\$ 40,442,263</u></u>	
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 238,370	\$ 449,798	\$ -	\$ 239,034	\$ 927,202	
Accrued payroll payable	447,085	-	-	-	447,085	
Due to other funds	323,913	-	801,283	140,118	1,265,314	
Due to bondholders	19,558	-	-	-	19,558	
Unearned revenue	-	-	-	2,149,189	2,149,189	
Total liabilities	<u><u>1,028,926</u></u>	<u><u>449,798</u></u>	<u><u>801,283</u></u>	<u><u>2,528,341</u></u>	<u><u>4,808,348</u></u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	163,614	-	-	-	163,614	
Deferred amounts related to leases	1,159,453	-	-	-	1,159,453	
Total deferred inflows	<u><u>1,323,067</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,323,067</u></u>	
Fund balances:						
Restricted	200,000	12,397,515	8,620,164	4,747,411	25,965,090	
Assigned	2,730,580	-	-	-	2,730,580	
Unassigned (deficit)	5,647,212	-	-	(32,034)	5,615,178	
Total fund balances	<u><u>8,577,792</u></u>	<u><u>12,397,515</u></u>	<u><u>8,620,164</u></u>	<u><u>4,715,377</u></u>	<u><u>34,310,848</u></u>	
Total liabilities, deferred inflows and fund balances	<u><u>\$ 10,929,785</u></u>	<u><u>\$ 12,847,313</u></u>	<u><u>\$ 9,421,447</u></u>	<u><u>\$ 7,243,718</u></u>	<u><u>\$ 40,442,263</u></u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF DUNCAN, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended December 31, 2024**

**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances –Year Ended December 31, 2024**

	<b>Capital Project</b>				
	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>2021 C Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>REVENUES</b>				
Taxes	\$ 13,980,774	\$ 5,105,798	\$ -	\$ 2,955,447	\$ 22,042,019
Intergovernmental	1,930,246	-	-	913,206	2,843,452
Licenses and permits	202,897	-	-	-	202,897
Charges for services	655,516	-	-	15,832	671,348
Fees and fines	562,166	-	-	22,110	584,276
Investment earnings	63,002	20,537	450,115	83,575	617,229
Miscellaneous	827,568	171,100	-	720,013	1,718,681
Total revenues	<u>18,222,169</u>	<u>5,297,435</u>	<u>450,115</u>	<u>4,710,183</u>	<u>28,679,902</u>
 <b>EXPENDITURES</b>					
Current:					
General government	4,903,918	21	-	299,625	5,203,564
Community development	796,681	-	-	-	796,681
Equipment and building maintenance	-	-	-	-	-
Public safety	14,126,373	-	-	234,282	14,360,655
Highways and streets	1,199,973	-	-	159,746	1,359,719
Health	413,907	-	-	-	413,907
Culture and recreation	1,741,143	-	-	24,662	1,765,805
Economic development	-	-	-	1,910,960	1,910,960
Capital outlay	237,193	4,937,428	14,589	2,543,741	7,732,951
Debt Service:					
Principal	39,530	529,967	603,000	78,009	1,250,506
Interest and other charges	1,867	39,459	174,253	2,028	217,607
Total expenditures	<u>23,460,585</u>	<u>5,506,875</u>	<u>791,842</u>	<u>5,253,053</u>	<u>35,012,355</u>
Excess (deficiency) of revenues over expenditures	<u>(5,238,416)</u>	<u>(209,440)</u>	<u>(341,727)</u>	<u>(542,870)</u>	<u>(6,332,453)</u>
 <b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long-term debt	237,193	975,424	-	-	1,212,617
Transfers in	5,092,500	78,731	777,253	276,489	6,224,973
Transfers out	(107,658)	(298,335)	-	(92,500)	(498,493)
Total other financing sources and uses	<u>5,222,035</u>	<u>755,820</u>	<u>777,253</u>	<u>183,989</u>	<u>6,939,097</u>
Net change in fund balances	(16,381)	546,380	435,526	(358,881)	606,644
Fund balances - beginning	8,594,173	11,851,135	8,184,638	5,074,258	33,704,204
Fund balances - ending	<u>\$ 8,577,792</u>	<u>\$ 12,397,515</u>	<u>\$ 8,620,164</u>	<u>\$ 4,715,377</u>	<u>\$ 34,310,848</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF DUNCAN, OKLAHOMA**  
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## **Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – December 31, 2024**

Total fund balance, governmental funds \$ 34,310,848

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 fund financial statements, but are reported in the governmental activities of the Statement of Net Position. 39,675,475

Certain outflows and inflows are a consumption of or acquisition of resources applicable to a future period, and therefore are not reported in the funds:

Other receivable	182,557
Pension related deferred outflows	4,650,319
Pension related deferred inflows	(1,420,627)
OPEB related deferred outflows	284,781
OPEB related deferred inflows	(2,544,870)

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:

Interest payable	(176,875)
Net pension liability	(14,109,160)
Total OPEB liability	(606,157)
Accrued compensated absences	(3,496,549)
Notes payable	(8,234,000)
Lease liability payable	(3,775,451)
Subscription liability	(21,889)

Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, to individual funds.

The assets and liabilities of the internal service funds are reported in governmental activities:

Internal service fund net position	(22,425)
Net Position of Governmental Activities in the Statement of Net Position	\$ 44,695,977

The accompanying notes are an integral part of these financial statements

**CITY OF DUNCAN, OKLAHOMA**  
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**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Year Ended December 31, 2024**

Net change in fund balances - total governmental funds: \$ 606,644

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	5,565,581
Depreciation expense	(5,705,457)
Contributed assets	42,838
Loss on disposal capital asset	(56,177)

In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The governmental fund financial statements report pension contributions as expenditures. (2,559,609)

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

Change in unavailable revenue	(43,516)
-------------------------------	----------

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:

Change in accrued compensated absences	(286,358)
Change in total OPEB liability	366,356
Note proceeds	(1,212,617)
Payments on lease liability	7,920
Payments on notes payable	1,210,854
Payments on subscription liabilities	31,610

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	(82,277)
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Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities:

Total change in net position of governmental activities, net of amount allocated to business type activities -internal service funds	(42,592)
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Change in net position of governmental activities	<hr/> \$ <hr/> (2,156,800) <hr/>
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The accompanying notes are an integral part of these financial statements.

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

**CITY OF DUNCAN, OKLAHOMA**  
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**Proprietary Funds Statement of Net Position –December 31, 2024**

	<b>Duncan Public Utilities Authority Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,137,856	\$ 507,558
Restricted:		
Cash and cash equivalents	21,428,290	-
Due from other funds	1,102,283	-
Accounts receivable, net	5,121,179	-
Receivables from other governments	65,433	-
Other receivables	369,464	-
Inventories	815,921	-
Prepaid items	16	-
Annuities receivable	-	735
Total current assets	<u>35,137,488</u>	<u>508,293</u>
Non-current assets:		
Restricted:		
Investments	246,847	-
Investment in joint venture	60,705	-
Capital assets:		
Land and construction in progress	29,567,667	-
Other capital assets, net of accumulated depreciation	55,329,917	-
Total non-current assets	<u>85,205,136</u>	-
Total assets	<u>120,342,624</u>	<u>508,293</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred amounts related to pension	1,660,348	-
Deferred amounts on refunding	578,254	-
Deferred amounts related to OPEB	382,316	-
Total deferred outflow of resources	<u>2,620,918</u>	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	3,731,211	7,026
Salaries payable	132,816	-
Accrued interest payable	546,256	-
Due to other funds	609,459	-
Payable to other governments	67,778	-
Deposits subject to refund	1,169,860	-
Compensated absences	92,355	-
Leases liability	29,906	-
Claims and judgments	-	124,786
Notes payable	2,763,446	-
Total current liabilities	<u>9,143,087</u>	<u>131,812</u>
Non-current liabilities:		
Compensated absences, net of current portion	831,196	-
Lease liability	2,000	-
Claims and judgments, net of current portion	-	374,360
Net pension liability	24,799,197	-
Total OPEB liability	235,732	-
Notes payable, net of current portion	61,445,867	-
Total non-current liabilities	<u>87,313,992</u>	<u>374,360</u>
Total liabilities	<u>96,457,079</u>	<u>506,172</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred amounts related to pension	26,016	-
Deferred amounts related to OPEB	1,066,367	-
Total deferred inflow of resources	<u>1,191,676</u>	-
<b>NET POSITION</b>		
Net investment in capital assets	39,706,799	-
Restricted for debt service	1,450,695	-
Unrestricted (deficit)	(15,842,707)	2,121
Total net position	<u>\$ 25,314,787</u>	<u>\$ 2,121</u>
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund balances are included with business-type activities and reported as interfund balances	\$ 24,546	
Total net position per Government-Wide financial statements	<u><u>\$ 25,339,333</u></u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF DUNCAN, OKLAHOMA**  
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**As of and for the Year Ended December 31, 2024**

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**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position –Year Ended December 31, 2024**

	<b>Duncan Public Utilities Authority Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>REVENUES</b>		
Water	\$ 12,401,509	\$ -
Electric	19,340,830	-
Wastewater	3,405,049	-
Sanitation	4,207,325	-
Lake	159,938	-
Airport	54,489	-
Charges for services	-	190,000
Miscellaneous	221,592	-
Total operating revenues	<u>39,790,732</u>	<u>190,000</u>
<b>OPERATING EXPENSES</b>		
General government	986,167	162,541
Water	2,015,480	-
Wastewater	1,287,998	-
Sanitation	4,033,383	-
Electric	15,647,440	-
Lake	509,738	-
Airport	20,715	-
Claims expense	-	153,944
Depreciation	4,520,116	-
Total operating expenses	<u>29,021,037</u>	<u>316,485</u>
Operating income (loss)	<u>10,769,695</u>	<u>(126,485)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment income	1,043,768	196
Miscellaneous revenue	252,014	42,446
Interest expense	(1,948,987)	-
Total non-operating revenue (expenses)	<u>(652,205)</u>	<u>42,642</u>
Income (loss) before contributions and transfers	<u>10,117,490</u>	<u>(83,843)</u>
Capital grants and contributions	1,491,159	-
Capital contributions from governmental activities	2,470,331	-
Transfers in	70,000	-
Transfers out	(5,796,480)	-
Change in net position	<u>8,352,500</u>	<u>(83,843)</u>
Total net position - beginning	17,219,622	85,964
GASB 101 and capital asset correction	(257,335)	-
Total net position, - beginning, restated	<u>16,962,287</u>	<u>85,964</u>
Total net position - ending	<u>\$ 25,314,787</u>	<u>\$ 2,121</u>
Change in net position per above	<u>\$ 8,352,500</u>	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service fund are reported with business-type activities	(41,251)	
Change in Business-Type Activities in Net Postion per Government-Wide Financial Statements	<u>\$ 8,311,249</u>	

The accompanying notes are an integral part of these financial statements.

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**Proprietary Funds Statement of Cash Flows – Year Ended December 31, 2024**

	<b>Duncan Public Utilities Authority</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 39,414,378	\$ 243,740
Payments to suppliers and employees	(28,459,516)	(159,774)
Claims and judgments paid	-	(267,027)
Receipts of customer meter deposits	270,653	-
Refunds of customer meter deposits	(268,052)	-
Interfund receipts	465,087	-
Interfund payments	(4,975,747)	-
<b>Net cash provided by (used in) operating activities</b>	<b>6,446,803</b>	<b>(183,061)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	70,000	-
Transfers to other funds	(5,796,480)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(5,726,480)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(13,220,513)	-
Proceeds from capital grants	1,425,726	-
Proceeds from debt	11,643,355	-
Principal paid on debt	(4,077,650)	-
Interest and fiscal agent fees paid on debt	(1,864,661)	-
<b>Net cash provided (used in) by capital and related financing activities</b>	<b>(6,093,743)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	1,339,474	-
Interest and dividends	531,690	196
<b>Net cash provided by investing activities</b>	<b>1,871,164</b>	<b>196</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,502,256)</b>	<b>(182,865)</b>
<b>Balances - beginning of year</b>	<b>31,068,402</b>	<b>690,423</b>
<b>Balances - end of year</b>	<b>\$ 27,566,146</b>	<b>\$ 507,558</b>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents	\$ 6,137,856	\$ 507,558
Restricted cash and cash equivalents - current	21,428,290	-
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 27,566,146</b>	<b>\$ 507,558</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ 10,769,695	\$ (126,485)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	4,520,116	-
Miscellaneous income	252,014	42,446
Change in assets, liabilities, and deferrals:		
Due from other funds	6,496	-
Accounts receivable	(342,899)	-
Due from other governments	38,700	-
Other receivable	(327,416)	11,294
Lease receivable	(97,046)	-
Prepaid expenses	-	-
Inventory	(168,051)	-
Deferred outflows related to pension	2,223,625	-
Deferred outflows related to OPEB	(135,791)	-
Deferred amounts related to leases	99,293	-
Accounts payable	(359,334)	2,767
Accrued payroll payable	18,190	-
Deposits subject to refund	2,601	-
Due to other funds	(4,517,156)	-
Due to other governments	35,341	-
Total OPEB liability	(20,497)	-
Lease liability	(59,526)	-
Deferred inflows related to OPEB	46,602	-
Accrued compensated absences	55,351	-
Deferred inflows related to pension	(5,791,257)	-
Claims and judgment liability	-	(113,083)
Net pension liability	196,752	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,446,803</b>	<b>\$ (183,061)</b>
<b>Noncash activities:</b>		
Assets transferred from other funds	\$ 2,794,092	\$ -
	<b>\$ 2,794,092</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

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**BASIC FINANCIAL STATEMENTS – FIDUCIARY FUNDS**

**CITY OF DUNCAN, OKLAHOMA**  
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**Fiduciary Funds Statement of Net Position –December 31, 2024**

	<b>City Employees Retirement Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 896,803
Investments, at fair value:	
Mutual fund equity	2,363,179
Mutual fund fixed income	4,284,526
Accrued interest receivable	2,459
Total assets	<u><u>\$ 7,546,967</u></u>
<b>LIABILITIES</b>	
Total liabilities	<u><u>\$ -</u></u>
<b>NET POSITION</b>	
Restricted for employees' pension benefits held in trust	<u><u>\$ 7,546,967</u></u>

**Fiduciary Funds Statement of Changes in Plan Net Position – Year Ended December 31, 2024**

	<b>City Employees Retirement Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 2,265,572
Plan members	12,171
Total contributions	<u><u>2,277,743</u></u>
Investment earnings:	
Net increase in fair value of investments	156,040
Interest and dividends	273,793
Total net investment earnings	<u><u>429,833</u></u>
Total additions	<u><u>2,707,576</u></u>
<b>DEDUCTIONS</b>	
Benefits paid to participants or beneficiaries	2,141,719
Administrative	15,700
Total deductions	<u><u>2,210,779</u></u>
<b>Change in net position held in trust for employees' pension benefits</b>	<b>496,797</b>
<b>Net position held in trust for employees' pension benefits - beginning</b>	<b><u><u>7,050,170</u></u></b>
<b>Net position held in trust for employees' pension benefits- ending</b>	<b><u><u>\$ 7,546,967</u></u></b>

The accompanying notes are an integral part of these financial statements.

**CITY OF DUNCAN, OKLAHOMA**  
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**BASIC FINANCIAL STATEMENTS – DISCRETELY PRESENTED COMPONENT UNITS**

**CITY OF DUNCAN, OKLAHOMA**  
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**Discretely Presented Component Units Combining Statement of Net Position –December 31, 2024**

	<b>Major Component Unit</b>		<b>Nonmajor Component Unit</b>		<b>TOTALS</b>	
	<b>Duncan Area</b>		<b>Duncan Hospital Authority</b>			
	<b>Economic Development Foundation</b>					
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 964,427		\$ 27,460		\$ 991,887	
Investments	2,359,015		-		2,359,015	
Receivables:						
Accounts receivable	43,066		-		43,066	
Interest receivable	15,170		-		15,170	
Other	851,396		-		851,396	
Cash and cash equivalents, restricted	80,626		-		80,626	
Prepays	189,712		-		189,712	
<b>Total current assets</b>	<b>4,503,412</b>		<b>27,460</b>		<b>4,530,872</b>	
<b>Noncurrent Assets:</b>						
Capital Assets:						
Nondepreciable	1,199,329		-		1,199,329	
Depreciable, net of accumulated depreciation	19,117,333		-		19,117,333	
Land available for development	3,303,977		-		3,303,977	
<b>Total noncurrent assets</b>	<b>23,620,639</b>		<b>-</b>		<b>23,620,639</b>	
<b>Total Assets</b>	<b>\$ 28,124,051</b>		<b>\$ 27,460</b>		<b>\$ 28,151,511</b>	
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 337,065		\$ -		\$ 337,065	
Wages payable	9,872		-		9,872	
Unearned revenue	54,730		-		54,730	
Lease liability	638,793		-		638,793	
<b>Total Current Liabilities</b>	<b>1,040,460</b>		<b>-</b>		<b>1,040,460</b>	
<b>Total Liabilities</b>	<b>1,040,460</b>		<b>-</b>		<b>1,040,460</b>	
<b>NET POSITION</b>						
Net investment in capital assets	19,677,869		-		19,677,869	
Restricted	9,710,596		-		9,710,596	
Unrestricted (deficit)	(2,304,874)		27,460		(2,277,414)	
<b>Total Net Position</b>	<b>\$ 27,083,591</b>		<b>\$ 27,460</b>		<b>\$ 27,111,051</b>	

The accompanying notes are an integral part of these financial statements.

