



CITY OF PURCELL, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

CITY OF PURCELL, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

City Council

Graham Fishburn
James Jay Tate
Greg Wheat
Joe Franco
Allen Eubanks

Mayor
Vice-Mayor
Councilman
Councilman
Councilman

Sam Demel

City Manager

Victor Lohn

Finance Director

TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION:	
Independent Auditor's Report	A 1-3
Management's Discussion and Analysis	MDA 1-9
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	1
Statement of Activities	2-3
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position - Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position	7
Proprietary Funds	8
Statement of Cash Flows - Proprietary Funds	9
Notes to Basic Financial Statements	FN 1-35
Required Supplementary Information	
<i>Budgetary Comparison Information:</i>	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	RSI - 1
Footnotes to Required Supplemental Information	RSI - 2-3
<i>Pension Plan Information:</i>	
Schedule of Employer's Share of Net Pension Liability - OPPRS	RSI - 4
Schedule of Employer's Contributions - OPPRS	RSI - 4
Schedule of Employer's Share of Pension Liability - OFPRS	RSI - 5
Schedule of Employer's Contributions - OFPRS	RSI - 5
Other Supplementary Information	
<i>Nonmajor Governmental Combining Financial Statements:</i>	
Combining Balance Sheet - Nonmajor Governmental Funds	OSI - 1
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Balance - Nonmajor Governmental Funds	OSI - 2
Combining Balance Sheet - Internal Service Funds	OSI - 3
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Balance - Internal Service Funds	OSI - 4
Debt Service Coverage Schedule - Utility System Revenue Note	OSI - 5
Debt Service Coverage Schedule - Sales Tax Revenue Bonds	OSI - 6
Schedule of Expenditures of Federal Awards	OSI - 7
Schedule of Expenditures of State Awards	OSI - 8
Internal Control and Compliance Information	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	IC - 1-2

INDEPENDENT AUDITOR'S REPORT



DILLON & ASSOCIATES, PC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Purcell, Oklahoma ("the City"), as of and for the year ended June 30, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT - Continued

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT - Continued

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Dillon & Associates, PC

Midwest City, Oklahoma
September 18, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024**

As management of the City of Purcell, we offer readers this narrative overview and analysis of the financial activities of the City of Purcell for the fiscal year ended June 30, 2024. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL AND ACTIVITY HIGHLIGHTS

- For the fiscal year ended June 30, 2024, the City's total net position increased by \$1,991,287 or 5.5% from the prior year.
- During the year, the City's expenses for governmental activities were \$9,312,801 and were funded by program revenues of \$1,761,216 and further funded with taxes and other general revenues that totaled \$10,394,176.
- In the City's business-type activities, such as utilities, revenues excluding transfers exceeded expenses by \$784,980.
- On June 30, 2024, the General Fund reported an unassigned fund balance of \$4,643,739.
- For budgetary reporting purposes, the General Fund reported revenues and transfers over estimates by \$764,851 or 7.8%, while expenditures and transfers were under the final appropriations by \$892,732 or 10.6%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Purcell (the "City") and its component unit using the integrated approach as prescribed by GASB Statement No. 14, 34, 39 and 61. Included in this report are government-wide statements for two categories of activities - governmental and business-type activities.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type of activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all of the assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt), along with any inflows and outflows that are deferred.

About the City

The City of Purcell is a municipality with a population of approximately 6,762 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

- Legislative - The City Council is the governing body elected by the citizens.
- 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 Mayor and approved by the City Council.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024

The City provides or contracts for typical municipal services such as public safety, street maintenance, culture, parks and recreation, and certain utility services including water, wastewater, and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Purcell City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of Purcell). Two active blended component unit and one discretely presented component unit as follows:

- The City of Purcell - that operates the public safety, streets, culture, parks and recreation, and administrative activities.
- The Purcell Public Works Authority (PPWA) - that operates or contracts for the electric, water, sewer, and sanitation services of the City (blended component unit).
- The Purcell Airport Authority (PAA) - that operates and maintains the municipal airport (blended component unit)
- The Purcell Municipal Hospital - that operates and maintains the municipal hospital. It is a component unit of Purcell Public Works Authority (discretely presented component unit)

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 on the accrual basis of accounting at two district levels:

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

REPORTING ON THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two government-wide statements report on the City's net position and changes in net position from the prior year. You can think of the City's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as one way to measure the City's financial condition, or position.