**CITY OF DUNCAN, OKLAHOMA**  
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**Discretely Presented Component Units Combining Statement of Activities - Year Ended December 31, 2024**

	<b>Major Component Unit Duncan Area Economic Development Foundation</b>	<b>Nonmajor Component Unit Duncan Hospital Authority</b>	<b>TOTALS</b>
<b>Operating Revenues:</b>			
Contributions	\$ 584,708	\$ -	\$ 584,708
Rentals	<u>553,959</u>	<u>-</u>	<u>553,959</u>
<b>Total Operating Revenues</b>	<b><u>1,138,667</u></b>	<b><u>-</u></b>	<b><u>1,138,667</u></b>
<b>Operating Expenses:</b>			
Economic development	<u>980,153</u>	<u>-</u>	<u>980,153</u>
<b>Total Operating Expenses</b>	<b><u>980,153</u></b>	<b><u>-</u></b>	<b><u>980,153</u></b>
<b>Operating Income</b>	<b>158,514</b>	<b>-</b>	<b>158,514</b>
<b>Non-Operating Revenues (expenses):</b>			
Investment income	155,224	915	156,139
Miscellaneous income	6,645	-	6,645
Contributions capital	<u>3,178,016</u>	<u>-</u>	<u>3,178,016</u>
<b>Total non-operating revenues (expenses)</b>	<b><u>3,339,885</u></b>	<b><u>915</u></b>	<b><u>3,340,800</u></b>
<b>Change in Net Position</b>	<b>3,498,399</b>	<b>915</b>	<b>3,499,314</b>
<b>Net Position, beginning of year, restated</b>	<b><u>23,585,192</u></b>	<b><u>26,545</u></b>	<b><u>23,611,737</u></b>
<b>Net Position, end of year</b>	<b><u>\$ 27,083,591</u></b>	<b><u>\$ 27,460</u></b>	<b><u>\$ 27,111,051</u></b>

The accompanying notes are an integral part of these financial statements.

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## **I. Organization**

The City of Duncan, Oklahoma, (the City) operates under a Council-Manager form of government under Title 11 of the *Oklahoma Statutes*. The City provides the following services to its citizens: public safety (police and fire), streets and highways, sanitation, social services, culture and recreation, public improvements, utilities, planning and zoning, and general administrative services.

## **II. Summary of significant accounting policies**

### **A. Reporting entity**

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations. The City's financial statements also include three discretely presented component units, which are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

**Blended component units.** The Duncan Public Utilities Authority (DPUA) was created to finance, develop, and operate the electric, water, sewer, and solid waste activities. The current City Council serves as the entire governing body (trustees) and city management has operational responsibility of the DPUA. Any issuance of debt would require two-thirds approval of the City Council. DPUA is reported as an enterprise fund.

The Duncan Economic Development Trust Authority (DEDTA) was created to develop, finance, and promote the development of industry within the City of Duncan and the surrounding area. The current City Council serves as its entire governing body (trustees) and city management has operational responsibility of the DEDTA. Any issuance of debt would require two-thirds approval of the City Council. DEDTA is reported as a special revenue fund.

Duncan Enhancement Trust Authority (DETA) was created to develop, finance, and promote the beautification and aesthetic enhancement of the appearance of the City. The current City Council serves as its entire governing body (trustees) and city management has operational responsibility of the DETA. Any issuance of debt would require two-thirds approval of the City Council. DETA is reported as a special revenue fund.

Separate, stand-alone financial statements are not prepared for the blended component units.

**Discretely presented component units.** Duncan Industrial Authority (DIA) was created to finance, promote, develop, and maintain industry within the City of Duncan and the surrounding area. The governing body is appointed by the City Council. Any issuance of debt requires a two-thirds approval of the City Council. The Authority does not issue separate, stand-alone financial statements. The DIA is currently inactive.

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Duncan Hospital Authority (DHA) was created to provide financing for physical plant facilities, improvements, equipment, and medical services for the purpose of providing or improving health care within the City of Duncan. The governing body is appointed by the City Council. Any issuance of debt requires two-thirds approval of the City Council. The DHA assets consist of a savings account remaining from when the City owned and operated the hospital. The Authority does not issue separate, stand-alone financial statements.

Duncan Area Economic Development Foundation (the “DAEDF”) was created as a non-profit corporation December 19, 1954, to promote industry development and job creation within the City and surrounding area. It is a legally separate, tax-exempt component unit of the City. The DAEDF receives the majority of its resources through a sales tax allocation from the City and these resources are restricted to directly benefit the constituents of the City, or the City itself. Because these restricted resources held by the DAEDF can only be used by, or for the benefit of the City or the City’s constituents, the DAEDF is considered a component unit of the City and its financial statements are discretely presented in the City’s financial statements. The DAEDF issues separate, stand-alone financial statements, which are available by contacting that entity at Box 1051, Duncan, OK 73534.

Each of these components, with the exception of DAEDF (which is a non-profit organization), listed above are Public Trusts established pursuant to Title 60 of the Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with the state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. 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 from the Authorities 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.

#### **Jointly Governed Organizations**

The City participates (with equity interest) in the general operations portion of the South Central Oklahoma Environmental Authority (SCOEA). The City maintains approximately 78.9% equity interest in the Authority with the Cities of Marlow and Comanche.

The SCOEA’s Board is composed of three trustees, one appointed by each governing body. SCOEA was created for the purpose of providing sanitation services to the three cities. SCOEA has contracted with a third party to perform these services. SCOEA operates on a fiscal year ending each June 30. The City paid the SCOEA \$4,118,969 in FY 2024 in connection with these sanitation services.

For the year ended June 30, 2024, the “investments in joint venture” balance changed as follows:

Beginning investment in joint venture	\$62,188
Current year contributions, net	<u>(1,483)</u>
Ending investment in joint venture	<u>\$60,705</u>

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The Following summary is segment information from the SCOEA most recently issued annual audited financial report, which was for the period ended June 30, 2024:

Total Assets	\$1,377,804
Total Liabilities	1,300,865
Total Net Position	76,939
Total Revenues	5,059,262
Total Expenses	5,061,141
Decrease in Net Position	(3,500)

In addition, at June 30, 2024, SCOEA had paid off all notes payable. Separate financial statements are available from the Finance Department of the City Duncan.

**B. Government-wide and fund financial statements**

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Combined and/or individual financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and budgeted. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

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For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement type grants are recorded as revenues when the related expenditures are incurred. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, court fines and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following fund types:

General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for certain purposes.

Debt Service Funds are used to account for ad-valorem taxes levied by the City for use in retiring judgments rendered against the City.

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects.

Proprietary funds include both enterprise funds and internal service funds. Enterprise funds are used to account for business-type activities provided to the general public. Internal service funds are used to account for business-type activities provided and charged to other funds or entities within the reporting entity.

Fiduciary funds are used to report net position and changes therein of assets held by the City in a fiduciary capacity. The net position is not available for operations of the City and is not included in the Government-wide financial statements. The City reports a Pension Trust Fund.

The funds of the financial reporting entity are described below:

**The City reports the following major governmental funds:**

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The most significant operating revenue is the sales tax. For reporting purposes, the General Fund also includes the activities of the following accounts: Fire Uniform Allowance, Hunting and Fishing, and Deposit and Refund.
- The Capital Improvement fund accounts for the purchase of capital equipment and construction of facilities funded with sales tax.

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- The 2021C Construction fund accounts for the proceeds of the 2021C Sales Tax issued to construct a fire station and street improvements.

**The City reports the following major proprietary fund:**

- The Duncan Public Utilities Authority accounts for the City's electric, water, sewer, sanitation, lake and airport operations. The fund's major revenue source is user charges.

**The City reports the following internal service funds:**

- Worker's Comp internal service fund accounts for workers' compensation insurance services provided to other departments or agencies of the City based on premiums charged per full-time employee.

Included in the aggregated other governmental fund totals are the following funds:

- The Street and Alley Fund accounts for the operation and maintenance of local streets and thoroughfares through dedicated taxes.
- The Cemetery Care Fund accounts for the continuing care and maintenance as well as future capital investments of the City owned cemetery funded with fees restricted by external sources.
- The Library Gifts and Grants Fund accounts for grants and donations restricted for the operations of the library.
- The Duncan Economic Development Trust Authority is a special revenue fund that accounts for sales tax restricted for the promotion of economic development.
- CDBG is a special revenue fund that accounts for the activity of CDBG grant funding.
- The E-911 Dispatch Fund accounts for the operations and maintenance of the City's 911 emergency services through dedicated taxes.
- The First Responder Program Fund accounts for grants and other revenues restricted for public safety.
- Opioid Settlement accounts for fund received in the state wide settlement of opioid cases that is restricted for programs related to drug safety.
- The Police Grants and Seizures Fund account for grants and seized property funds for police operations.
- Economic Sales tax fund is a restricted sales tax for economic development purposes.
- The Technology Fund accounts for funds committed for technology improvements related to municipal court.
- American Rescue Plan Fund accounts for the proceeds of the American Rescue Plan Grant received from the federal government.
- Duncan Enhancement Trust Authority accounts for funds restricted for city wide beautification.
- The Ad Valorem Sinking Fund accounts for ad valorem tax collected to retire judgments levied against the City.

**The City reports one fiduciary fund:**

- City Employees Retirement Trust Fund accounts for assets and changes therein of the City's single employer defined benefit plan for non-uniform personnel hired before March 2015, and the defined contribution plan for certain long-term city employees.

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**D. Assets, deferred outflows, liabilities, deferred inflows, and fund equity**

***1. Deposits and investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less at the date of acquisition. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments consist of long-term certificates of deposit, U.S. Treasury bonds and notes, U.S. agency securities, government money market funds, mutual funds and common stock (in the employee retirement fund only). Although classified as investments for purposes of the statement of cash flows, certificates of deposit are considered deposits and are reported at cost, while all other investments are reported at fair value. Fair value is the price that would be received in an orderly transaction between market participants at the measurement date.

***2. Receivable and payable***

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In addition, because the City has a pooled cash arrangement for the majority of its funds, for financial reporting purposes, a negative position in the pooled cash fund is reflected as a due to other funds, with corresponding due from other funds presented in funds with positive cash positions in the pooled cash fund.

All trade and property tax receivables are shown net of an allowance for uncollectible. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for governmental activities include sale and use taxes, franchise taxes, grant, and court fines. Non-exchange transactions collectible but not

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available are deferred inflows (unavailable revenues) in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Business-type activities report utilities as its major receivable and include receivables for which services have been provided but not billed as of the end of the fiscal year. Accounts receivable are net of the allowance for doubtful accounts.

The City is a party as lessor and lessee for various non-cancellable long-term leases of assets. The corresponding lease receivables or lease payable are recorded in an amount equal to the present value of the expected future minimum lease payments received or paid, respectively, discounted by an applicable interest rate.

***3. Restricted assets***

Certain proceeds of the DPUA enterprise fund promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the Proprietary Funds Statement of Net Position because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The projects fund account is used to report those proceeds that are restricted for use in construction. The debt service fund account is used to segregate resources accumulated for debt service payments over the next 12 months. The debt service reserve account is used to report resources set aside to make up potential future deficiencies in the debt services account. The Waurika debt service account is used to segregate resources from a one-cent restricted sales tax accumulated for debt service payments over the remaining life of the notes.

***4. Inventories***

Inventories in proprietary funds consist of transformers, electrical supplies and other materials held for utility installation. The items are recorded at cost when purchased and transferred to capital assets when used if the item is an improvement that extends the life of the asset, or they are expensed.

***5. Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund statement of net position. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives. Intangible leased assets are amortized over the life of the associated contract.

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<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements other than buildings	10-50
Infrastructure	20-75
Furniture, equipment, and vehicles	2-40

DAEDF capitalizes individual items of property and equipment when the cost exceeds \$5,000.

**6. *Compensated absences***

It is the City's policy to permit employees to accumulate earned but unused vacation benefits after six months of employment. Sick leave is earned by full-time, permanent employees upon hire. City employees are entitled to payment for accrued vacation benefits upon termination with a maximum of 520 hours and accrued compensatory time with a maximum of 40 hours. Firefighters are paid 85% of excess sick leave over 1,040 hours per year, not to exceed 108 hours. Upon retirement, police officers are paid 20% of total accrued sick leave up to a maximum of 1,040 hours. The General Fund is used to liquidate compensated absences in the governmental activities.

Vacation pay is accrued when earned and sick leave is recorded when vested in the government-wide and proprietary fund financial statements. In addition, an accrual has been made for sick leave earned at year-end that will be taken in the subsequent year. In governmental funds, these amounts are recorded when they are due and payable.

**7. *Long-term obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statements of Net Position. If applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using a neutral method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources, and discounts are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, and principal payments are reported as debt service expenditures.

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**8. *Deferred Outflow/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The City reports deferred outflows and deferred inflows for items related to pensions, OPEB, leases, and deferred costs related to refundings. The City also reports deferred inflows of resources for unavailable revenues, court fines and grants, in its governmental funds financial statements.

Lease-related amounts are recognized at the inception of leases in which the City is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

**9. *Leases***

The City and DPUA is a party as lessor and lessee for various noncancelable long-term leases of equipment. The corresponding lease receivable or lease payable, are recorded in an amount equal to the present value of the expected future minimum lease payments received or paid, respectively, discounted by an applicable interest rate.

**10. *Fund equity***

*Government-Wide and Proprietary Fund Financial Statements:*

Net Position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or 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."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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*Governmental Fund Financial Statements:*

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws 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, while the DETA and DEDTA's highest levels of decision-making authority are by resolution.
- 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, motion or resolution, or by management decision when the city council has authorized management (city manager) to make the decision. 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.

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

**E. Revenues, Expenditures, and Expenses**

**1. Sales Tax**

The City levies a three and one-half cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded as follows:

- Two (2) cents recorded in the General Fund for general operations. Fifty-five one hundredths (.55) of one cent is then transferred from the General Fund to the DPUA as pledged revenue for the 2012C Sales Tax Revenue Note, in accordance with the pledged sales tax agreement.
- One (1) cent recorded in the Capital Improvement Fund as restricted by the voters for capital improvement or for debt service payments on capital projects.
- One-half (.50) cent recorded in the Duncan Economic Development Trust Authority (DEDTA) as restricted by the voters for economic development. Tax ended in July 2024.
- One-half (.50) cent recorded in the Economic Sales Tax Fund as restricted by the voters for economic development. Tax began in August 2024.

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***2. Property Tax***

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

Oklahoma State Statutes give the City the ability to levy a property tax to fund court assessed judgments and general obligation bonds. The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are considered delinquent the following October. Property taxes levied, but not collected during the year or within 60 days of the year-end are reported as deferred inflows of resources.

For the year ended December 31, 2024, the City's net assessed valuation of taxable property was \$190,724,123. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended December 31, 2024, was \$.38.

***3. Program Revenues***

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each category:

- General Government – rents and royalties, special assessments, and federal and state operating and capital grants.
- Public Safety – court fines and fees, fire runs, restitution, school resource officer reimbursements, state on-behalf pension payments, property seizures, and federal and state capital and operating grants.
- Streets – reimbursements, motor fuel and commercial vehicle taxes, and federal and state grants.
- Cemetery – cemetery opening and closings, lot sales, and monument fees.
- Culture and Recreation – park and recreation fees, library fines and fees, donations, swimming pool fees, lake permits and fees, donations and federal and state capital and operating grants.
- Community Development – license and permits.
- Economic Development – reimbursements and fees.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

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**4. Expenditures/Expenses**

In the government-wide statement of activities, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by function, capital outlay, and debt service. In proprietary fund financial statements, expenses are reported by activity. Fiduciary funds report deductions to net position.

**F. Use of Estimates**

The preparation of financial statements in conformity with accounting principles general accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates. The City generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that the lessor/vendor charges is known.

**III. Detailed Notes on All Funds**

**A. Deposits and investments** – The City held the following deposits/investments at December 31, 2024:

**PRIMARY GOVERNMENT:**

Schedule of Deposits and Investments by Type

Type	Fair Value	Credit Rating	Fair Value Category	Maturities in Years				
				Less Than One	1 - 5	6 - 10	11-20	20+
Government money markets	\$ 30,541,880	AAAm	n/a	\$ 30,541,880	-	-	-	-
US Agency	2,412,180	AA+	Level 2	-	-	-	-	2,412,180
Mutual funds fixed income	4,152,852	not rated	Level 2	4,152,852	-	-	-	-
Sub-total	<u>37,106,912</u>			<u>\$ 34,694,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,412,180</u>
Demand accounts	\$ 23,974,256	n/a	n/a					
Cash on hand	2,875	n/a	n/a					
Amounts held by escrow agent	2,659,852	n/a	n/a					
Mutual Funds:								
Equity	2,363,176	n/a	Level 1					
Fixed income	4,284,525	n/a	Level 1					
	<u>\$ 70,391,596</u>							
Reconciliation to Statement of Net Position:								
Cash and cash equivalents	\$ 39,192,760							
Cash and cash equivalents restricted	21,428,290							
Investments	2,165,333							
Investments, restricted	60,705							
Pension cash and cash equivalents	896,803							
Pension investments	6,647,705							
	<u>\$ 70,391,596</u>							

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of an asset. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date; Level 2 inputs are quoted prices for similar assets or significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

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Equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical investments. Fixed income investments classified in Level 2 of the fair value hierarchy are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, graded curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted market prices.

The City has adopted an investment policy for the general City accounts, Duncan Public Utilities Authority, and the Duncan Economic Development Trust Authority, as discussed below in the City's policies on Investment Credit Risk. A separate policy has been adopted for the City Retirement Plan.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than a market value of 102% of the uninsured deposits. The City's policy limits acceptable collateral to U.S. Treasury bills, notes or bonds; Government National Mortgage Association obligations; Student Loan Marketing Association obligations, Federal National Mortgage Association obligations; Federal Home Loan Mortgage Corporation obligations; Small Business Association obligations; Federal Farm Credit Bank obligations; Federal Land Bank obligations; Federal Home Loan Bank obligations; and insured or direct obligations of the State of Oklahoma or its' agencies, counties or school districts. At December 31, 2024, the City's deposits were fully insured and collateralized.

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. At December 31, 2024, the City had no investments that are exposed to custodial credit risk.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range as outlined in the table above. The City of Duncan's formal investment policy requires that the portfolio be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the City's legal constraints, investment risk constraints and the cash flow characteristics of the portfolio.

*Investment Credit Risk.* Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The City's investments are subject to credit risk as shown in the table above. The City of Duncan's policy limits investments to those items allowed in State Statutes: a) obligations of the U.S. Government, its agencies or instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; b) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; c) 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 or public trusts whose beneficiary is a county, municipality or school district; and e) government money market funds regulated by the SEC.

*Concentration of Investment Credit Risk.* Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any

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over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this consideration. All U.S. Agencies investments held by the city are explicitly guaranteed by the U.S. government.

#### **PENSION PLAN INVESTMENTS:**

The Plan policy provides that assets be invested to provide for “growth and income” with the primary objective to provide a balance between capital appreciation and current income. The Plan shall be invested in a diversified portfolio that will provide current income to pay retirees and equity investments for long-term growth. The overall rate of return objective of the portfolio is a reasonable “real” rate, consistent with the risk levels established by the Pension Board. The minimum acceptable long-term rate of return over a full market cycle (5 years) is that which achieves the total return of its benchmark while maintaining a risk level similar to, or less than, that of the benchmark.

Asset allocation guidelines for the Plan are as follows:

<b>Class</b>	<b>Target Percent</b>	<b>December 2024 Percent</b>
Equities	45-65%	12%
Small Cap Equities	Up to 25%	10%
International Equities	Up to 15%	10%
Fixed Income	35%-55%	59%
Cash and equivalents	0% to 5%	9%

*Concentration of Investment Credit Risk.* Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Plan (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this consideration. All investments of the plan are in common trust funds, money markets or cash at December 31, 2024.

*Rate of return* – For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.80% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### **COMPONENT UNITS:**

The DHA was not exposed to custodial credit risk at December 31, 2024. The \$27,460 of cash and cash equivalents was held in cash deposits fully insured by Federal Depository Insurance (FDIC) or direct obligations of the U.S. government. The DHA 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 DAEDF total demand deposits and certificates of deposit in banks were \$1,662,595 of which \$394,369 was covered by FDIC insurance. The remaining balance is uninsured and uncollateralized.

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**B. Receivables**

Receivables as of December 31, 2024, for the City of Duncan's governmental and business-type activities, including the applicable allowances for uncollectible accounts are as follows:

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
<b>Governmental Activities:</b>			
Taxes	\$ 3,009,835	\$ -	\$ 3,009,835
Court fines	1,639,466	(1,403,317)	236,149
Annuities	735	-	735
Leases	1,165,268	-	1,165,268
Other	545,842	-	545,842
<b>Total Governmental Activities</b>	<b><u>\$ 6,361,146</u></b>	<b><u>\$ (1,403,317)</u></b>	<b><u>\$ 4,957,829</u></b>
<b>Business-Type Activities:</b>			
Other	\$ 65,433	\$ -	\$ 65,433
Utilities	6,671,290	(1,083,601)	5,587,689
<b>Total Business-Type Activities</b>	<b><u>\$ 6,736,723</u></b>	<b><u>\$ (1,083,601)</u></b>	<b><u>\$ 5,653,122</u></b>

The City as a lessor, has entered into lease agreements involving certain assets. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$196,973.

**C. Restricted assets**

The amounts reported as restricted assets of the business-type activities are comprised of assets held by the trustee bank on behalf of the Duncan Public Utilities Authority related to their required revenue note and bond accounts, as well as deposits held for refund.

Type of Restricted Assets	Current	Noncurrent	
	Cash and Cash Equivalents	Investments	Total
Due to Depositors	\$ 808,164	\$ -	\$ 808,164
<b>Trustee Accounts:</b>			
2009A Debt Service Account	362,798	-	362,798
2009A SRF	125,786	-	125,786
2019 Debt Service Account	15,508	-	15,508
2021 Project Account	11,938,629	-	11,938,629
2021 Debt Service Account	202,007	-	202,007
2023 Project Account	7,111,805	-	7,111,805
2023 Debt Service Account	267,094	-	267,094
Waurika Debt Service	596,499	246,847	843,346
<b>Total Restricted Assets</b>	<b><u>\$ 21,428,290</u></b>	<b><u>\$ 246,847</u></b>	<b><u>\$ 21,675,137</u></b>

DAEDF restricted assets consist of unexpended sales tax funds transferred from the primary government to be used for economic development.

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**D. Capital Assets**

The following is a summary of changes in capital assets during fiscal year 2024 for the primary government:

**PRIMARY GOVERNMENT:**

	January 1, 2024	Additions	Deductions	December 31, 2024
<b><i>Governmental activities:</i></b>				
Capital assets not being depreciated:				
Land	\$ 1,438,312	\$ -	\$ -	\$ 1,438,312
Construction in progress	1,633,279	158,679	178,327	1,613,631
Total capital assets not being depreciated	<u>3,071,591</u>	<u>158,679</u>	<u>178,327</u>	<u>3,051,943</u>
Capital assets being depreciated:				
Buildings	29,297,417	508,456	-	29,805,873
Machinery, furniture and equipment	23,435,572	2,902,608	153,261	26,184,919
Infrastructure	97,217,190	1,982,809	-	99,199,999
Intangible asset - Equipment	-	237,193	-	237,193
Intangible asset - SBITA	84,349	-	-	84,349
Total other capital assets at historical cost	<u>150,034,528</u>	<u>5,631,066</u>	<u>153,261</u>	<u>155,512,333</u>
Less accumulated depreciation for:				
Buildings	17,486,705	1,088,139	-	18,574,844
Machinery, furniture and equipment	15,141,431	2,004,973	94,085	17,052,319
Infrastructure	80,625,193	2,580,339	-	83,205,532
Intangible asset - Equipment	-	7,906	-	7,906
Intangible asset - SBITA	24,100	24,100	-	48,200
Total accumulated depreciation	<u>113,277,429</u>	<u>5,705,457</u>	<u>94,085</u>	<u>118,888,801</u>
Capital assets being depreciated, net	<u>36,757,099</u>	<u>(74,391)</u>	<u>59,176</u>	<u>36,623,532</u>
Governmental activities capital assets, net	<u><u>\$ 39,828,690</u></u>	<u><u>\$ 84,288</u></u>	<u><u>\$ 237,503</u></u>	<u><u>\$ 39,675,475</u></u>
 <b><i>Business-type activities:</i></b>				
Capital assets not being depreciated:				
Land	\$ 374,176	\$ -	\$ -	\$ 374,176
Construction in progress	27,988,966	13,894,475	12,689,950	29,193,491
Total capital assets not being depreciated	<u>28,363,142</u>	<u>13,894,475</u>	<u>12,689,950</u>	<u>29,567,667</u>
Capital assets being depreciated:				
Buildings	29,111,901	2,464,691	-	31,576,592
Machinery, furniture and equipment	10,315,127	1,188,787	-	11,503,914
Utility property	101,085,419	10,821,630	-	111,907,049
Water rights	18,785,708	-	-	18,785,708
Total depreciable capital assets at historical cost	<u>159,298,155</u>	<u>14,475,108</u>	<u>-</u>	<u>173,773,263</u>
Less accumulated depreciation for:				
Buildings	15,915,236	1,083,305	-	16,998,541
Machinery, furniture and equipment	6,825,375	1,139,132	-	7,964,507
Utility property	78,775,634	2,005,449	-	80,781,083
Water rights	12,495,895	232,956	-	12,728,851
Total accumulated depreciation	<u>114,012,140</u>	<u>4,460,842</u>	<u>-</u>	<u>118,472,982</u>
Other assets:				
Intangible leased equipment	207,458	-	-	207,458
Total other assets:	<u>207,458</u>	<u>-</u>	<u>-</u>	<u>207,458</u>
Less accumulated amortization for:				
Intangible leased equipment	118,548	59,274	-	177,822
Total accumulated amortization	<u>118,548</u>	<u>59,274</u>	<u>-</u>	<u>177,822</u>
Capital assets being depreciated and amortized, net	<u>45,374,925</u>	<u>9,954,992</u>	<u>-</u>	<u>55,329,917</u>
Business-type activities capital assets, net	<u><u>\$ 73,738,067</u></u>	<u><u>\$ 23,849,467</u></u>	<u><u>\$ 12,689,950</u></u>	<u><u>\$ 84,897,584</u></u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 442,979	Water	\$ 1,841,581
Culture and recreation	626,225	Wastewater	1,069,563
Community development	12,741	Sanitation	451,857
Health and welfare	60,650	Electric	669,073
Economic development	224,785	Lake	289,423
Public safety	1,262,862	Airport	198,619
Streets	3,075,215		
	<hr/> <u>\$ 5,705,457</u>		<hr/> <u>\$ 4,520,116</u>

DAEDF capital assets were as follows:

<b>Duncan Area Economic Development Foundation:</b>		<b>Balance, December 31, 2024</b>
Capital assets, not being depreciated:		
Construction in progress		\$ 1,199,329
Total capital assets, not being depreciated		<u>1,199,329</u>
Capital assets, being depreciated:		
Buildings and improvements		\$ 28,746,423
Equipment		<u>213,726</u>
Total capital assets, being depreciated		<u>28,960,149</u>
Less accumulated depreciation		(10,481,609)
Total capital assets, being depreciated, net		<u>18,478,540</u>
Governmental activities capital assets, net		\$ 19,677,869

## **E. Long-term liabilities**

Long-term liabilities of the City of Duncan as of December 31, 2024, are summarized as follows:

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**Governmental Activities**

**Notes Payable (direct borrowing):**

10,000,000 Series 2021C Utility System and Sales Tax Revenue Note, issued November 18, 2021, payable to BancFirst semi-annually with interest at 1.980%, final payment due December 2036. The note is secured by sales tax and pledged revenues of the DPUA. Debt was issued for the construction of a fire station and street improvements	\$ 8,234,000
\$975,423 note payable agreement for the purchase of a fire truck, payable to Leasing 2 in annual installments of \$178,493, including interest at 5.18%, with final payment due October 2032	975,424
\$561,101 note payable agreement for the purchase of pumper truck, payable to First Bank in annual installments of \$119,245, including interest at 2.03%, with final payment due June 2025.	116,708
\$183,110 note payable agreement for the purchase of excavator, payable to First Bank in annual installments of \$39,824, including interest at 2.85%, with final payment due March 2025.	38,432
\$379,408 note payable agreement for the purchase of a fire pumper, payable to First Bank in annual installments of 143,348 including interest at 2.13%, with final payment due April 2027.	411,768
\$1,684,428 note payable agreement for the purchase of an ariel fire truck, payable to Santander Bank in annual installments of \$243,997, including interest at 4.64%, with final payment due April 2033	1,684,428
\$195,475 note payable agreement for the purchase of a Ford F550, payable to First Bank & Trust Co. in annual installments of \$44,483, including interest at 4.40%, with final payment due July 2028.	159,709
\$195,475 note payable agreement for the purchase of a Ford F550, payable to First Bank & Trust Co. in annual installments of \$44,483, including interest at 4.40%, with final payment due July 2028.	159,710
<b>Total Notes Payable</b>	<b><u>\$ 11,780,179</u></b>
<b>Compensated Absences:</b> Accrued compensated absences. The general fund typically has been used to liquidate this liability.	<u>\$ 3,496,548</u>
<b>Subscription liability:</b> Subscription liability for software payable in annual installments of \$26,396, final payment due June 2025	<u>\$ 21,889</u>
<b>Lease liability:</b> Lease liability for copiers in monthly installments from \$169 to \$232, final payment due October 2029	<u>\$ 229,273</u>

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**Business-type Activities**

**Notes payable (direct borrowing):**

\$12,068,282 note payable to the Waurika Lake Master Conservancy District, issued January 10, 1978, payable in monthly installments of \$55,060, including principal and interest at 3.463%, final payment due June 30, 2030. The note is secured by pledged revenues of the DPUA and a one percent sales tax restricted for debt retirement. Debt was issued for the City's use of water rights.	\$ 2,654,229
\$3,080,000 note payable to the Waurika Master Conservancy District, issued May 26, 2015, payable in monthly variable amounts, final payment due October 1, 2040. The note is secured by pledged water revenues of the DPUA. Debt was issued for the City's use of water system improvements.	2,245,544
\$6,666,600 note payable to the Waurika Master Conservancy District, issued December 2017, payable in monthly variable amounts, final payment due October 1, 2035. The note is secured by pledged water revenues of the DPUA. Debt was issued for the City's use of water system improvements.	4,883,284
\$4,130,000 note payable to the Oklahoma Water Resources Board, issued March 17, 2009, payable semi-annually with interest at 3.13%, and an administrative fee of 0.5%, final payment due September 15, 2030. The note is secured by pledged revenues of the DPUA. Debt was issued for a construction of a new water tower.	160,000
\$11,245,000 note payable to the Oklahoma Water Resources Board, issued August 26, 2009, payable semi-annually with interest at 2.79% and an administrative fee of 0.5%, final payment due September 15, 2030. The note is secured by pledged revenues of the DPUA. Debt was issued to upgrade pump stations and install automated meters.	525,000
\$20,446,00 note payable to the Oklahoma Water Resources Board, issued December 6, 2019, payable semi-annually with interest at 2.16%, and an administrative fee of 0.5%, final payment due March 15, 2052. The note is secured by pledged revenues of the DPUA. Debt was issued for a sewer infiltration reduction program.	2,518,813
\$11,325,000 note payable to the Oklahoma Water Resources Board, issued December 26, 2018, payable semi-annually with interest at 2.28%, and an administrative fee of 0.5%, final payment due September 15, 2050. The note is secured by pledged revenues of the DPUA. Debt was issued for a rehabilitation of the dam spillway.	11,121,676
\$13,575,000 note payable to the Oklahoma Water Resources Board, issued December 2, 2021, payable semi-annually with interest at 3.70%, and an administrative fee of 0.5%, final payment due September 15, 2051. The note is secured by pledged revenues of the DPUA. Debt was issued for waterline and water tower improvements.	13,575,000
\$8,200,000 note payable to the Oklahoma Water Resources Board, issued October 1, 2021, payable semi-annually with interest at 1.87%, and an administrative fee of 0.5%, final payment due March 15, 2052. The note is secured by pledged revenues of the DPUA. Debt was issued for wastewater treatment plant improvements.	4,358,762

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**Notes payable (continued):**

\$10,250,000 note payable to the Oklahoma Water Resources Board, issued December 1, 2021, payable semi-annually with interest at 1.49%, and an administrative fee of 0.5%, final payment due September 15, 2037. The note is secured by pledged revenues of the DPUA. Debt was issued for automatic metering improvements.	8,191,094
\$8,630,000 note payable to the Oklahoma Water Resources Board, issued November 2023, payable semi-annually with interest at 5.20%, final payment due October 2053. The note is secured by pledged revenues of the DPUA. Debt was issued for water system improvements	8,630,000
\$4,105,000 note payable to the Oklahoma Water Resources Board, issued November 2023, payable semi-annually with interest at 3.12%, final payment due October 2054. The note is secured by pledged revenues of the DPUA. Debt was issued for water system improvements	1,930,583
\$4,800,000 note payable to the Oklahoma Water Resources Board, issued April 2024, payable semi-annually with interest at 3.10%, final payment due September 2055. The note is secured by pledged revenues of the DPUA. Debt was issued for wastewater system improvements	1,030,676
<b>Total notes payable</b>	<b><u>\$ 61,824,661</u></b>

**Compensated Absences:**

Accrued compensated absences. The Duncan Public Utilities Authority typically has been used to liquidate this liability.	\$ <u>1,148,860</u>
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**Lease Liability**

Leases reported in the business-type activities of liabilities related to the City being lessee under GASB 87	\$ <u>31,906</u>
	<u><u>\$ 31,906</u></u>

In the event of default on debt borrowed from the Oklahoma Water Resources Board (OWRB) and the DPUA Utility System Revenue Notes, the lenders may 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action of parties under provisions of the indenture, security agreement or lease agreement.

In the event of default on debt issued through the Waurika Master Conservancy District the District shall have all the rights and remedies at law or equity as may be allowed by law, including but not limited to, suit for specific performance of any or all of the covenants of the Authority or the City contained in the debt agreement.