Over time, increases or decreases in the City's net position are one indicator of whether the financial position of the City is improving, deteriorating, or remaining steady. However, you must consider

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024

other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

The Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** - The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater and sanitation utilities are reported here.
- **Discretely-presented component units** - These account for activities of the City's reporting entity that do not meet the criteria for blending and it includes the Purcell Hospital - a component unit of Purcell Public Works Authority.

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

Reporting the City's Most Significant Funds - Fund Financial Statements

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

Governmental funds - Most of the City's basic services are reported in governmental funds. Governmental fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and other similar items which are recorded when due. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basis of service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to the Government-Wide financial statements are explained in a reconciliation following each Government Fund financial statement.

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

The City uses enterprise funds to account for its electric, water, wastewater, and sanitation utility operations.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024

Notes to the Financial Statements

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$37,863,094 at the close of the most recent fiscal year.

The following table is a summary comparison of changes in net position from last year for the City:

Table 1 Net Position (In Thousands)									
	Governmental			Business-type			Total		
	<u>Activities</u>		% Inc.	<u>Activities</u>		% Inc.	<u>Primary Government</u>		% Inc.
	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2022</u>	<u>(Dec.)</u>
Current and									
other assets	\$ 8,715	8,683	0%	6,900	8,844	-22%	15,615	17,527	-11%
Capital assets	<u>14,920</u>	<u>13,268</u>	12%	<u>35,002</u>	<u>33,859</u>	3%	<u>49,922</u>	<u>47,127</u>	6%
Total assets	<u>23,635</u>	<u>21,951</u>	8%	<u>41,902</u>	<u>42,703</u>	-2%	<u>65,537</u>	<u>64,654</u>	1%
Deferred outflow of resources	<u>4,075</u>	<u>3,342</u>		<u>-</u>	<u>-</u>		<u>4,075</u>	<u>3,342</u>	
Long-term debt									
outstanding	3,586	3,311	8%	23,452	25,213	-7%	27,038	28,524	-5%
Other liabilities	<u>1,116</u>	<u>944</u>	18%	<u>2,753</u>	<u>2,578</u>	7%	<u>3,869</u>	<u>3,522</u>	10%
Total liabilities	<u>4,702</u>	<u>4,255</u>	11%	<u>26,205</u>	<u>27,791</u>	-6%	<u>30,907</u>	<u>32,046</u>	-4%
Deferred inflow of resources	<u>842</u>	<u>77</u>		<u>-</u>	<u>-</u>		<u>842</u>	<u>77</u>	
Net position:									
Invested in capital									
assets, net of debt	14,920	13,268	12%	11,629	9,591	21%	26,549	22,859	16%
Restricted	4,544	4,695	-3%	2,617	2,530	3%	7,161	7,225	-1%
Unrestricted (deficit)	<u>2,702</u>	<u>2,998</u>	-10%	<u>1,451</u>	<u>2,791</u>	-48%	<u>4,153</u>	<u>5,789</u>	-28%
Total net position	\$ <u>22,166</u>	<u>20,961</u>	6%	<u>15,697</u>	<u>14,912</u>	5%	<u>37,863</u>	<u>35,873</u>	6%

A portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2024, this net investment in capital assets amounted to \$26,548,732. 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 its 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.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024

Another large portion of the City's net position, \$7,160,751, represents resources that are subject to external restrictions on how it might be used. The remaining balance of unrestricted net position of \$4,153,611 is available to meet the government's ongoing obligations to citizens and creditors.

The following are explanations for the more significant changes:

Governmental Activities:

Current assets - an increase of \$32,004 - Cash increases in the General Fund of \$1,025,085, Capital Improvement Fund decrease of \$503,098.

Other non-current assets - an increase of \$1,542,923.

Deferred outflow of resources - an increase of \$733,458 related to fire and police pension plans.

Deferred inflow of resources - an increase of \$765,108 related to fire and police pension plans.

Net investment in capital assets - an increase of \$1,542,923 due to the net effect of regular debt payments and increased capital assets.

Restricted net position - a decrease of \$1,062,175.

Business-type Activities:

Current assets - a decrease of \$2,027,314.

Current liabilities - an increase of \$176,045.

Net investment in capital assets - an increase of \$2,106,390 due to the net effect of regular debt payments and increased capital assets.