Long-term liability transactions for the year ended December 31, 2024 and changes therein were as follows:

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Type of Debt	Restated, Balance			Balance December 31, 2024	Due Within One Year
	January 1, 2024	Additions	Deductions		
<b>Governmental Activities:</b>					
Notes payable (direct borrowings)	\$ 12,015,608	\$ 975,424	\$ 1,210,853	\$ 11,780,179	\$ 1,063,362
Accrued compensated absences	3,210,191	286,357	-	3,496,548	349,655
Lease liability	-	237,193	7,920	229,273	44,909
Subscription liability	53,499	-	31,610	21,889	21,889
Claims liability	612,229	40,861	153,944	499,146	124,786
Total Governmental Activities	<u>\$ 15,891,527</u>	<u>\$ 1,539,835</u>	<u>\$ 1,404,327</u>	<u>\$ 16,027,035</u>	<u>\$ 1,604,601</u>
			Add: Total OPEB liability	606,155	
			Add: Net Pension Liability	<u>14,109,160</u>	
				<u><u>\$ 30,742,350</u></u>	
<b>Business-Type Activities:</b>					
Notes Payable (direct borrowings)	\$ 54,258,956	\$ 11,643,355	\$ 4,077,650	\$ 61,824,661	\$ 2,763,446
Lease Liability	91,432	-	59,526	31,906	29,906
Premium on debt issued	2,494,926	-	110,274	2,384,652	-
Meter deposits	1,167,259	249,653	268,052	1,148,860	1,148,860
Accrued compensated absences	868,200	55,351	-	923,551	92,355
Total Business-Type Activities	<u>\$ 58,880,773</u>	<u>\$ 11,948,359</u>	<u>\$ 4,515,502</u>	<u>\$ 66,313,630</u>	<u>\$ 4,034,567</u>
			Add: Total OPEB liability	235,732	
			Add: Net Pension Liability	<u>24,799,197</u>	
				<u><u>\$ 91,348,559</u></u>	

Annual debt service requirements to maturity for long-term debt are as follows:

Fiscal Year Ending December 31,	Governmental Activities					
	Notes Payable (direct borrowings)		Lease Liability		Subscription Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,063,362	\$ 346,382	\$ 44,909	\$ 5,890	\$ 21,889	\$ 540
2026	1,086,871	342,701	46,192	4,607	-	-
2027	1,170,036	258,839	47,512	3,287	-	-
2028	1,060,861	224,384	48,871	1,929	-	-
2029	1,005,395	191,785	41,789	542	-	-
2030-2034	4,882,654	498,927	-	-	-	-
2035-2038	<u>1,511,000</u>	<u>37,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 11,780,179</u></u>	<u><u>\$ 1,900,598</u></u>	<u><u>\$ 229,273</u></u>	<u><u>\$ 16,255</u></u>	<u><u>\$ 21,889</u></u>	<u><u>\$ 540</u></u>

Fiscal Year Ending December 31,	Business-Type Activities				
	Notes Payable (direct borrowings)		Lease Liability		
	Principal	Interest	Principal	Interest	
2025	\$ 2,763,446	\$ 2,300,128	\$ 29,906	\$ 56	
2026	2,711,546	2,520,337	2,000	-	
2027	2,768,419	2,441,808	-	-	
2028	2,841,429	2,358,095	-	-	
2029	2,885,398	2,268,720	-	-	
2030-2034	12,876,555	10,085,072	-	-	
2035-2039	13,044,861	8,052,934	-	-	
2040-2044	11,571,101	6,068,781	-	-	
2045-2049	13,524,106	3,669,398	-	-	
2050-2054	8,583,100	1,036,747	-	-	
2055	240,000	11,232	-	-	
Amount to be drawn	<u><u>(11,985,300)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	<u><u>\$ 61,824,661</u></u>	<u><u>\$ 40,813,252</u></u>	<u><u>\$ 31,906</u></u>	<u><u>\$ 56</u></u>	

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**Pledge of Future Revenues**

Utility Revenues Pledge – The City has also pledged future gross water, wastewater, electric and garbage revenues to repay \$4,130,000 of the 2009 Series OWRB Note Payable, \$11,245,000 of the 2009A series OWRB Note Payable, \$11,325,000 of the 2018 series OWRB Note Payable, \$20,446,000 of the 2019 series OWRB Note Payable, \$13,575,000 of the 2021D OWRB Note Payable, \$8,200,000 of the 2021A OWRB Note Payable, \$10,250,000 of the 2021B OWRB Note Payable, \$4,105,000 of 2023A OWRB Note Payable, \$8,630,000 of 2023B Note Payable, and \$4,800,000 of the 2024 OWRB Note Payable. Proceeds from the notes provided financing for utility system capital assets. The notes are payable through 2030, 2030, 2050, 2052, 2051, 2052, 2037, 2052 2052, 2055 respectively. The total principal and interest payable for the remainder of the life of these notes is \$194,392,041. The notes are payable from the above-mentioned utility revenues. The debt service payments on the notes this year were \$4,590,985 which was 11.3% of pledged utility revenues of \$40,491,118.

Water Revenues Pledge - The City has also pledged future gross water revenues to repay \$6,666,600 of Waurika Master Conservancy District Debt. The debt was refinanced in 2017. Proceeds from the note provided water rights. The note is payable through 2035. The total principal and interest payable for the remainder of the life of the note is \$6,152,315. The note is payable from the above-mentioned utility revenues. The debt service payments on the note this year were \$540,673 which was 4.4% of pledged utility revenues of \$12,401,09.

**F. Interfund receivables, payables, and transfers**

The composition of interfund balances as of December 31, 2024 is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>	<b>Nature of Interfund Balance</b>
* General	Library grants	\$ 3,225	Negative share of pooled cash
* General	Technology fund	26,719	Negative share of pooled cash
* General Fund	Police Grants and Seizures	648	Revenue posted to incorrect fund
* General	* DPUA	609,459	Negative share of pooled cash
Capital Improvement Fund	* DEDTA	109,526	Project funding
Sinking Fund	* General	23,913	Revenue posted to incorrect fund
* DPUA	* General	300,000	Revenue posted to incorrect fund
* DPUA	* 2021C Construction Fund	801,283	Negative share of pooled cash
		<b><u>\$ 1,874,773</u></b>	

\* Denotes major fund.

**Reconciliation to Fund Financial Statements:**

	<b>Due From</b>	<b>Due to</b>	<b>Net Interfund Balances</b>
Governmental Funds	\$ 772,490	\$ 1,265,314	\$ (492,824)
Proprietary Funds	1,102,283	609,459	492,824
	<b><u>\$ 1,874,773</u></b>	<b><u>\$ 1,874,773</u></b>	<b><u>\$ -</u></b>

Reconciliation to Statement of Net Position:

Net Internal Balances	\$ 492,824
Internal Service Fund Activity reported in Business-type Activities	24,546
Net Internal Balances - Government Wide	<b><u>\$ 517,370</u></b>

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A summary of interfund transfers for the fiscal year ended December 31, 2024 is as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
911 Telephone	General	\$ 92,500	Budgeted operational transfer
General Fund	DETA	21,980	Budgeted operational transfer
General Fund	Technology Fund	13,000	Budgeted operational transfer
General Fund	Library Grants	11,700	Budgeted operational transfer
General Fund	Police Grants	1,474	Budgeted operational transfer
General Fund	Capital Improvement Fund	59,504	Budgeted operational transfer
Capital Improvement Fund	DPUA	70,000	Capital projects
Capital Improvement Fund	CDBG	228,335	Capital projects
DPUA	2021C Construction Fund	777,253	Debt Service
DPUA	Capital Improvement Fund	19,227	Budgeted operational transfer
DPUA	General	<u>5,000,000</u>	Budgeted operational transfer
Total		<u>\$ 6,294,973</u>	

Denotes major fund.

**Reconciliation to Fund Financial Statements:**

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 6,224,973	\$ (498,493)	\$ 5,726,480
Proprietary Funds	70,000	(5,796,480)	(5,726,480)
	<u>\$ 6,294,973</u>	<u>\$ (6,294,973)</u>	<u>\$ -</u>

**Reconciliation to Statement of Activities:**

Net transfers governmental activities	\$ 5,726,480
Transfer of capital assets to business-type activities	(2,470,331)
Transfer of material and supplies expense	(72,983)
Transfers - internal activity	<u>\$ 3,183,166</u>

## G. Net Position

### *Government-Wide and Proprietary Fund Financial Statements*

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

Fund	Restricted By	Amount
<b>Governmental Activities:</b>		
Cemetery Fund	Statutory requirements	\$ 111,646
Street and Alley Fund	Statutory requirements	178,080
E911 Fund	Statutory requirements	297,928
		<u>\$ 587,654</u>
Police grants and seizures	External sources	205,430
Grants	External sources	272,948
Cemetery	External sources	200,000
Economic Development Fund	External sources	3,334,391
Capital Projects Fund	External sources	12,397,515
Debt Service Fund	External sources	218,170
		<u>\$ 16,628,454</u>
Total Governmental Restricted		<u>\$ 17,216,108</u>
Reconciliation to Statement of Net Position:		
Restricted for:		
Debt service	\$ 218,170	
Public Safety	503,358	
Capital projects	12,397,515	
Economic development	3,334,391	
Other	762,674	
Total Governmental Restricted		<u>\$ 17,216,108</u>

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*Governmental Fund Financial Statements:*

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

	General Fund	Capital Improvement Fund	2021 C Construction Fund	Other Governmental Funds	Total
<b>Restricted for:</b>					
Street improvements	\$ -	\$ -	\$ -	\$ 178,080	\$ 178,080
Cemetery improvements	200,000	-	-	111,646	311,646
E911 dispatch	-	-	-	297,928	297,928
Debt service	-	-	70,334	161,422	231,756
Grant	-	-	-	272,948	272,948
Police	-	-	-	205,430	205,430
American Rescue Plan	-	-	-	185,566	185,566
Economic development	-	-	-	3,334,391	3,334,391
Capital improvements	-	12,397,515	8,549,830		20,947,345
Sub-total restricted	<u>200,000</u>	<u>12,397,515</u>	<u>8,620,164</u>	<u>4,747,411</u>	<u>25,965,090</u>
<b>Assigned for:</b>					
General government programs	2,730,580	-	-	-	2,730,580
Sub-total assigned	<u>2,730,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,730,580</u>
Unassigned (deficit)	5,647,212	-	-	(32,034)	5,615,178
<b>TOTAL FUND BALANCE</b>	<b>\$ 8,577,792</b>	<b>\$ 12,397,515</b>	<b>\$ 8,620,164</b>	<b>\$ 4,715,377</b>	<b>\$ 34,310,848</b>

Beginning net position was restated as follows:

	Governmental Activities	Business-Type Activities	DPUA
Beginning net position a previously reported	\$ 48,273,512	\$ 17,285,419	\$ 17,219,622
Implementation of GASB 101, Compensated Absences	(1,420,735)	(457,791)	(457,791)
Capital asset correction	-	200,456	200,456
<b>Beginning net position as restated</b>	<b>\$ 46,852,777</b>	<b>\$ 17,028,084</b>	<b>\$ 16,962,287</b>

**H. Postemployment Healthcare Plan**

*Plan Description.* The City offers post-employment benefits (OPEB) for medical insurance to qualifying retirees and their dependents. Coverage is provided through fully insured arrangements that collectively operate as a substantive single-employer defined benefit plan. A substantive plan is one in which the plan terms are understood by the employer and the plan members. This understanding is based on communication between the employer and the plan member and historical pattern of practice with regard to the sharing of benefit cost. 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 Duncan Employees Retirement System. Retirees may continue coverage with the City by paying a portion (approximately 80% at the end of 2024) of the carrier premium rate. Coverage is available until the age of 65 for retirees. Authority to establish and amend benefit provisions rests with the City Council. Benefits are paid from

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general operating assets of the City. No assets are accumulated in a trust to pay benefits. The plan does not issue separate financial statements.

**Benefits provided** - The Plan covers all current retirees of the City who elected post-retirement medical coverage through the City Health Plan and future retired employees of the City's health plan. In accordance with administrative policy, the benefit levels are the same as those afforded to active employees; this creates an implicit rate subsidy. The benefits offered by the City to retirees include health, prescription, dental and vision. Beginning July 1, 2017, and each July 1 thereafter, retirees will pay the cost of any premium increases annually to their health plan coverage. In addition, they will pay an additional 10% of the current premium cost until the retiree is paying 100% of the premium cost.

**Contributions** – Retirees continue coverage with the City by paying a portion (approximately 81% at the end of 2024) of the carrier premium rate. Authority to establish and amend contributions rests with the City Council. The amount of benefit payments during fiscal year December 31, 2024 were \$123,492.

**Employees Covered by Benefit Terms**

Active Employees	226
Inactive not yet receiving benefits	0
Inactive or beneficiaries receiving benefits	<u>13</u>
Total	<u>239</u>

**Total OPEB Liability** – The total OPEB liability was determined based on an actuarial valuation performed as of December 31, 2024 which is also the measurement date.

**Actuarial Assumptions**- The total OPEB liability in the December 31, 2024 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 4.28% based on the 20 year municipal bond yield
- Pay increases – 3.0% per annum
- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Mortality – Pri-2012 Mortality Table, with improvement scale MP-2021
- Inflation rate – 3.0% per annum
- Medical Trend Rates

<u>Year</u>	<u>Rate</u>
2025	6.0%
2026	5.5%
2027	5.0%
2028	4.5%
2029+	4.0%

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**Changes in Total OPEB Liability** –

<b>Total OPEB Liability</b>	
<b>Balances at Beginning of Year</b>	<u><u>\$ 1,080,423</u></u>
<b>Changes for the Year:</b>	
Service cost	8,396
Interest expense	38,385
Difference in expected and actual experience	(263,787)
Difference due to changes in actuarial assumptions	(5,033)
Employer contributions	(16,497)
<b>Net Changes</b>	<u><u>(238,536)</u></u>
<b>Balances End of Year</b>	<u><u>\$ 841,887</u></u>

The total OPEB liability of \$841,887 is allocated \$606,155 to governmental activities and \$235,732 to business-type activities based on the number of employees covered by benefit terms.

The changes in assumptions relate to a change in the discount rate from 4.00% at January 1, 2024 to 4.28% at December 31, 2024. The mortality table was changed to reflect recent improvements in mortality.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2024, the City recognized an OPEB expense (benefit) of (\$459,547). At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,036,920
Changes of assumptions	206,285	113,506
Changes in proportion	460,812	460,811
<b>Total</b>	<u><u>\$ 667,097</u></u>	<u><u>\$ 3,611,237</u></u>

Any amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in pension expense in future years as follows:

2025	\$ (509,432)
2026	(482,389)
2027	(435,898)
2028	(410,479)
2029	(368,711)
Thereafter	(737,231)
	<u><u>\$ (2,944,140)</u></u>

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**Sensitivity of the City's total OPEB liability to changes in the discount rate**- The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current discount rate:

	1% Decrease ( 3.28%)	Current Discount Rate ( 4.28%)	1% Increase ( 5.28%)
Employer's total OPEB liability	\$859,972	\$841,887	\$824,118

**Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates** - The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.0 percent decreasing to 2.0 percent) or 1-percentage-point higher (7.0 percent decreasing to 5.0 percent) than the current healthcare cost trend rates:

	1% Decrease (4.00% decreasing to 2.00%)	Current Rate (6.00% decreasing to 4.00%)	1% Increase ( 7.00% decreasing to 5.00%)
Employer's total OPEB liability	\$819,024	\$841,887	\$865,838

## IV. Other Information

### A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has insurance for the major risks such as property and general liability, and is self-insured for workers' compensation and employee health.

- General Liability – Covered through purchased insurance.
- Physical Property – Covered through purchase insurance with a \$1,000 deductible.
- Workers Compensation – self-insured using a third party administrator that process claims and establish reserves. The City has a stop-loss policy which covers individual claims in excess of \$600,000, per occurrence. The maximum indemnity limit is \$2,000,000.
- Employee's Group Medical –Covered through purchased commercial insurance.
- Judgments against the City may be paid by a property tax assessment over a three-year period. Claims have not exceeded coverage in the past three years.

### Claims Liability Analysis

The claims liabilities related to the above noted risk of loss that is retained is determined in accordance with Generally Accepted Accounting Principles, 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. For the internal service self-insurance workers' compensation fund changes in the claim's liability for the City from December 31, 2022 to December 31, 2024, are as follows:

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**CLAIMS LIABILITY ANALYSIS**

	<b>Worker's Comp</b>
Claims liability, December 31, 2022	\$ 646,351
Claims and changes in estimates	127,323
Claims payments	<u>(161,445)</u>
Claims liability, December 31, 2023	\$ 612,229
Claims and changes in estimates	40,861
Claims payments	<u>(153,944)</u>
Claims liability, December 31, 2024	<u><u>\$ 499,146</u></u>

The City estimates that the liability of \$499,146 is \$124,786 (25%) current and \$374,360 (75%) long-term.

**B. Commitments and contingent liabilities**

**Grant Programs**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**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.

**Purchased Power**

The Duncan Public Utilities Authority has entered into a long-term contract with the Oklahoma Municipal Power Authority (OMPA), to purchase electrical power and transmission services required for the operations of the electrical system. Purchased power requirements are based upon average demand.

**Asset Retirement Obligation**

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of December 31, 2024, since the specific legally required costs of retirement has not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in a subsequent fiscal year.

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**Outstanding Construction Contracts**

The City/DPUA has the following outstanding construction contracts at December 31:

<b>Fund/Project</b>	<b>Balance Remaining at December 31, 2024</b>
El Rancho Water Tower	\$ 2,987,727
Clear Creek Embankment Rehabilitaton	158,425
WWT Chlorination and De-Chlorination	3,991,908
Waterline replacement	4,353,327

**C. Tax Abatement**

The City enters into sales tax rebate agreements with local businesses as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic Development programs and provide sales tax increments for development as part of its economic development plan. Due to confidentiality laws in Oklahoma Statutes Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following business had rebate agreement with the City:

The City entered into a tax abatement agreement with a developer for the construction of a hotel. Under the terms of the agreement the city will rebate 2% the sales tax collected for a period of five years. The amount to be rebated cannot exceed \$500,000 over five years. The Hotel opened in June 2020.

**D. Employee retirement systems and pensions plans**

The City of Duncan participates in the Oklahoma State Police Pension and Retirement System and the Oklahoma State Firefighters' Pension and Retirement System, both of which are cost-sharing multiple-employer defined benefit pension plans administered by the State of Oklahoma. Copies of the State of Oklahoma sponsored multiple-employer plans and a schedule of funding progress is available, for each from the respective Plan. Additionally, for City employees not covered by these plans, the City of Duncan maintains the City of Duncan Employee Retirement Plan, a single employer defined benefit pension plan, and also a defined contribution plan designated as the Employee Retirement System of City of Duncan, Oklahoma, Defined Contribution Plan. A summary of all the amounts recorded in the City's financial statements for the plans is as follows:

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	Governmental Activities	Business Type Activities	Total
<b>Net Pension Liability</b>			
Police Pension System	\$ 1,916,333	\$ -	\$ 1,916,333
Firefighter's Pension System	10,486,159	-	10,486,159
Single Employer Plan	1,706,668	24,799,197	26,505,865
<b>Total Net Pension Liability</b>	<b>\$ 14,109,160</b>	<b>\$ 24,799,197</b>	<b>\$ 38,908,357</b>
 <b>Deferred Outflows of Resources</b>			
Police Pension System	\$ 2,109,855	\$ -	\$ 2,109,855
Firefighter's Pension System	2,426,198	-	2,426,198
Single Employer Plan	114,266	1,660,348	1,774,614
<b>Total Deferred Outflows of Resources</b>	<b>\$ 4,650,319</b>	<b>\$ 1,660,348</b>	<b>\$ 6,310,667</b>
 <b>Deferred Inflows of Resources</b>			
Police Pension System	\$ 538,707	\$ -	\$ 538,707
Firefighter's Pension System	880,131	-	880,131
Single Employer Plan	1,789	26,016	27,805
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,420,627</b>	<b>\$ 26,016</b>	<b>\$ 1,446,643</b>
 <b>Pension Expense (Benefit)</b>			
Police Pension System	\$ 2,667,670	\$ -	\$ 2,667,670
Firefighter's Pension System	1,754,139	-	1,754,139
Single Employer Plan	(321,373)	(4,669,789)	(4,991,162)
<b>Total Pension Expense</b>	<b>\$ 4,100,436</b>	<b>\$ (4,669,789)</b>	<b>\$ (569,353)</b>

**Oklahoma State Police Pension and Retirement System (OPPRS)**

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

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

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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 determined 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 \$408,831. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$400,040 during the current fiscal 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 \$400,040. These on-behalf payments did not meet the criteria of a special funding situation.

**Net Pension Liability (Asset), Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions** - At December 31, 2024, the City reported a liability of \$1,916,333 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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, 2024. Based upon this information, the City's proportion was 0.731634%.

For the year ended December 31, 2024, the City recognized pension expense of \$2,667,670. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 800,192	\$ 15,629
Changes of assumptions	-	324,598
Net difference between projected and actual earnings on pension plan investments	1,026,082	-
Changes in proportion	47,663	14,346
Contributions during measurement date	22,684	184,134
City contributions subsequent to the measurement date	213,234	-
<b>Total</b>	<b>\$ 2,109,855</b>	<b>\$ 538,707</b>

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Deferred outflows of resources related to pensions totaling \$213,234 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net pension liability (asset) in the year ended December 31, 2025. 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 December 31:		
2025	\$	66,857
2026	932,406	
2027	253,926	
2028	70,099	
2029	34,626	
	<hr/>	<hr/>
	\$	1,357,914

**Actuarial Assumptions**- The total pension liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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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, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.65%
Domestic equity	8.63%
International equity	10.68%
Real estate	9.55%
Private equity	11.64%

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 revenue collected by the state, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$4,660,650	\$1,916,333	\$404,023

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

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**Oklahoma State Firefighters' Pension and Retirement System (OFPRS)**

**Plan description** - The City of Duncan, 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 (OFPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OFPRS. OFPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs).

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

Normal Retirement:

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

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate 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 \$458,308. The State of Oklahoma

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also made on-behalf contributions to OFPRS in the amount of \$1,119,189 during the current fiscal year and this is reported as both expenditure 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 \$1,119,189. These on-behalf payments did not meet the criteria of a special funding situation.

**Net Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions** - At December 31, 2024, the City reported a liability of \$10,486,159 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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, 2024. Based upon this information, the City's proportion was 0.796150%.

For the year ended December 31, 2024, the City recognized a pension expense of \$1,754,139. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,536,373	\$ -
Changes of assumptions	379,095	-
Net difference between projected and actual earnings on pension plan investments	-	80,540
Changes in proportion	269,285	629,866
City contributions during measurement date	9,367	169,725
City contributions subsequent to the measurement date	232,078	-
<b>Total</b>	<b><u>\$ 2,426,198</u></b>	<b><u>\$ 880,131</u></b>

Deferred outflows of resources related to pensions totaling \$232,078 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. 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 December 31:

2025	\$ 280,163
2026	1,120,258
2027	(53,990)
2028	(32,442)
2029	-
	<b><u>\$ 1,313,989</u></b>

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**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates	PubS-210 with generational mortality improvement using MP-2018

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.86%
Domestic equity	42%	8.78%
International equity	20%	10.68%
Real estate	10%	9.68%
Other assets	8%	6.44%

**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 employer 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:

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	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employer's net pension liability	\$ 13,956,392	\$ 10,486,159	\$ 7,594,515

**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 OFPRS; which can be located at [www.ok.gov/OFPRS](http://www.ok.gov/OFPRS).

**City of Duncan Employee Retirement Plan (the Plan) – Single-Employer, Defined Benefit Pension Plan**

**Plan Description** – The City maintains a single-employer defined benefit retirement plan, the City of Duncan Employee Retirement Plan (the Plan), which covers employees not covered by other plans. The Plan is administered by a five-member Board consisting of two department heads appointed by the City Council, the city clerk/treasurer, and two other city employees elected by their fellow employees. The City Council must approve all amendments to The Plan. The Plan does not issue separate financial statements.

**Plan Participation and Benefits**: Plan benefits and contribution rates are set by Ordinance approved by the City Council. All regular, full-time City employees hired prior to March 12, 2015 and not covered by other plans are required to participate in the Plan and temporary employees with 12 consecutive months of employment with the City. Benefits partially vest after ten years with full vesting after twenty years of service.

Employees hired prior to November 1, 1994, who retire at age 65 with completion of five years of service, are entitled to an annual retirement benefit, payable monthly in an amount equal to 3% of final average compensation multiplied by the number of years of credited service through April 30, 1995, plus 2.5% of the final average earning multiplied by years of credited service earned after April 30, 1995. Final average earnings for service are not to exceed 75% of final average earnings. Final average compensation is defined as the average over a 30-month continuous period.

For employees hired after November 1, 1994, and terminated prior to July 1, 2020, the monthly benefit is 2.5% of the final average earnings multiplied by the number of years of credited service, not to exceed 75% of final average compensation. Final average compensation is equal to 1/12<sup>th</sup> of the average of a participant's compensation over a 60-month consecutive period of employment resulting in the highest average. A participant who has completed eleven years of credited service will have a 10% vested interest in the Plan. This interest will increase to 100% after 20 years of credited service.

Because of the plan freeze, there is no further accrual of plan benefits after July 1, 2020.

Employees who have reached the maximum accrual rate may choose to freeze their accrued benefit and have future contributions made to a defined contribution account. See additional information at the section "City of Duncan Employee Retirement Plan Defined Contribution Plan".

Effective March 12, 2015, the plan was closed to new participants. Employees hired after that date participate in a defined contribution plan administered by the Oklahoma Municipal Retirement Fund.

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Effective for 2015 and later years, pay for purposes of the retirement plan is limited to no more than the annual rate of pay as of March 1, 2015.

Effective July 1, 2020, the plan was amended to freeze the accrual of plan benefits for all plan participants as of July 1, 2020. Also, no further employee contributions are required after July 1, 2020. As a result, the plan is considered to have undergone a “hard freeze”. In addition, all plan benefits are considered to be 100% fully vested for all City employees who are plan participants and who are employed on July 1, 2020.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed five years of service if hired prior to November 1, 1994, and ten years of service if hired after November 1, 1994. The amount of benefit is determined based on the final average salary and credited service as of the date of termination. If benefit payments are to begin before age 65, the amount of benefit will not be reduced. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment.

A participant who becomes totally and permanently disabled will be entitled to a disability benefit based on a monthly benefit equal to the amount he would be entitled to on the Plan freeze date.

A death benefit is payable based upon the employees’ accrued benefit. This benefit is payable for life or until remarriage of the surviving spouse.

Plan Membership -

Active participants	29
Retired participants and beneficiaries	105
Inactive plan members not yet receiving benefits	<u>5</u>
Total Members	<u>139</u>

Summary of Significant Accounting Policies and Plan Asset Matters - Basis of Accounting – Disclosures of the Plan’s financial condition is prepared using the accrual basis of accounting. Employee and employer contributions are recognized as Plan revenues in the period in which they are due to the plan per the plan agreement. Benefits and refunds are recognized when due and payable per plan provisions.

Measurement Dates - The net pension liability, changes in net pension liability and other information presented below as it pertains to the Plan is as of the actuarial valuation date of December 31, 2023, the end of the Plan’s fiscal year. GASB Statement No. 67 requires that the Plan use a measurement date as of the end of the Plan’s fiscal year. The net pension liability, changes in net pension liability and other information presented below as it pertains to the amounts recorded in the City’s government-wide and proprietary funds financial statements is as of the December 31, 2023, actuarial valuation date. As permitted by GASB Statement No. 68, the City elected to adopt the beginning of the fiscal year for purposes measuring the net pension liability, deferred inflows and outflows of resources and pension expense recorded in the government-wide and proprietary funds financial statements.

Changes in Net Pension Liability – As stated above, the total pension liability recognized by the City was determined based on an actuarial valuation performed as of December 31, 2023, which is the measurement date elected by the City for purposes of recognizing the net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense. The mortality tables were updated in the current actuarial assumptions that affected the measurement of the total pension liability.

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As discussed above, effective in 2015, the plan is closed to new participants and is frozen as of July 1, 2020, and salaries for purposes of computing retirement plan benefits was frozen to the annual rate of pay as of March 1, 2015.

City of Duncan Net Pension Liability - December 31, 2023 Plan Year			
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at beginning of year, January 1, 2023	\$ 32,502,159	\$ 6,206,584	\$ 26,295,575
Charges for year:			
Service cost	-	-	-
Interest expense	1,444,993	-	1,444,993
Contributions - employer	-	1,324,542	(1,324,542)
Contributions - employee	-	-	-
Net investment income	-	798,292	(798,292)
Changes of benefit terms	-	-	-
Difference between actual and expected experience	(11,420)	-	(11,420)
Changes in assumptions	871,952	-	871,952
Benefit payments, including refunds of member contributions	(1,967,338)	(1,967,338)	-
Plan administrative expenses	-	(27,599)	27,599
Net changes	<u>\$ 338,187</u>	<u>\$ 127,897</u>	<u>\$ 210,290</u>
Balances at end of year, December 31, 2023	<u>\$ 32,840,346</u>	<u>\$ 6,334,481</u>	<u>\$ 26,505,865</u>
City of Duncan Net Pension Liability - December 31, 2024 Plan Year			
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at beginning of year, January 1, 2024	\$ 32,840,346	\$ 6,334,481	\$ 26,505,865
Charges for year:			
Service cost	-	-	-
Interest expense	1,370,675	-	1,370,675
Contributions - employer	-	2,250,359	(2,250,359)
Contributions - employee	-	-	-
Net investment income	-	386,633	(386,633)
Changes of benefit terms	-	-	-
Difference between actual and expected experience	(332,779)	-	(332,779)
Changes in assumptions	(6,299,947)	-	(6,299,947)
Benefit payments, including refunds of member contributions	(2,068,926)	(2,068,926)	-
Plan administrative expenses	-	(16,067)	16,067
Net changes	<u>\$ (7,330,977)</u>	<u>\$ 551,999</u>	<u>\$ (7,882,976)</u>
Balances at end of year, December 31, 2024	<u>\$ 25,509,369</u>	<u>\$ 6,886,480</u>	<u>\$ 18,622,889</u>

The City reported (\$4,991,162) in pension expense (benefit) for the year ended December 31, 2024. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,262
Changes of assumptions	249,132	-
Net difference between projected and actual earnings on pension plan investments	286,841	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	24,543
City contributions subsequent to the measurement date	1,238,641	-
<b>Total</b>	<b><u>\$ 1,774,614</u></b>	<b><u>\$ 27,805</u></b>

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The \$1,238,641 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 December 31, 2025. Deferred Inflows of Resources related to the differences between expected and actual experience are amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period which was 2.21 and 2.21 years as of December 31, 2024 and 2023, respectively. Deferred outflows of resources related to the difference between expected and actual investment earnings are being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows and inflows will be recognized in pension expense as follows:

Year ended December 31:		
2025	\$	275,735
2026		111,001
2027		191,892
2028		(70,460)
2029		-
	\$	508,168

*Actuarial Assumptions* – Unless stated otherwise, the assumptions described below are as of the actuarial valuation date of December 31, 2023 and December 31, 2024:

Investment rate of return -	6.5%
Projected salary increases -	N/A compensation is frozen
Inflation -	3%
Mortality -	Pri-2012 Mortality Table, with Mortality Improvement scale MP-2021

*Actuarial Method* - GASB 67 requires the use of the Entry Age Normal Cost Method. Under the *Entry Age Normal Cost Method* the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability. It is equal to the theoretical asset accumulation had the plan always been in effect, all actuarial assumptions were perfectly met and the employer contributed the normal cost each year.

*Rate of Return on Investments* – The long-term expected rate of return on pension plan investments (6.50%) 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 percentages and by adding expected inflation (3.0%) and deducting investment-related expenses. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 are summarized in the following table:

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Asset Class	Target Allocation	Real Return
Equities	35%	2.10%
Fixed income	60%	1.40%
Cash equivalents 3 month Treasury	5%	0.00%
Inflation	N/A	3.00%

*Money-Weighted Rate of Return on Investments* – For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 5.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount Rate* - The discount rate used to measure the total pension liability was a blended rate of 4.31 percent for the measurement date ended December 31, 2024. This was based on the expected rate of return of pension plan investments of 6.5% and the municipal bond rate of 4.28%. The discount rate includes no allowance for administrative expenses, which are expensed separately. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be 8 percent of pay and that City contributions will be 10 percent of pay until July 1, 2020. Beginning July 1, 2020, plan member contributions will be zero and the City contributions will be 5 percent of pay with additional supplementary contributions from the City under the established funding policy. By making additional contributions of an average of \$1.1 million per year for twenty years there is a depletion date in year 24 within the 40-year projection period. Supplemental annual contributions of approximately \$1.1 million have been made in recent years.

For the plan year ended December 31, 2023, the discount rate is 4.00%. This was based on the expected rate of return of pension plan investments of 7.0% and the municipal bond rate of 4.31%. The discount rate includes no allowance for administrative expenses, which are expensed separately. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be 8 percent of pay and that City contributions will be 10 percent of pay with additional supplementary contributions from the City under the established funding policy. By making additional contributions of \$1.1 million per year for twenty years there is a depletion date in year 21 within the 40-year projection period. Supplemental annual contributions of approximately \$1.1 million have been made in recent years.

*Sensitivity of the net pension liability to changes in the discount rate* – The following presents the net pension liability of the Plan, calculated using the discount rate of 4.31 and 6.50 percent, 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 (3.41 or 5.41 percent) or 1-percentage-point higher (5.50 or 7.50 percent) than the current rate:

	Current Discount		
	1% Decrease - 3.41%	Rate - 4.31%	1% Increase - 5.41%
Plan Net Pension Liability - December 31, 2023 Plan Year	\$ 30,552,729	\$ 26,505,865	\$ 23,178,412
<hr/>			
	Current Discount		
	1% Decrease - 5.50%	Rate - 6.50%	1% Increase - 6.50%
Plan Net Pension Liability - December 31, 2024 Plan Year	\$ 21,155,485	\$ 18,622,898	\$ 16,479,490

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The components of the net pension liability of the City and the Plan at December 31, 2024, were as follows:

	City - Primary Government Financial Statements	Pension Plan
Total Pension Liability	\$ 32,840,339	\$ 25,509,378
Plan Fiduciary Net Position	6,334,474	6,886,480
Net Pension Liability	<u>\$ 26,505,865</u>	<u>\$ 18,622,898</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	19.29%	27.00%

*Pension Fund Contingency* - For the single-employer pension plan to remain solvent, the actuary has determined that the City must continue to make the annual contribution amount required by ordinance of 8% of covered wages for employees and 10% for employer. In addition, the employer must make additional contributions of approximately \$1.1 million in year five (FY 2024) and for each of the next sixteen years.

**City of Duncan Employee Retirement Plan - Defined Contribution Plan**

Plan Description – As part of the City’s retirement system, the City has also provided a defined contribution plan and trust known as the City of Duncan “New Plan” Defined Contribution Plan under Section 401(a) of the IRS Code. The defined contribution plan is available to all full-time employees who have completed at least 30 years of credited service or are entitled to a monthly pension benefit of at least 75% of the Participant’s Final Average Earnings and who elects termination of coverage under the Defined Benefit Plan. Separate audited financial statements are not available.