Unrestricted net position - a decrease of \$1,421,868.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024

Change in Net Position

For the year ended June 30, 2024, net position of the primary government changed as follows:

Table 2
Changes in Net Position
(In Thousands)

	Governmental			Business-type			Total		
	<u>Activities</u>		<u>% Inc.</u>	<u>Activities</u>		<u>% Inc.</u>	<u>Primary Government</u>		<u>% Inc.</u>
	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>
Revenues									
Charges for services	\$ 705	1,064	-34%	12,971	13,151	-1%	13,676	14,215	-4%
Operating grants	957	339	182%	-	-	-	957	339	182%
Capital grants	99	872	0%	475	31	-	574	903	0%
Sales and use taxes	9,089	8,962	1%	-	-	-	9,089	8,962	1%
Franchise tax (fees)	71	83	-14%	-	-	-	71	83	-14%
Other taxes	208	205	1%	-	-	-	208	205	1%
Investment income	144	65	122%	295	153	93%	439	218	101%
Other	735	833	-12%	243	205	0%	978	1,038	-6%
Total revenues	<u>12,008</u>	<u>12,423</u>	<u>-3%</u>	<u>13,984</u>	<u>13,540</u>	<u>3%</u>	<u>25,992</u>	<u>25,963</u>	<u>0%</u>
Expenses									
General government	943	869	9%	2,490	2,856	-	3,433	3,725	-8%
Public safety	6,056	9,030	-33%	-	-	-	6,056	9,030	-33%
Public works	1,958	2,618	-25%	-	-	-	1,958	2,618	-25%
Cultural & recreation	268	736	-64%	-	-	-	268	736	-64%
Economic development	89	140	-36%	-	-	-	89	140	-36%
Electric	-	-	-	5,202	5,736	-9%	5,202	5,736	-9%
Water	-	-	-	1,766	1,781	-1%	1,766	1,781	-1%
Sewer	-	-	-	1,222	857	43%	1,222	857	43%
Sanitation	-	-	-	773	763	1%	773	763	1%
Ambulance	-	-	-	370	366	1%	370	366	1%
Golf course	-	-	-	748	731	2%	748	731	2%
Airport	-	-	-	169	67	152%	169	67	152%
Hospital subsidy	-	-	-	1,190	1,121	6%	1,190	1,121	6%
Debt service	-	-	-	757	960	-21%	757	960	-21%
Total expenses	<u>9,314</u>	<u>13,393</u>	<u>-30%</u>	<u>14,687</u>	<u>15,238</u>	<u>-4%</u>	<u>24,001</u>	<u>28,631</u>	<u>-16%</u>
Increase in net position									
before transfers	2,694	(970)	-378%	(703)	(1,698)	-59%	1,991	(2,668)	-175%
Capital contributions	(1,636)	(43)	-	1,636	43	-	-	-	-
Transfers	148	(1,206)	-112%	(148)	1,206	-112%	-	-	-
Change in net position	<u>1,206</u>	<u>(2,219)</u>	<u>-154%</u>	<u>785</u>	<u>(449)</u>	<u>-275%</u>	<u>1,991</u>	<u>(2,668)</u>	<u>-175%</u>

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024

Change in Net Position - Continued

Governmental Activities:

Operating grants and contributions - an increase of \$618,150.

Capital grants and contributions - a decrease of \$772,725.

Investment income - an increase of \$222,284 due to interest rates and funds available for interest earnings.

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

Table 3
Net Revenue (Expenses) of Governmental Activities
(In Thousands)

	Total Expenses		% Inc.	Net Revenue		% Inc.
	of Services		(Dec.)	(Expenses)		(Dec.)
	2024	2023		2024	2023	
General government	\$ 943	869	9%	(365)	(404)	-10%
Public safety	6,056	9,030	-33%	(5,502)	(8,549)	-36%
Public works	1,958	2,618	-25%	(1,417)	(1,394)	2%
Cultural & recreation	268	736	-64%	(180)	(637)	-72%
Economic development	89	140	-36%	(88)	(135)	-35%
Total	9,314	13,393	-30%	(7,552)	(11,119)	-32%

Explanations for significant changes are shown after Table 2.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024

Business-type Activities

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

Table 4
Net Revenue (Expenses) of Business-type Activities
(In Thousands)

	Total Expenses of Services		% Inc. (Dec.)	Net Revenue (Expenses) of Services		% Inc. (Dec.)
	2024	2023		2024	2023	
Administration	\$ 2,490	2,856	-13%	(2,490)	(2,856)	-13%
Electric	5,202	5,736	-9%	1,941	1,627	19%
Water	1,766	1,781	-1%	1,044	1,049	0%
Sewer	1,222	857	43%	(605)	(246)	146%
Sanitation	773	763	1%	372	372	0%
Ambulance	370	366	1%	12	12	0%
Golf course	748	730	2%	117	101	16%
Airport	169	67	152%	315	(33)	-1055%
Total	12,740	13,156	-3%	706	26	2615%

Explanations for significant changes are shown after Table 2.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$7,198,551, a decrease of \$11,322 from the prior year. The largest increase was \$1,700,932 in the General Fund.

The proprietary funds reported a combined net position of \$15,696,633 or an increase of \$784,980 from the prior year. The largest increase was reported in the Purcell Public Works Authority fund of \$328,607.

General Fund Budgetary Highlights

Actual revenues and transfers in were under final estimates by \$619,675 mainly due to sales tax revenues being more than estimated. Expenditures were under final appropriations by \$892,732 mainly due to prudent budgetary control.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2024, the City had \$49,922,346 invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads, and bridges. This represents a net increase of \$2,796,161 over last year.

Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024

Table 5
Capital Assets
(In Thousands)

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Construction in progress	\$ 4,773	4,558	2,109	1,928	6,882	6,486
Land	826	826	522	522	1,348	1,348
Buildings	7,726	7,715	19,329	18,688	27,055	26,403
Machinery and equipment	3,053	2,661	2,087	1,927	5,140	4,588
Vehicles	4,865	4,135	2,097	1,978	6,962	6,113
Infrastructure	25,490	24,511	30,538	29,404	56,028	53,915
Less: Accumulated depreciation	(31,813)	(31,138)	(21,680)	(20,588)	(53,493)	(51,726)
Total capital assets, net	\$ 14,920	13,268	35,002	33,859	49,922	47,127

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

- Street and highway improvements.
- Vehicle and equipment purchases for various departments.
- Water and sewer infrastructure including water wells.
- Airport improvements.

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

Long-Term Debt and Other Obligations

At year-end, the City had \$24,056,104 in long-term debt outstanding, excluding accrued compensated absences, due to depositors and net pension liability, which represents a \$1,634,995 decrease from the prior year.

**Management's Discussion and Analysis
City of Purcell, Oklahoma
June 30, 2024**

**Table 6
Outstanding Debt
(In Thousands)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2024	2023	2024	2023	2024	2023	2024-2023
Revenue bonds payable	\$ -	-	18,640	19,435	18,640	19,435	-4%
Revenue notess payable	-	-	5,416	6,239	5,416	6,239	-13%
Total	\$ -	-	24,056	25,674	24,056	25,674	-6%

See Note 7 to the financial statements for more detailed information on the City's long-term debt and changes therein.

ECONOMIC OUTLOOK

- The unemployment rate for the Oklahoma City metropolitan area which includes Purcell is currently 3.5 percent, which is an increase of 0.2 percent from a year ago. This compares favorably to the state's average unemployment rate of 3.4 percent and favorably to the national average rate of 4.1 percent.
- Inflationary trends in the region compare favorably to national indices.
- The City's major source of revenue is sales and use tax revenue. Sales and use tax revenue increased 1.4% over the prior year total.

All of these factors were considered in preparing the City's budget for the 2024-2025 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

City of Purcell, Oklahoma
Statement of Net Position
June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Municipal Hospital
ASSETS				
Pooled cash and cash equivalents	\$ 5,745,682	(440,026)	5,305,656	467,829
Investments	1,556,062	2,169,611	3,725,673	-
Restricted assets:				
Restricted cash and investments	26,920	3,463,665	3,490,585	172,798
Receivables (net of allowance for uncollectibles)	16,637	1,210,214	1,226,851	1,282,145
Due from other government agencies	1,532,967	82,935	1,615,902	-
Prepays and other	-	-	-	75,761
Inventories	-	156,629	156,629	68,291
Internal balances	(256,784)	256,784	-	-
Net pension asset	93,624	-	93,624	-
Lease and subscription assets, net	-	-	-	1,062
Capital assets:				
Land, improvements and construction in progress	5,598,477	2,631,402	8,229,879	-
Other capital assets, net of depreciation	9,321,558	32,370,909	41,692,467	1,466,789
Investment in and advances to equity investee	-	-	-	120,997
Total assets	23,635,143	41,902,123	65,537,266	3,655,672
DEFERRED OUTFLOW OF RESOURCES	4,075,087	-	4,075,087	664,741
LIABILITIES				
Accounts payable and accrued expenses	715,178	861,169	1,576,347	1,478,209
Accrued interest payable	-	156,638	156,638	-
Due to bondholders	420	-	420	-
Deferred revenue - ARPA grant	204,110	-	204,110	-
Current portion of long-term debt	195,933	1,736,160	1,932,093	271,660
Long-term liabilities:				
Lease and subscription liabilities	-	-	-	432,060
Long-term debt and other liabilities	587,797	23,451,523	24,039,320	-
Net pension liability	2,998,413	-	2,998,413	-
Total liabilities	4,701,851	26,205,490	30,907,341	2,181,929
DEFERRED INFLOW OF RESOURCES	841,918	-	841,918	-
NET POSITION				
Net investment in capital assets	14,920,042	11,628,690	26,548,732	1,427,810
Restricted for:				
Debt service	-	2,460,179	2,460,179	-
Capital improvements	1,485,906	-	1,485,906	-
Risk management	503,225	-	503,225	-
Inventory	-	156,629	156,629	-
Other purposes	2,554,812	-	2,554,812	-
Unrestricted (deficit)	2,702,476	1,451,135	4,153,611	710,674
Total net position	\$ 22,166,461	15,696,633	37,863,094	2,138,484