The New Plan is administered by a five-member Board of city employees. The City Council must approve changes to the plan. Benefits depend solely on amounts contributed to the Plan plus investment earnings. At December 31, 2024, there were seven (7) participants in the New Plan. The assets of the New Plan are held in trust for the benefit of the participants and are included in the Fiduciary Funds financial statements. At December 31, 2024, total assets held in trust were \$667,387.

Funding Policy – Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate upon thirty years of employment and must make a mandatory minimum pre-tax contribution of 8%. By City ordinance, the City, as the employer, is required to make contributions to the Plan, based on an amount equal to the city contributions that would have been made under the Defined Benefit Plan. City contributions for fiscal year 2024 were 10%. The employee is always fully vested in the New Plan. The authority to establish and amend the provisions of the Plan rests with the City Commission. Contributions to the Plan for the year ended December 31, 2024, by employees and employer were \$12,171 and \$15,213, respectively, on a covered payroll of \$213,715.

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**City of Duncan Defined Contribution Plan Administered by OkMRF (the Plan)**

Plan Description – Effective March 2015, the City began providing a defined contribution plan and trust known as the City of Duncan Plan “the Plan” in the form of The Oklahoma Municipal Retirement Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The defined contribution plan is available to all full-time employees hired after March 12, 2015, except those participating in state police or fire programs.

Funding Policy – Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees must make a mandatory minimum pre-tax contribution of 5%. By City ordinance, the City, as employer, is required to make contributions to the plan based upon employee contributions under the pick-up option, at a current rate of 5% of covered payroll. The City’s contributions for each employee (and interest allocated to the employee’s account) are vested at 50% after 5 years of service, 10% thereafter until fully vested after 10 years of service. The authority to establish and amend the provisions of the Plan rests with the City Council. Contributions to the Plan for the year ended December 31, 2024, for employees and employer were \$371,741 and \$371,741, respectively, on a covered payroll of \$7,436,369. Employer and employee contributions are held in trust by OkMRF.

**City of Duncan Defined Contribution City Manager Plan Administered by OkMRF (the Plan)**

Plan Description – Effective October 2016, the City began providing a defined contribution plan and trust known as the City of Duncan Plan “the Plan” in the form of The Oklahoma Municipal Retirement Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The defined contribution plan is available to the City Manager and Department Heads. At December 31, 2024, there were nine (9) participants in the Plan.

Funding Policy – Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees must make a mandatory minimum pre-tax contribution of 8%. By City ordinance, the City, as employer, is required to make contributions to the plan based upon employee contributions under the pick-up option, at a current rate of 8% of covered payroll. The City’s contributions for each employee (and interest allocated to the employee’s account) immediately 100% vested. The authority to establish and amend the provisions of the Plan rests with the City Council. Contributions to the Plan for the year ended December 31, 2023, for employee and employer were \$79,827 and \$99,826, respectively, on a covered payroll of \$997,832. Employer and employee contributions are held in trust by OkMRF.

**ICMA Retirement Deferred Compensation Plan**

In addition to the above plans, the City of Duncan offers a retirement plan through ICMA which is funded 10 percent by the employer and 8 percent by employee contributions. No employees participated in the plan in fiscal year 2024. Separate audited financial statements are not available.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedules – General Fund - (Budgetary Basis) – Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>		<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Original</b>	<b>Final</b>	<b>Original</b>	<b>Final</b>
<b>REVENUES</b>						
Taxes	\$ 13,725,092	\$ 13,725,092	\$ 13,980,774	\$ 13,980,774	\$ 255,682	\$ 255,682
Licenses and permits	426,356	426,356	411,017	411,017	(15,339)	(15,339)
Intergovernmental	267,820	267,820	181,338	181,338	(86,482)	(86,482)
Charges for services	139,770	139,770	655,516	655,516	515,746	515,746
Fees and fines	458,525	458,525	562,166	562,166	103,641	103,641
Investment earnings	67,683	67,683	62,975	62,975	(4,708)	(4,708)
Miscellaneous	655,959	655,959	827,568	827,568	171,609	171,609
Total revenues	<u>15,741,205</u>	<u>15,741,205</u>	<u>16,681,354</u>	<u>16,681,354</u>	<u>940,149</u>	<u>940,149</u>
<b>EXPENDITURES</b>						
Departmental:						
General government	5,048,735	4,335,997	4,939,453	4,939,453	(603,456)	(603,456)
Community development	898,234	800,143	797,984	797,984	2,159	2,159
Public safety	11,990,825	12,847,286	12,563,230	12,563,230	284,056	284,056
Highways and streets	1,230,381	1,198,930	1,199,973	1,199,973	(1,043)	(1,043)
Health	442,713	415,852	414,558	414,558	1,294	1,294
Culture and recreation	1,654,176	1,741,604	1,735,789	1,735,789	5,815	5,815
Total expenditures	<u>21,265,064</u>	<u>21,339,812</u>	<u>21,650,987</u>	<u>21,650,987</u>	<u>(311,175)</u>	<u>(311,175)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,523,859)</u>	<u>(5,598,607)</u>	<u>(4,969,633)</u>	<u>(4,969,633)</u>	<u>628,974</u>	<u>628,974</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	5,125,628	5,125,628	5,092,500	5,092,500	(33,128)	(33,128)
Transfers out	(589,301)	(689,827)	(107,658)	(107,658)	582,169	582,169
Total other financing sources and uses	<u>4,536,327</u>	<u>4,435,801</u>	<u>4,984,842</u>	<u>4,984,842</u>	<u>549,041</u>	<u>549,041</u>
Net change in fund balances	(987,532)	(1,162,806)	15,209	15,209	1,178,015	1,178,015
Fund balances - beginning	5,116,240	5,116,240	8,424,893	8,424,893	3,308,653	3,308,653
Fund balances - ending	<u>\$ 4,128,708</u>	<u>\$ 3,953,434</u>	<u>\$ 8,440,102</u>	<u>\$ 8,440,102</u>	<u>\$ 4,486,668</u>	<u>\$ 4,486,668</u>

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**Footnotes to Budgetary Comparison Schedule:**

**Budget Law**

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

- a. Prior to December 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at regular Council meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to January 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of state law, except funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between departments require the approval of the City Manager. The City prepared and adopted a legal annual budget for all governmental funds.

In accordance with Title 60 of the Oklahoma State Statutes, the Duncan Public Utilities Authority, the Duncan Economic Development Trust Authority, the Duncan Industrial Authority and the Duncan Hospital Authority are required to prepare an annual budget and submit a copy to the city as beneficiary. However, there are no further requirements such as form of budget, approval of the budget or definition of a legal spending limit.

**Budgetary Accounting**

The annual operating budgets of the General Fund are prepared and presented on a modified cash basis of accounting.

The following is a reconciliation of the difference in budget and actual:

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	General Fund
Total revenue - budgetary basis	\$ 21,773,854
Total expenses - budgetary basis	<u>(21,758,645)</u>
Change in fund balance - budgetary basis	15,209
Add change in fund balance of sub-accounts combined for reporting purposes:	
Fire Uniform Allowance Account	(46,520)
Hunting and Fishing Account	14,903
Deposit and Refund	27
Change in fund balance - GAAP basis	<u>\$ (16,381)</u>

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation. The City considers most all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are re-appropriated in the next year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

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**CITY OF DUNCAN EMPLOYEE RETIREMENT PLAN -SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**

	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2018	Year Ended December 31, 2019	Year Ended December 31, 2020	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2024
<b>Total pension liability</b>										
Service cost	\$ 553,112	\$ 526,133	\$ 475,144	\$ 415,875	\$ 445,081	\$ 240,971	\$ -	\$ 1,017,448	\$ 1,444,993	\$ 1,370,675
Interest	1,573,160	1,560,485	1,562,236	1,445,573	1,467,009	1,192,499	1,000,087	-	-	-
Changes of benefit terms	(1,104,023)	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(483,444)	(286,458)	(1,222,112)	(614,991)	(209,790)	968,970	111,167	629,009	(11,420)	(332,779)
Changes of assumptions	-	-	1,860,722	3,678,085	6,521,874	4,307,541	(547,274)	(9,741,504)	871,952	(6,299,947)
Benefit payments, including refunds of member contributions	(1,585,679)	(1,781,876)	(1,674,840)	(1,739,203)	(1,730,223)	(1,790,572)	(1,774,458)	(1,879,698)	(1,967,338)	(2,068,926)
Net change in total pension liability	\$ (1,046,874)	\$ 18,284	\$ 1,001,150	\$ 3,185,339	\$ 6,493,951	\$ 4,919,409	\$ (1,210,478)	\$ (9,974,745)	\$ 338,187	\$ (7,330,977)
<b>Total pension liability - beginning</b>	<b>29,063,506</b>	<b>28,016,632</b>	<b>28,087,537</b>	<b>29,088,687</b>	<b>32,274,026</b>	<b>38,767,977</b>	<b>43,687,386</b>	<b>42,476,908</b>	<b>32,502,163</b>	<b>32,840,350</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 28,016,632</b>	<b>\$ 28,034,916</b>	<b>\$ 29,088,687</b>	<b>\$ 32,274,026</b>	<b>\$ 38,767,977</b>	<b>\$ 43,687,386</b>	<b>\$ 42,476,908</b>	<b>\$ 32,502,163</b>	<b>\$ 32,840,350</b>	<b>\$ 25,509,373</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 1,880,420	\$ 1,877,217	\$ 806,899	\$ 778,849	\$ 750,283	\$ 708,130	\$ 1,265,264	\$ 1,152,857	\$ 1,324,542	\$ 2,250,359
Contributions - members	334,780	303,402	249,490	240,438	200,428	90,849	-	-	-	-
Net investment income	(76,239)	666,290	963,257	(410,245)	1,208,634	784,889	904,176	(883,930)	798,292	386,633
Benefit payments, including refunds of member contributions	(1,585,679)	(1,781,876)	(1,674,840)	(1,739,203)	(1,730,223)	(1,790,572)	(1,774,458)	(1,879,698)	(1,967,338)	(2,068,926)
Administrative expense	(29,434)	(64,067)	(65,576)	(22,473)	(27,060)	(20,567)	(16,357)	(15,982)	(27,606)	(16,065)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	523,848	1,000,966	279,230	(1,152,634)	402,062	(227,271)	378,625	(1,626,753)	127,890	552,001
<b>Plan fiduciary net position - beginning</b>	<b>6,575,894</b>	<b>7,099,742</b>	<b>8,153,329</b>	<b>8,432,559</b>	<b>7,279,925</b>	<b>7,681,987</b>	<b>7,454,716</b>	<b>7,833,341</b>	<b>6,206,588</b>	<b>6,334,478</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 7,099,742</b>	<b>\$ 8,100,708</b>	<b>\$ 8,432,559</b>	<b>\$ 7,279,925</b>	<b>\$ 7,681,987</b>	<b>\$ 7,454,716</b>	<b>\$ 7,833,341</b>	<b>\$ 6,206,588</b>	<b>\$ 6,334,478</b>	<b>\$ 6,886,479</b>
City's net pension liability - ending (a-b)	\$ 20,916,890	\$ 19,934,208	\$ 20,656,128	# \$ 24,994,101	\$ 31,085,990	\$ 36,232,670	\$ 34,643,567	\$ 26,295,575	\$ 26,505,672	\$ 18,622,894
Plan fiduciary net position as a percentage of the total pension liability	25.34%	28.90%	29.00%	22.56%	19.82%	17.06%	18.40%	19.10%	19.30%	27.00%
Covered-employee payroll	\$ 4,046,479	\$ 4,261,764	\$ 4,007,413	\$ 2,535,041	\$ 2,516,819	\$ 3,215,811	\$ 2,717,229	\$ 2,486,716	\$ 2,370,994	\$ 2,296,962
City's net pension liability as a percentage of covered employee payroll	516.92%	467.75%	515.45%	985.94%	1235.13%	1126.70%	1274.96%	1057.44%	1117.92%	810.76%
<b>Actuarial Assumptions:</b>										
Valuation date	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Amortization period	40 years rolling	40 years rolling	40 years rolling	40 years rolling	40 years rolling	40 years rolling	40 years rolling	40 years rolling	40 years rolling	40 years rolling
Actuarial asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Investment rate of return	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	6.50%
Projected salary increases	4.00%	N/A - compensation is frozen	N/A - compensation is frozen	N/A - compensation is frozen	N/A - compensation is frozen	N/A - compensation is frozen	N/A - compensation is frozen	N/A - compensation is frozen	N/A - compensation is frozen	N/A - compensation is frozen
Mortality table	RP 2000 projected	RP 2000 projected	RP 2000 projected, with cohort projections	RP 2014, with Mortality Improvement Scale MP-2021	RP 2014, with Mortality Improvement Scale MP-2021	RP 2014, with Mortality Improvement Scale MP-2021	Pri-2012, with Mortality Improvement Scale MP-2021			
Experience study										

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full ten-year trend is compiled, pension plans should present information for those years for which information is available.

Note 1 - Changes of Benefit Terms - There were no significant changes of benefit terms.

Note 2 - Changes of Assumptions - The discount rate changed from 5.74% in 2016 to 5.12% in 2017 to 4.67% in 2018.

The discount rate changed from 4.67% in 2018 to 3.15% in 2019.

The discount rate changed from 3.15% in 2019 to 2.34% in 2020.

The discount rate changed from 2.34% in 2020 to 2.45% in 2021.

The discount rate changed from 2.45% in 2021 to 4.59% in 2022.

The discount rate changed from 4.59% in 2021 to 4.31% in 2022.

The discount rate changed from 4.31% in 2022 to 6.50% in 2024.

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**CITY OF DUNCAN EMPLOYEE RETIREMENT PLAN**  
**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**Last Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,250,359	\$ 1,324,542	\$ 1,258,215	\$ 1,289,237	\$ 1,026,297	\$ 1,214,612	\$ 950,603	\$ 957,485	\$ 1,345,314	\$ 1,326,214
Contributions in relation to the actuarially determined contribution	2,250,359	1,324,542	1,243,301	699,508	708,130	750,283	778,849	806,899	1,877,216	1,918,481
Contribution deficiency (excess)	\$ -	\$ -	\$ 14,914	\$ 589,729	\$ 318,167	\$ 464,329	\$ 171,754	\$ 150,586	\$ (531,902)	\$ (592,267)
Covered-employee payroll	\$ 2,047,254	\$ 2,296,962	\$ 2,370,994	\$ 2,486,716	\$ 2,717,229	\$ 3,215,811	\$ 2,516,819	\$ 2,535,041	\$ 4,007,413	\$ 4,261,764
Contributions as a percentage of covered-employee payroll	109.9%	57.7%	52.4%	28.1%	26.1%	23.3%	30.9%	31.8%	46.8%	45.0%

**Notes to Schedule:**

Valuation Date December 31, 2024  
 Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal - percentage of pay basis
Amortization method	Level dollar
Remaining amortization period	40 years rolling (funding)
Asset valuation method	Market Value
Inflation	3.0%
Salary increases	4%, including inflation. Not applicable after 2015.
Investment rate of return	7.50% (before admin expenses)
Retirement age	Oklahoma municipal experience
Mortality	Pri-2012, with Mortality Improvement Scale MP-2021

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**CITY OF DUNCAN EMPLOYEE RETIREMENT PLAN  
SCHEDULE OF INVESTMENT RETURNS**

**Last Ten Fiscal Years**

<b>Year Ended</b>	<b>Annual money-weighted rate of return, net of investment expense</b>
2024	5.80%
2023	13.10%
2022	-12.00%
2021	12.30%
2020	10.60%
2019	17.10%
2018	-5.40%
2017	11.40%
2016	9.13%
2015	-1.64%

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability (asset)	0.8122%	0.7539%	0.7799%	0.7699%	0.7965%	0.8031%	0.7762%	0.7488%	0.7233%	0.7316%
City's proportionate share of the net pension liability (asset)	\$ 33,116	\$ 1,154,578	\$ 59,987	\$ (366,733)	\$ (50,850)	\$ 922,330	\$ (3,723,440)	\$ (600,475)	\$ (220,905)	\$ 1,916,333
City's covered payroll	\$ 2,230,110	\$ 2,230,110	\$ 2,296,727	\$ 2,248,877	\$ 2,440,080	\$ 2,762,849	\$ 2,679,757	\$ 2,721,034	\$ 2,662,892	\$ 2,735,479
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.48%	51.77%	2.61%	-16.31%	-2.08%	33.38%	-138.95%	-22.07%	-8.30%	70.05%
Plan fiduciary net position as a percentage of the total pension liability	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%	101.02%	92.40%

Note 1- Changes of Benefit terms - There were no significant changes of benefit terms.  
 Note 2 - Changes of Assumptions - There were no significant changes in assumptions

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	\$ 288,707	\$ 298,575	\$ 292,354	\$ 317,210	\$ 359,170	\$ 348,368	\$ 351,073	\$ 341,330	\$ 355,758	\$ 408,831
Contributions in relation to the statutorily required contribution	288,707	298,575	293,559	317,607	359,170	348,368	351,073	341,330	355,758	408,831
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,205)	\$ (397)	-	-	-	-	-	-
City's covered payroll	\$ 2,230,110	\$ 2,296,727	\$ 2,248,877	\$ 2,440,080	\$ 2,762,849	\$ 2,679,757	\$ 2,721,034	\$ 2,662,892	\$ 2,735,479	\$ 3,148,120
Contributions as a percentage of covered-employee payroll	12.95%	13.00%	13.05%	13.02%	13.00%	13.00%	12.90%	12.82%	13.01%	12.99%