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 943,360	46,322	532,224	- (364,814)
Public safety	6,055,725	128,620	425,248	- (5,501,857)
Public works	1,957,619	441,980	-	98,884 (1,416,755)
Culture and recreation	267,615	87,938	-	- (179,677)
Economic development	88,482	-	-	- (88,482)
Total governmental activities	9,312,801	704,860	957,472	98,884 (7,551,585)
Business-type activities:				
Administration	2,490,192	-	-	- (2,490,192)
Electric	5,201,806	7,142,823	-	- 1,941,017
Water	1,765,511	2,809,814	-	- 1,044,303
Sewer	1,221,691	616,688	-	- (605,003)
Sanitation	773,450	1,145,059	-	- 371,609
Ambulance	370,298	382,410	-	- 12,112
Golf course	748,480	865,573	-	- 117,093
Airport	168,627	8,282	-	474,926 314,581
Total business-type activities	12,740,055	12,970,649	-	474,926 705,520
Total primary government	22,052,856	13,675,509	957,472	573,810 (6,846,065)
COMPONENT UNIT				
Purcell Municipal Hospital	11,183,468	10,237,865	-	- (945,603)
Total component units	\$ 11,183,468	10,237,865	-	- (945,603)

City of Purcell, Oklahoma
Statement of Activities
For the Year Ended June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Municipal Hospital
Change in Net Position:				
Net (expense) revenue	\$ (7,551,585)	705,520	(6,846,065)	(945,603)
General revenues:				
Taxes:				
Sales and use	9,089,202	-	9,089,202	-
Franchise	70,532	-	70,532	-
Other	208,149	-	208,149	-
Unrestricted investment income	144,065	294,608	438,673	7,408
Operating subsidy - Purcell Municipal Hospital	-	(1,190,162)	(1,190,162)	1,190,162
Interest expense - Hospital debt	-	(757,081)	(757,081)	(41,806)
Miscellaneous	734,668	243,371	978,039	24,510
Transfers - internal activity	147,560	(147,560)	-	-
Contributed capital - fixed assets	(1,636,284)	1,636,284	-	-
Total general revenues and transfers	8,757,892	79,460	8,837,352	1,180,274
Change in net position	1,206,307	784,980	1,991,287	234,671
Net Position - beginning	20,960,154	14,911,653	35,871,807	1,903,813
Net Position - ending	\$ 22,166,461	15,696,633	37,863,094	2,138,484

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,332,618	1,578,701	1,326,308	5,237,627
Cash - Police bond account	4,830	-	-	4,830
Restricted cash and investments	-	26,920	-	26,920
Investments	1,531,062	-	25,000	1,556,062
Receivables, net	-	-	16,637	16,637
Due from other governments	1,532,967	-	-	1,532,967
Due from other funds	-	275,765	-	275,765
Total assets	<u>5,401,477</u>	<u>1,881,386</u>	<u>1,367,945</u>	<u>8,650,808</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	224,769	191,370	299,039	715,178
Police bonds outstanding	420	-	-	420
Unearned revenue - ARPA grant	-	204,110	-	204,110
Due to other funds	532,549	-	-	532,549
Total liabilities (Note 2)	<u>757,738</u>	<u>395,480</u>	<u>299,039</u>	<u>1,452,257</u>
Fund balances:				
Restricted	-	1,485,906	1,068,906	2,554,812
Unassigned	4,643,739	-	-	4,643,739
Total fund balances	<u>4,643,739</u>	<u>1,485,906</u>	<u>1,068,906</u>	<u>7,198,551</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,401,477</u>	<u>1,881,386</u>	<u>1,367,945</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not required in the funds, net of accumulated depreciation of \$31,813,491	14,920,035
Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service funds are allocated in the statement of net position.	503,225
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Net pension asset	93,624
Pension related deferred outflows	4,075,087
Certain liabilities are not due and payable in the current period from current financial resources, and therefore are not reported in the funds:	
Net pension liability	(2,998,413)
Pension related deferred inflows	(841,918)
Accrued compensated absences	(783,730)
Net position of governmental activities	<u>\$ 22,166,461</u>

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 9,159,734	-	208,149	9,367,883
Intergovernmental	500,574	143,884	9,994	654,452
Licenses and permits	46,322	-	-	46,322
Charge for services	78,735	-	479,963	558,698
Fines and forfeitures	99,840	-	-	99,840
Interest	90,391	45,302	7,035	142,728
Miscellaneous	612,162	10,000	82,327	704,489
Total revenues	<u>10,587,758</u>	<u>199,186</u>	<u>787,468</u>	<u>11,574,412</u>
EXPENDITURES				
Current:				
General government	850,240	10,564	-	860,804
Public safety	5,019,933	646,500	20,468	5,686,901
Public works	1,044,619	779,127	349,829	2,173,575
Culture and recreation	586,054	557,160	102,626	1,245,840
Economic development	-	-	88,482	88,482
Total expenditures	<u>7,500,846</u>	<u>1,993,351</u>	<u>561,405</u>	<u>10,055,602</u>
Excess (deficiency) of revenues over expenditures	<u>3,086,912</u>	<u>(1,794,165)</u>	<u>226,063</u>	<u>1,518,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,210,333	1,157,132	335,000	5,702,465
Transfers out	(5,596,313)	-	-	(5,596,313)
Contributed capital - fixed assets	-	(473,270)	(1,163,014)	(1,636,284)
Total other financing sources and uses	<u>(1,385,980)</u>	<u>683,862</u>	<u>(828,014)</u>	<u>(1,530,132)</u>
Net change in fund balances	1,700,932	(1,110,303)	(601,951)	(11,322)
Fund balances-beginning	2,942,807	2,596,209	1,670,857	7,209,873
Fund balances-ending	<u>\$ 4,643,739</u>	<u>1,485,906</u>	<u>1,068,906</u>	<u>7,198,551</u>

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ (11,322)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets additions	2,327,583
Depreciation expense	(675,169)
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.	(261,003)
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 compensated absences	(221,910)
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal is reported with governmental activities.	48,128
Change in net position of governmental activities	\$ <u><u>1,206,307</u></u>

City of Purcell, Oklahoma
Statement of Net Position - Proprietary Funds
June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental
	Purcell Public Works Authority		Airport	Total	Internal
	Utilities	Golf Course	Authority	Enterprise	Service
				Funds	Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ (450,166)	369,264	(359,124)	(440,026)	503,225
Restricted:					
Cash and investments	292,808	-	-	292,808	-
Accounts, net of allowance for uncollectibles	1,206,344	-	84,435	1,290,779	-
Accrued interest	2,370	-	-	2,370	-
Due from other funds	256,784	-	-	256,784	-
Inventories	150,039	6,590	-	156,629	-
Total current assets	1,458,179	375,854	(274,689)	1,559,344	503,225
Non-current assets:					
Investments	2,169,611	-	-	2,169,611	-
Restricted cash and investments	3,170,857	-	-	3,170,857	-
Capital assets:					
Land and construction in progress	2,631,402	-	-	2,631,402	-
Other capital assets, net of accumulated depreciation	28,769,236	1,151,446	2,450,227	32,370,909	-
Total non-current assets	36,741,106	1,151,446	2,450,227	40,342,779	-
Total assets	38,199,285	1,527,300	2,175,538	41,902,123	503,225
LIABILITIES					
Current liabilities:					
Accounts payable	831,270	29,471	428	861,169	-
Accrued interest payable	156,638	-	-	156,638	-
Accrued compensated absences	24,699	25,357	-	50,056	-
Current portion of long-term obligations	1,660,000	26,104	-	1,686,104	-
Total current liabilities	2,672,607	80,932	428	2,753,967	-
Non-current liabilities:					
Notes payable, net of current portion	23,008,550	-	-	23,008,550	-
Deposits subject to refund	292,808	-	-	292,808	-
Accrued compensated absences	74,095	76,070	-	150,165	-
Total non-current liabilities	23,375,453	76,070	-	23,451,523	-
Total liabilities	26,048,060	157,002	428	26,205,490	-
NET POSITION					
Net investment in capital assets	8,081,318	1,097,145	2,450,227	11,628,690	-
Restricted:					
Debt service	2,460,179	-	-	2,460,179	-
Inventory	150,039	6,590	-	156,629	-
Payment of claims	-	-	-	-	503,225
Unrestricted	1,459,689	266,563	(275,117)	1,451,135	-
Total net position	\$ 12,151,225	1,370,298	2,175,110	15,696,633	503,225