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
 THE NET PENSION LIABILITY**  
**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
 Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability	0.8242%	0.8372%	0.8158%	0.7754%	0.7853%	0.7956%	0.8226%	0.8966%	0.8227%	0.7962%
City's proportionate share of the net pension liability	\$ 8,747,637	\$ 10,228,267	\$ 10,260,242	\$ 8,728,801	\$ 8,297,546	\$ 9,800,483	\$ 5,417,490	\$ 11,724,988	\$ 10,614,914	\$ 10,486,159
City's covered payroll	\$ 2,282,721	\$ 2,282,721	\$ 2,265,861	\$ 2,300,403	\$ 2,314,922	\$ 2,596,872	\$ 2,600,000	\$ 2,807,237	\$ 3,111,316	\$ 3,107,029
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	383%	448%	453%	379%	358%	377%	208%	418%	341%	337%
Plan fiduciary net position as a percentage of the total pension liability	68.27%	64.87%	66.61%	70.73%	72.58%	69.98%	68.12%	69.49%	68.12%	71.90%

Note 1- Changes of Benefit terms - There were no significant changes of benefit terms.  
 Note 2 - Changes of Assumptions - There were no significant changes in assumptions

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	\$ 319,270	\$ 320,327	\$ 320,327	\$ 324,089	\$ 363,563	\$ 364,000	\$ 393,013	\$ 435,218	\$ 434,984	\$ 458,308
Contributions in relation to the statutorily required contribution	319,270	320,327	322,149	324,089	363,563	364,000	393,013	435,218	434,984	458,308
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,822)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,282,721	\$ 2,265,861	\$ 2,300,403	\$ 2,314,922	\$ 2,596,872	\$ 2,600,000	\$ 2,807,237	\$ 3,111,316	\$ 3,107,029	\$ 3,272,941
Contributions as a percentage of covered payroll	13.99%	14.14%	14.00%	14.00%	14.00%	14.00%	14.00%	13.99%	14.00%	14.00%

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## **Other Post-Employment Benefits**

**Schedule of Changes in Net OPEB Liability and Related Ratios**  
Postemployment Health Insurance Implicit Rate Subsidy Plan

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB Liability</b>								
Service cost	\$ 318,425	\$ 32,020	\$ 30,178	\$ 33,944	\$ 31,738	\$ 23,397	\$ 12,544	\$ 8,396
Interest expense	602,632	190,601	196,530	121,522	75,478	52,384	73,610	38,385
Difference in expected and actual experience	(521,176)	(635,258)	(642,624)	(1,053,956)	(1,061,201)	(750,433)	(878,752)	(263,787)
Difference due to changes in actuarial assumptions	704,657	(140,505)	244,313	86,310	6,171	(118,580)	5,470	(5,033)
Difference due to changes in plan provision	(11,278,547)							
Employer contributions	(227,919)	(240,012)	(189,999)	(154,614)	(108,489)	(72,424)	(16,567)	(16,497)
<b>Net change in total OPEB liability</b>	<b>(10,401,928)</b>	<b>(793,154)</b>	<b>(361,602)</b>	<b>(966,794)</b>	<b>(1,056,303)</b>	<b>(865,656)</b>	<b>(803,695)</b>	<b>(238,536)</b>
<b>Balances at Beginning of Year</b>	<b>16,329,555</b>	<b>5,927,627</b>	<b>5,134,473</b>	<b>4,772,871</b>	<b>3,806,077</b>	<b>2,749,774</b>	<b>1,884,118</b>	<b>1,080,423</b>
<b>Balances End of Year</b>	<b>\$ 5,927,627</b>	<b>\$ 5,134,473</b>	<b>\$ 4,772,871</b>	<b>\$ 3,806,077</b>	<b>\$ 2,749,774</b>	<b>\$ 1,884,118</b>	<b>\$ 1,080,423</b>	<b>\$ 841,887</b>
Covered employee payroll	\$ 8,174,099	\$ 9,564,912	\$ 13,325,670	\$ 12,253,131	\$ 15,425,849	\$ 15,856,844	\$ 16,154,939	\$ 17,216,834
Total OPEB liability as a percentage of covered-employee payroll	72.52%	53.68%	35.82%	31.06%	17.83%	11.88%	6.69%	4.89%

**Notes to Schedule:**

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

The plan is not held in a trust and no assets are accumulated.

#### Changes in assumptions (measurement date):

Discount rate	Increased from 3.44% at 12/31/2017 to 4.10% at 12/31/2018
Discount rate	Decreased from 4.10% at 12/31/2018 to 2.74% at December 31, 2019
Discount rate	Decreased from 2.74% at 12/31/2019 to 2.12% at December 31, 2020
Discount rate	Decreased from 2.12% at 12/31/2020 to 2.05% at December 31, 2021
Discount rate	Increased from 2.05% at 12/31/2021 to 4.31% at December 31, 2022
Discount rate	Decreased from 4.31% at 12/31/2022 to 4.00% at December 31, 2023
Discount rate	Increased from 4.00% at 12/31/2023 to 4.28% at December 31, 2024

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**SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – General Fund Accounts – December 31, 2024**

	<b>General Fund</b>	<b>Fire Uniform Allowance</b>	<b>Hunting and Fishing</b>	<b>Deposit and Refund</b>	<b>Total General Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,293,878	\$ 48,140	\$ 125,316	\$ (836)	\$ 6,466,498
Receivable from other governments	1,824,002	-	-	-	1,824,002
Due from other funds	639,051	-	-	-	639,051
Taxes receivable, net	85,989	-	-	-	85,989
Court fines receivable, net	236,149	-	-	-	236,149
Leases receivable	1,165,268	-	-	-	1,165,268
Other receivables	512,828	-	-	-	512,828
Total assets	<u>10,757,165</u>	<u>48,140</u>	<u>125,316</u>	<u>(836)</u>	<u>10,929,785</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	238,207	163	-	-	238,370
Accrued payroll payable	447,085	-	-	-	447,085
Due to other funds	323,913	-	-	-	323,913
Due to bondholders	-	-	600	18,958	19,558
Total liabilities	<u>1,009,205</u>	<u>163</u>	<u>600</u>	<u>18,958</u>	<u>1,028,926</u>
Deferred inflows of resources:					
Unavailable revenue	163,614	-	-	-	163,614
Leases	1,159,453	-	-	-	1,159,453
Total Deferred inflows	<u>1,323,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,323,067</u>
Fund balances:					
Restricted	200,000	-	-	-	200,000
Assigned	2,730,580	-	-	-	2,730,580
Unassigned (deficit)	5,494,313	47,977	124,716	(19,794)	5,647,212
Total fund balances	<u>8,424,893</u>	<u>47,977</u>	<u>124,716</u>	<u>(19,794)</u>	<u>8,577,792</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,757,165</u>	<u>\$ 48,140</u>	<u>\$ 125,316</u>	<u>\$ (836)</u>	<u>\$ 10,929,785</u>

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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts**  
**– December 31, 2024**

	<b>General Fund</b>	<b>Fire Uniform Allowance</b>	<b>Hunting and Fishing</b>	<b>Deposit and Refund</b>	<b>Total General Fund</b>
<b>REVENUES</b>					
Taxes	\$ 13,980,774	\$ -	\$ -	\$ -	\$ 13,980,774
Intergovernmental	1,930,246	-	-	-	1,930,246
Licenses and permits	181,338	-	21,559	-	202,897
Charges for services	655,516	-	-	-	655,516
Fees and fines	562,166	-	-	-	562,166
Investment earnings	62,975	-	-	27	63,002
Miscellaneous	827,568	-	-	-	827,568
Total revenues	<u>18,200,583</u>	<u>-</u>	<u>21,559</u>	<u>27</u>	<u>18,222,169</u>
<b>EXPENDITURES</b>					
Current:					
General government	4,903,918	-	-	-	4,903,918
Community development	796,681	-	-	-	796,681
Public safety	14,079,853	46,520	-	-	14,126,373
Highways and streets	1,199,973	-	-	-	1,199,973
Health	413,907	-	-	-	413,907
Culture and recreation	1,734,487	-	6,656	-	1,741,143
Capital Outlay	237,193	-	-	-	237,193
Debt Service:					
Principal	39,530	-	-	-	39,530
Interest and other charges	1,867	-	-	-	1,867
Total expenditures	<u>23,407,409</u>	<u>46,520</u>	<u>6,656</u>	<u>-</u>	<u>23,460,585</u>
Excess (deficiency) of revenues over expenditures	<u>(5,206,826)</u>	<u>(46,520)</u>	<u>14,903</u>	<u>27</u>	<u>(5,238,416)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long-term debt	237,193	-	-	-	237,193
Transfers in	5,092,500	-	-	-	5,092,500
Transfers out	(107,658)	-	-	-	(107,658)
Total other financing sources and uses	<u>5,222,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,222,035</u>
Net change in fund balances	15,209	(46,520)	14,903	27	(16,381)
Fund balances - beginning	8,409,684	94,497	109,813	(19,821)	8,594,173
Fund balances - ending	<u>\$ 8,424,893</u>	<u>\$ 47,977</u>	<u>\$ 124,716</u>	<u>\$ (19,794)</u>	<u>\$ 8,577,792</u>

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**Combining Balance Sheet – Nonmajor Governmental Funds – December 31, 2024**

	Street and Alley Fund	Cemetery Care	Library Gifts and Grants	Duncan Economic Development Trust Authority (DEDTA)	CDBG	E911 Dispatch	First Responder Program	Opioid Settlement
<b>ASSETS</b>								
Cash and cash equivalents	\$ 137,905	\$ 111,646	\$ -	\$ 1,255,004	\$ 122,911	\$ 270,376	\$ 48,026	\$ 224,922
Investments	-	-	-	1,523,986	-	-	-	-
Receivable from other governments	46,813	-	-	163,780	-	27,552	-	-
Due from other funds	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Total assets	<b>184,718</b>	<b>111,646</b>	<b>-</b>	<b>2,942,770</b>	<b>122,911</b>	<b>297,928</b>	<b>48,026</b>	<b>224,922</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	6,638	-	2,090	210,628	809	-	-	-
Due to other funds	-	-	3,225	109,526	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<b>6,638</b>	<b>-</b>	<b>5,315</b>	<b>320,154</b>	<b>809</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:								
Restricted	178,080	111,646	-	2,622,616	122,102	297,928	48,026	224,922
Unassigned (deficit)	-	-	(5,315)	-	-	-	-	-
Total fund balances	<b>178,080</b>	<b>111,646</b>	<b>(5,315)</b>	<b>2,622,616</b>	<b>122,102</b>	<b>297,928</b>	<b>48,026</b>	<b>224,922</b>
Total liabilities and fund balances	<b>\$ 184,718</b>	<b>\$ 111,646</b>	<b>\$ -</b>	<b>\$ 2,942,770</b>	<b>\$ 122,911</b>	<b>\$ 297,928</b>	<b>\$ 48,026</b>	<b>\$ 224,922</b>

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**Combining Balance Sheet – Nonmajor Governmental Funds – December 31, 2024, continued**

	<b>Police Grants and Seizures</b>	<b>Economic Sales Tax Fund</b>	<b>Technology Fee</b>	<b>American Rescue Plan</b>	<b>Duncan Enhancement Trust Authority</b>	<b>Ad Valorem Sinking</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 205,346	\$ 424,817	\$ -	\$ 2,334,684	\$ 1,076	\$ 81,368	\$ 5,218,081
Investments	-	-	-	-	-	-	1,523,986
Receivable from other governments	732	163,780	-	-	-	-	402,657
Due from other funds	-	-	-	-	-	23,913	23,913
Other receivables	-	-	-	-	-	75,081	75,081
Total assets	<b>206,078</b>	<b>588,597</b>	<b>-</b>	<b>2,334,684</b>	<b>1,076</b>	<b>180,362</b>	<b>7,243,718</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	-	-	-	18,869	-	-	239,034
Due to other funds	648	-	26,719	-	-	-	140,118
Unearned revenue	-	-	-	2,130,249	-	18,940	2,149,189
Total liabilities	<b>648</b>	<b>-</b>	<b>26,719</b>	<b>2,149,118</b>	<b>-</b>	<b>18,940</b>	<b>2,528,341</b>
Fund balances:							
Restricted	205,430	588,597	-	185,566	1,076	161,422	4,747,411
Unassigned (deficit)	-	-	(26,719)	-	-	-	(32,034)
Total fund balances	<b>205,430</b>	<b>588,597</b>	<b>(26,719)</b>	<b>185,566</b>	<b>1,076</b>	<b>161,422</b>	<b>4,715,377</b>
Total liabilities and fund balances	<b>\$ 206,078</b>	<b>\$ 588,597</b>	<b>\$ -</b>	<b>\$ 2,334,684</b>	<b>\$ 1,076</b>	<b>\$ 180,362</b>	<b>\$ 7,243,718</b>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor  
 Governmental Funds – December 31, 2024**

	Street and Alley Fund	Cemetery Care	Library Gifts and Grants	Duncan Economic Development Trust Authority (DEDTA)	CDBG	E911 Dispatch	First Responder Program	Opioid Settlement
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ 1,964,303	\$ -	\$ 332,441	\$ -	\$ -
Fees and fines	-	-	-	-	-	-	-	-
Intergovernmental	211,356	-	17,009	-	283,255	-	-	-
Charges for services	-	15,832	-	-	-	-	-	-
Investment earnings	-	-	-	68,208	-	-	-	-
Miscellaneous	-	-	311,814	22,665	-	-	-	-
Total revenues	<u>211,356</u>	<u>15,832</u>	<u>328,823</u>	<u>2,055,176</u>	<u>283,255</u>	<u>332,441</u>	<u>-</u>	<u>224,922</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	27,881	-	-
Highways and streets	159,746	-	-	-	-	-	-	-
Culture and recreation	-	-	24,662	-	-	-	-	-
Economic development	-	-	-	1,555,649	355,311	-	-	-
Debt Service:								
Principal	-	-	-	-	-	78,009	-	-
Interest and other charges	-	-	-	-	-	2,028	-	-
Capital outlay	136,952	-	312,863	1,720,835	34,177	142,930	-	-
Total expenditures	<u>296,698</u>	<u>-</u>	<u>337,525</u>	<u>3,276,484</u>	<u>389,488</u>	<u>250,848</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(85,342)</u>	<u>15,832</u>	<u>(8,702)</u>	<u>(1,221,308)</u>	<u>(106,233)</u>	<u>81,593</u>	<u>-</u>	<u>224,922</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	11,700	-	228,335	-	-	-
Transfers out	-	-	-	-	-	(92,500)	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>11,700</u>	<u>-</u>	<u>228,335</u>	<u>(92,500)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(85,342)	15,832	2,998	(1,221,308)	122,102	(10,907)	-	224,922
Fund balances - beginning	263,422	95,814	(8,313)	3,843,924	-	308,835	48,026	-
Fund balances - ending	<u>\$ 178,080</u>	<u>\$ 111,646</u>	<u>\$ (5,315)</u>	<u>\$ 2,622,616</u>	<u>\$ 122,102</u>	<u>\$ 297,928</u>	<u>\$ 48,026</u>	<u>\$ 224,922</u>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor  
 Governmental Funds – December 31, 2024, continued**

	<b>Police Grants and Seizures</b>	<b>Economic Sales Tax Fund</b>	<b>Technology Fee</b>	<b>American Rescue Plan</b>	<b>Duncan Enhancement Trust Authority</b>	<b>Ad Valorem Sinking</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES</b>							
Taxes	\$ -	\$ 588,597	\$ -	\$ -	\$ -	\$ 70,106	\$ 2,955,447
Fees and fines	-	-	22,110	-	-	-	22,110
Intergovernmental	5,914	-	-	395,672	-	-	913,206
Charges for services	-	-	-	-	-	-	15,832
Investment earnings	-	-	-	15,367	-	-	83,575
Miscellaneous	160,612	-	-	-	-	-	720,013
Total revenues	<u>166,526</u>	<u>588,597</u>	<u>22,110</u>	<u>411,039</u>	<u>-</u>	<u>70,106</u>	<u>4,710,183</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	278,721	20,904	-	299,625
Public safety	16,401	-	-	-	-	190,000	234,282
Streets	-	-	-	-	-	-	159,746
Culture and recreation	-	-	-	-	-	-	24,662
Economic development	-	-	-	-	-	-	1,910,960
Debt Service:							
Principal	-	-	-	-	-	-	78,009
Interest and other charges	-	-	-	-	-	-	2,028
Capital outlay	32,870	-	49,799	113,315	-	-	2,543,741
Total expenditures	<u>49,271</u>	<u>-</u>	<u>49,799</u>	<u>392,036</u>	<u>20,904</u>	<u>190,000</u>	<u>5,253,053</u>
Excess (deficiency) of revenues over expenditures	<u>117,255</u>	<u>588,597</u>	<u>(27,689)</u>	<u>19,003</u>	<u>(20,904)</u>	<u>(119,894)</u>	<u>(542,870)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,474	-	13,000	-	21,980	-	276,489
Transfers out	-	-	-	-	-	-	(92,500)
Total other financing sources and uses	<u>1,474</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>21,980</u>	<u>-</u>	<u>183,989</u>
Net change in fund balances	118,729	588,597	(14,689)	19,003	1,076	(119,894)	(358,881)
Fund balances - beginning	86,701	-	(12,030)	166,563	-	281,316	5,074,258
Fund balances - ending	<u>\$ 205,430</u>	<u>\$ 588,597</u>	<u>\$ (26,719)</u>	<u>\$ 185,566</u>	<u>\$ 1,076</u>	<u>\$ 161,422</u>	<u>\$ 4,715,377</u>