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental
	Purcell Public Works Authority		Airport	Total	Internal
	<u>Utilities</u>	<u>Golf Course</u>	<u>Authority</u>	<u>Enterprise Funds</u>	<u>Service Fund</u>
REVENUES					
Electric	\$ 7,027,783	-	-	7,027,783	-
Water	2,809,814	-	-	2,809,814	-
Sewer	616,688	-	-	616,688	-
Sanitation	1,145,059	-	-	1,145,059	-
Other	115,040	-	-	115,040	30,179
Ambulance	382,410	-	-	382,410	-
Golf	-	865,573	-	865,573	-
Airport	-	-	8,282	8,282	-
Total operating revenues	<u>12,096,794</u>	<u>865,573</u>	<u>8,282</u>	<u>12,970,649</u>	<u>30,179</u>
OPERATING EXPENSES					
General and administration	1,737,462	-	-	1,737,462	24,796
Purchasing	28,078	-	-	28,078	-
Electric	5,098,966	-	-	5,098,966	-
Water	1,345,840	-	-	1,345,840	-
Sewer	1,020,734	-	-	1,020,734	-
Sanitation	773,450	-	-	773,450	-
Customer services	345,023	-	-	345,023	-
Information technologies	17,737	-	-	17,737	-
Ambulance	370,298	-	-	370,298	-
Golf	-	727,207	-	727,207	-
Airport	-	-	98,401	98,401	-
Depreciation and amortization	999,955	21,273	70,226	1,091,454	-
Total operating expenses	<u>11,737,543</u>	<u>748,480</u>	<u>168,627</u>	<u>12,654,650</u>	<u>24,796</u>
Operating income (loss)	<u>359,251</u>	<u>117,093</u>	<u>(160,345)</u>	<u>315,999</u>	<u>5,383</u>
NONOPERATING REVENUES (EXPENSES)					
Grant income	-	-	474,926	474,926	-
Miscellaneous revenues (expense)	216,929	18,144	8,299	243,372	-
Interest income	294,608	-	-	294,608	1,337
Purcell Municipal Hospital assistance	(1,190,162)	-	-	(1,190,162)	-
Interest expense and fiscal charges	(840,743)	(1,744)	-	(842,487)	-
Total nonoperating revenues (expenses)	<u>(1,519,368)</u>	<u>16,400</u>	<u>483,225</u>	<u>(1,019,743)</u>	<u>1,337</u>
OPERATING TRANSFERS AND CAPITAL ITEMS					
Transfers in	4,250,772	-	-	4,250,772	41,408
Transfers out	(4,398,332)	-	-	(4,398,332)	-
Contributed capital - fixed assets	1,636,284	-	-	1,636,284	-
Total operating transfers and capital contributions	<u>1,488,724</u>	<u>-</u>	<u>-</u>	<u>1,488,724</u>	<u>41,408</u>
Change in net position	328,607	133,493	322,880	784,980	48,128
Net Position - beginning	11,822,618	1,236,805	1,852,230	14,911,653	455,097
Net Position - ending	<u>\$ 12,151,225</u>	<u>1,370,298</u>	<u>2,175,110</u>	<u>15,696,633</u>	<u>503,225</u>

See accompanying notes to the basic financial statement.