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**Combining Schedule of Net Position – Duncan Public Utilities Authority – December 31, 2024**

<b>DPUA Enterprise Fund Accounts</b>							
	<b>DPUA - Other Utilities</b>	<b>DPUA - Electric</b>	<b>DPUA Airport</b>	<b>DPUA Sinking - Waurika</b>	<b>Redeposit Cash</b>	<b>Meter Deposit</b>	<b>Total</b>
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 3,037,495	\$ 3,088,639	\$ 38	\$ -	\$ 11,684	\$ -	\$ 6,137,856
Restricted:							
Cash and cash equivalents	20,023,627	-	-	596,499	-	808,164	21,428,290
Due from other funds	802,283	300,000	-	-	-	-	1,102,283
Due from other funds - interaccount	-	-	-	-	-	297,786	297,786
Accounts receivable, net	2,854,614	2,257,308	9,257	-	-	-	5,121,179
Receivables from other governments	-	-	65,433	-	-	-	65,433
Lease receivable	97,046	-	-	-	-	-	97,046
Other receivables	357,618	2,500	-	-	9,346	-	369,464
Inventories	-	815,921	-	-	-	-	815,921
Prepaid Expenses	16	-	-	-	-	-	16
Total current assets	<u>27,172,699</u>	<u>6,464,368</u>	<u>74,728</u>	<u>596,499</u>	<u>21,030</u>	<u>1,105,950</u>	<u>35,435,274</u>
Non-current assets:							
Restricted:							
Investments	-	-	-	246,847	-	-	246,847
Investment in joint venture	60,705	-	-	-	-	-	60,705
Capital assets:							
Land and construction in progress	27,503,744	55,025	2,008,898	-	-	-	29,567,667
Other capital assets, net of accumulated depreciation	44,924,008	8,160,296	2,226,613	-	-	-	55,329,917
Total non-current assets	<u>72,498,457</u>	<u>8,224,321</u>	<u>4,235,511</u>	<u>246,847</u>	<u>21,030</u>	<u>1,105,950</u>	<u>85,205,136</u>
Total assets	<u>99,671,156</u>	<u>14,688,689</u>	<u>4,310,239</u>	<u>843,346</u>	<u>21,030</u>	<u>1,105,950</u>	<u>120,640,410</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>							
Deferred amounts on refunding	578,254	-	-	-	-	-	578,254
Deferred amounts related to pension	614,480	1,045,868	-	-	-	-	1,660,348
Deferred amounts related to OPEB	335,771	46,545	-	-	-	-	382,316
Total deferred outflows	<u>1,528,505</u>	<u>1,092,413</u>	-	-	-	-	2,620,918
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	3,684,212	42,631	4,368	-	-	-	3,731,211
Salaries payable	87,477	45,339	-	-	-	-	132,816
Accrued interest payable	546,256	-	-	-	-	-	546,256
Due to other funds	144,402	-	465,057	-	-	-	609,459
Due to other funds - interaccount	297,786	-	-	-	-	-	297,786
Payable to other governments	-	67,778	-	-	-	-	67,778
Deposits subject to refund	21,000	80,407	-	-	-	1,068,453	1,169,860
Compensated absences	45,910	46,445	-	-	-	-	92,355
Leases liability	29,906	-	-	-	-	-	29,906
Notes payable	2,763,446	-	-	-	-	-	2,763,446
Total current liabilities	<u>7,620,395</u>	<u>282,600</u>	<u>469,425</u>	-	-	<u>1,068,453</u>	<u>9,440,873</u>
Non-current liabilities:							
Compensated absences, net of current portion	413,192	418,004	-	-	-	-	831,196
Lease liability	2,000	-	-	-	-	-	2,000
Total OPEB liability	183,684	52,048	-	-	-	-	235,732
Net pension liability	9,177,971	15,621,226	-	-	-	-	24,799,197
Notes payable, net of current portion	61,445,867	-	-	-	-	-	61,445,867
Total non-current liabilities	<u>71,222,714</u>	<u>16,091,278</u>	-	-	-	-	<u>87,313,992</u>
Total liabilities	<u>78,843,109</u>	<u>16,373,878</u>	<u>469,425</u>	-	-	<u>1,068,453</u>	<u>96,754,865</u>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Deferred amounts related to pension	9,629	16,387	-	-	-	-	26,016
Deferred amounts related to OPEB	814,330	252,037	-	-	-	-	1,066,367
Deferred amounts related to leases	99,293	-	-	-	-	-	99,293
Total deferred inflows	<u>923,252</u>	<u>268,424</u>	-	-	-	-	<u>1,191,676</u>
<b>NET POSITION</b>							
Net investment in capital assets	27,246,967	8,224,321	4,235,511	-	-	-	39,706,799
Restricted for debt service	607,349	-	-	843,346	-	-	1,450,695
Unrestricted (deficit)	(6,421,016)	(9,085,521)	(394,697)	-	21,030	37,497	(15,842,707)
Total net position	<u>\$ 21,433,300</u>	<u>\$ (861,200)</u>	<u>\$ 3,840,814</u>	<u>\$ 843,346</u>	<u>\$ 21,030</u>	<u>\$ 37,497</u>	<u>\$ 25,314,787</u>

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**Combining Schedule of Revenues, Expenses, and Changes in Net Position – Duncan Public Utilities Authority – Year Ended December 31, 2024**

	Enterprise Fund Accounts						<b>Total</b>
	DPUA - Other Utilities	DPUA - Electric	DPUA Airport	DPUA Sinking - Waurika	Redeposit Cash	Meter Deposit	
<b>REVENUES</b>							
Water	\$ 12,401,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,401,509
Electric	-	19,340,830	-	-	-	-	19,340,830
Sewer	3,405,049	-	-	-	-	-	3,405,049
Sanitation	4,207,325	-	-	-	-	-	4,207,325
Lake	159,938	-	-	-	-	-	159,938
Airport	-	-	54,489	-	-	-	54,489
Miscellaneous	155,250	66,342	-	-	-	-	221,592
Total operating revenues	<u>20,329,071</u>	<u>19,407,172</u>	<u>54,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,790,732</u>
<b>OPERATING EXPENSES</b>							
General government	986,167	-	-	-	-	-	986,167
Water	2,015,480	-	-	-	-	-	2,015,480
Wastewater	1,287,998	-	-	-	-	-	1,287,998
Sanitation	4,033,383	-	-	-	-	-	4,033,383
Electric	-	15,647,440	-	-	-	-	15,647,440
Lake	509,738	-	-	-	-	-	509,738
Airport	-	-	20,715	-	-	-	20,715
Depreciation	3,652,424	669,073	198,619	-	-	-	4,520,116
Total operating expenses	<u>12,485,190</u>	<u>16,316,513</u>	<u>219,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,021,037</u>
Operating income (loss)	<u>7,843,881</u>	<u>3,090,659</u>	<u>(164,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,769,695</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest and investment revenue	1,123,006	13,399	-	(103,220)	-	10,583	1,043,768
Miscellaneous revenue	241,711	10,303	-	-	-	-	252,014
Grants and contributions	1,000	-	-	-	-	-	1,000
Interest expense	(1,839,161)	-	-	(109,826)	-	-	(1,948,987)
Capital contributions to governmental activities	-	-	-	-	-	-	-
Total non-operating revenue (expenses)	<u>(473,444)</u>	<u>23,702</u>	<u>-</u>	<u>(213,046)</u>	<u>-</u>	<u>10,583</u>	<u>(652,205)</u>
Income (loss) before contributions and transfers	<u>7,370,437</u>	<u>3,114,361</u>	<u>(164,845)</u>	<u>(213,046)</u>	<u>-</u>	<u>10,583</u>	<u>10,117,490</u>
Capital grants and contributions	-	-	1,491,159	-	-	-	1,491,159
Capital contributions from governmental activities	586,450	1,843,881	40,000	-	-	-	2,470,331
Transfers in - interaccount	488,477	-	-	-	-	-	488,477
Transfers out - interaccount	-	-	(488,477)	-	-	-	(488,477)
Transfers in	-	-	70,000	-	-	-	70,000
Transfers out	(3,296,480)	(2,500,000)	-	-	-	-	(5,796,480)
Change in net position	5,148,884	2,458,242	1,436,314	(701,523)	-	10,583	8,352,500
Total net position - beginning, as previously stated	16,269,102	(3,046,793)	2,404,500	1,544,869	21,030	26,914	17,219,622
Net position restatement	15,314	(272,649)	-	-	-	-	(257,355)
Total net position, - beginning, restated	<u>16,284,416</u>	<u>(3,319,442)</u>	<u>2,404,500</u>	<u>1,544,869</u>	<u>21,030</u>	<u>26,914</u>	<u>16,962,287</u>
Total net position - ending	<u>\$ 21,433,300</u>	<u>\$ (861,200)</u>	<u>\$ 3,840,814</u>	<u>\$ 843,346</u>	<u>\$ 21,030</u>	<u>\$ 37,497</u>	<u>\$ 25,314,787</u>

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**Combining Schedule of Cash Flows – Duncan Public Utilities Authority – Year Ended December 31, 2024**

	Enterprise Fund Accounts						Total
	DPUA - Other Utilities	DPUA - Electric	DPUA Airport	DPUA Sinking - Waurika	Redeposit Cash	Meter Deposit	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Recoveries of customer meter deposits	\$ 20,084,000	\$ 19,272,762	\$ 57,616	\$ -	\$ -	\$ -	\$ 39,143,778
Payments to suppliers and employees	(11,227,273)	(17,157,614)	(74,629)	-	-	-	(28,459,516)
Receipts of customer meter deposits	21,000	41,406	-	-	-	-	270,653
Refunds of customer meter deposits	-	(33,695)	-	-	-	-	(234,357)
Interfund receipts	6,496	-	458,591	-	-	-	465,087
Interfund payments	(4,975,747)	-	-	-	-	-	(4,975,747)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,908,476</b>	<b>\$ 2,122,949</b>	<b>\$ 441,578</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (26,200)</b>	<b>\$ 6,446,803</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers from other funds - interaccount	488,477	-	-	-	-	-	488,477
Transfers to other funds - interaccount	-	-	-	(488,477)	-	-	(488,477)
Transfers from other funds	-	-	70,000	-	-	-	70,000
Transfers to other funds	(3,296,480)	(2,500,000)	-	-	-	-	(5,796,480)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ 12,808,031</b>	<b>\$ (2,500,000)</b>	<b>\$ 70,000</b>	<b>\$ (488,477)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (5,726,480)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Purchases of capital assets	(11,267,010)	(16,200)	(1,937,303)	-	-	-	(13,220,513)
Funds provided to governmental activities	-	-	-	-	-	-	-
Proceeds of capital grants	-	-	1,425,726	-	-	-	1,425,726
Proceeds from debt	11,643,355	-	-	-	-	-	11,643,355
Principal paid on debt	(4,077,650)	-	-	-	-	-	(4,077,650)
Premium on issuance of debt	-	-	-	-	-	-	-
Interest and fiscal agent fees paid on debt	(1,754,335)	-	-	(109,261)	-	-	(1,864,661)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ 15,456,1401</b>	<b>\$ (16,200)</b>	<b>\$ (511,577)</b>	<b>\$ (109,261)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,093,431)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale of investments	-	-	-	1,339,474	-	-	1,339,474
Interest and dividends	1,124,489	13,399	-	(616,781)	-	10,583	531,690
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 1,124,489</b>	<b>\$ 13,399</b>	<b>\$ 722,693</b>	<b>\$ -</b>	<b>\$ 10,583</b>	<b>\$ -</b>	<b>\$ 1,871,164</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ (3,231,178)</b>	<b>\$ (379,852)</b>	<b>\$ 1</b>	<b>\$ 124,390</b>	<b>\$ -</b>	<b>\$ (15,617)</b>	<b>\$ (3,502,256)</b>
<b>Balances - beginning of year</b>	<b>\$ 26,292,300</b>	<b>\$ 3,468,491</b>	<b>\$ 37</b>	<b>\$ 472,109</b>	<b>\$ 11,684</b>	<b>\$ 823,781</b>	<b>\$ 31,068,402</b>
<b>Balances - end of year</b>	<b>\$ 23,061,122</b>	<b>\$ 3,088,639</b>	<b>\$ 38</b>	<b>\$ 596,499</b>	<b>\$ 11,684</b>	<b>\$ 808,164</b>	<b>\$ 27,566,146</b>
<b>Reconciliation to Statement of Net Position:</b>							
Cash and cash equivalents	\$ 3,037,495	\$ 3,088,639	\$ 38	\$ 596,499	\$ 11,684	\$ 808,164	\$ 6,137,856
Restricted cash and cash equivalents - current	20,023,627	-	-	-	-	-	21,428,290
Total cash and cash equivalents, end of year	<b>\$ 23,061,122</b>	<b>\$ 3,088,639</b>	<b>\$ 38</b>	<b>\$ 596,499</b>	<b>\$ 11,684</b>	<b>\$ 808,164</b>	<b>\$ 27,566,146</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ 7,843,881	\$ 3,090,659	\$ (164,845)	\$ -	\$ -	\$ -	\$ 10,769,695
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Deferred pension expense	3,652,424	669,073	198,619	-	-	-	4,520,116
Operating grants	1,000	-	-	-	-	-	1,000
Miscellaneous revenue	241,711	10,303	-	-	-	-	252,014
Change in assets, liabilities, and deferrals:							
Due from other funds	6,496	-	-	-	-	-	6,496
Due from other funds - interaccount	-	-	-	-	-	-	-
Due from other governments	(201,632)	(144,394)	3,127	-	-	-	(342,899)
Other receivable	38,700	-	-	-	-	-	38,700
Lease receivable	(327,097)	(319)	-	-	-	-	(327,416)
Deferred outflows related to pension	106,684	21,168,641	-	-	-	-	(168,051)
Deferred outflows related to OPEB	(148,476)	12,685	-	-	-	-	(135,793)
Accounts payable	852,855	(1,158,275)	(53,914)	-	-	-	(359,334)
Accrued payroll payable	22,236	(4,046)	-	-	-	-	18,190
Deposits subject to refund	21,000	7,801	-	-	-	-	2,601
Due to other governments	(4,975,747)	-	458,591	-	-	-	(4,517,156)
Total OPEB liability	-	35,341	-	-	-	-	35,341
Lease liability	(59,526)	(20,552)	-	-	-	-	(20,497)
Deferred inflows related to OPEB	72,647	(26,045)	-	-	-	-	(59,526)
Deferred amounts related to leases	99,293	-	-	-	-	-	46,602
Accrued unpaid absences	62,384	(7,033)	-	-	-	-	99,293
Deferred inflows related to pension	(3,384,184)	(2,415,073)	-	-	-	-	(5,961,257)
Net pension liability	72,818	123,934	-	-	-	-	196,752
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,908,476</b>	<b>\$ 2,122,949</b>	<b>\$ 441,578</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (26,200)</b>	<b>\$ 6,446,803</b>
<b>Noncash activities:</b>							
Asset transferred from other funds	\$ 910,211	\$ 1,843,881	\$ 40,000	\$ -	\$ -	\$ -	\$ 2,794,092
	<b>\$ 910,211</b>	<b>\$ 1,843,881</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,794,092</b>

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**Combining Statement of Net Position – Pension Trust Funds – December 31, 2024**

	<b>City Employees Retirement Trust Fund - Defined Benefit</b>	<b>City Employees Retirement Trust Fund - Defined Contribution</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 651,988	\$ 244,815	\$ 896,803
Investments, at fair value:			
Mutual fund equity	2,162,249	200,930	2,363,179
Mutual fund fixed	4,065,343	219,183	4,284,526
Accrued interest receivable	-	2,459	2,459
<b>Total assets</b>	<b><u>\$ 6,879,580</u></b>	<b><u>\$ 667,387</u></b>	<b><u>\$ 7,546,967</u></b>
<b>LIABILITIES</b>			
Other accrued expenses	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>NET POSITION</b>			
Restricted for employees' pension benefits held in trust	<u>\$ 6,879,580</u>	<u>\$ 667,387</u>	<u>\$ 7,546,967</u>

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**Combining Statement of Changes in Plan Net Position – Pension Trust Funds – December 31, 2024**

	City Employees Retirement Trust Fund	City Employees Retirement Trust Fund - Defined Contribution	Totals
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 2,250,359	\$ 15,213	\$ 2,265,572
Plan members	-	12,171	12,171
Miscellaneous receipts	-	-	-
Total contributions	<u>2,250,359</u>	<u>27,384</u>	<u>2,277,743</u>
Investment earnings:			
Increase (decrease) in fair value of investments	152,492	3,548	156,040
Interest and dividends	<u>228,621</u>	<u>45,172</u>	<u>273,793</u>
Total net investment earnings	<u>381,113</u>	<u>48,720</u>	<u>429,833</u>
Total additions	<u>2,631,472</u>	<u>76,104</u>	<u>2,707,576</u>
<b>DEDUCTIONS</b>			
Benefits paid to participants or beneficiaries	2,014,523	127,196	2,141,719
Refunds of contributions	53,360	-	53,360
Administrative	14,055	1,645	15,700
Total deductions	<u>2,081,938</u>	<u>128,841</u>	<u>2,210,779</u>
Change in net position held in trust for employees' pension benefits	549,534	(52,737)	496,797
Net position held in trust for employees' pension benefits - beginning	<u>6,330,046</u>	<u>720,124</u>	<u>7,050,170</u>
Net position held in trust for employees' pension benefits- ending	<u>\$ 6,879,580</u>	<u>\$ 667,387</u>	<u>\$ 7,546,967</u>