City of Purcell, Oklahoma
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental
				Total	Internal
	Purcell Utilities	Public Works Authority Golf Course	Airport Authority	Enterprise Funds	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 11,860,920	865,573	46,831	12,773,324	30,179
Payments to suppliers and employees	(10,663,116)	(712,280)	(97,973)	(11,473,369)	(24,796)
Other receipts and payments, net	-	-	-	-	-
Net cash provided (used) by operating activities	<u>1,197,804</u>	<u>153,293</u>	<u>(51,142)</u>	<u>1,299,955</u>	<u>5,383</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Purcell Municipal Hospital assistance	(1,190,162)	-	-	(1,190,162)	-
Operating transfers in (out)	(147,560)	-	-	(147,560)	41,408
Net cash provided (used) by noncapital financing activities	<u>(1,337,722)</u>	<u>-</u>	<u>-</u>	<u>(1,337,722)</u>	<u>41,408</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Grant proceeds	-	-	474,926	474,926	-
Principal paid on long-term debt	(1,667,465)	(27,656)	-	(1,695,121)	-
Interest expense and fiscal charges	(840,743)	(1,744)	-	(842,487)	-
(Acquisition) disposition of capital assets	(1,648,698)	(28,197)	(641,669)	(2,318,564)	-
Governmental type assets purchased with proprietary type funds	1,636,284	-	-	1,636,284	-
Net cash provided (used) by capital and related financing activities	<u>(2,520,622)</u>	<u>(57,597)</u>	<u>(166,743)</u>	<u>(2,744,962)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease (increase) in investments	(104,944)	-	-	(104,944)	-
Interest received	294,608	-	-	294,608	1,337
Net cash provided (used) by investing activities	<u>189,664</u>	<u>-</u>	<u>-</u>	<u>189,664</u>	<u>1,337</u>
Net increase (decrease) in cash and cash equivalents	(2,470,876)	95,696	(217,885)	(2,593,065)	48,128
Cash and cash equivalents, beginning of the year	5,484,375	273,568	(141,239)	5,616,704	455,097
Cash and cash equivalents, end of the year	<u>\$ 3,013,499</u>	<u>369,264</u>	<u>(359,124)</u>	<u>3,023,639</u>	<u>503,225</u>
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	(450,166)	369,264	(359,124)	(440,026)	503,225
Restricted cash and investments - current	292,808	-	-	292,808	-
Restricted cash and investments - noncurrent	3,170,857	-	-	3,170,857	-
Total cash and cash equivalents, end of year	<u>\$ 3,013,499</u>	<u>369,264</u>	<u>(359,124)</u>	<u>3,023,639</u>	<u>503,225</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	359,251	117,093	(160,345)	315,999	5,383
Adjustments to reconcile operating income to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation expense	999,955	21,273	70,226	1,091,454	-
Miscellaneous revenue	216,929	18,144	8,299	243,372	-
Change in assets and liabilities:					
Receivable, net	(235,874)	2,029	30,250	(203,595)	-
Due (from) to other funds, net	(256,784)	-	-	(256,784)	-
Refundable deposits	(17,339)	-	-	(17,339)	-
Accounts payable	124,989	(13,836)	428	111,581	-
Accrued expenses	6,677	8,590	-	15,267	-
Total adjustments	<u>838,553</u>	<u>36,200</u>	<u>109,203</u>	<u>983,956</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 1,197,804</u>	<u>153,293</u>	<u>(51,142)</u>	<u>1,299,955</u>	<u>5,383</u>

See accompanying notes to the basic financial statement.

**NOTES TO BASIC
FINANCIAL STATEMENTS**

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Basis of presentation and accounting:

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

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

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

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

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

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements -

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

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

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

The following are the City's major governmental funds:

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

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

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

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

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary Funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as reductions to the liability.

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

The following are the City's proprietary funds:

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

The following are the City's internal service funds:

- Unemployment Insurance Fund
- HSA Fund

Accounting Policies -

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

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

- c. *Investments* - Investments are stated at fair value. Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties. The City considers the quoted market price on June 30, 2024, to be the fair value of its investments.

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

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

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

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

- h. *Inventory* - The City records parts and fuel inventory as expenses within the General Fund. Parts inventory is recorded using actual cost.
- i. *Long-term Debt* - Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

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

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

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- c) *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of an Ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by ordinance remains in place until a similar action by the City Council is taken (the adoption of another ordinance) to remove or revise the limitation.
- d) *Assigned* - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- e) *Unassigned* - Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund.

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

Cost Sharing Defined Benefit Pension Plans

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

Deferred Outflows/inflows of Resources

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Revenues, Expenditures and Expenses

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

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

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Compliance

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

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

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

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

Deposits and Investment Laws and Regulations

Deposits

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

On June 30, 2024, the City's bank balances of approximately \$6,539,493 were fully insured or collateralized with securities.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Investments

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

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

- Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable pledged collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds and repurchase agreements which consist of the authorized investments of the United States government agency obligations with restrictions as specified in state law.

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

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

Custodial credit risk for investments is the risk that in the event of a bank failure, the City may not recover the value of its investments. The City's policy to minimize its exposure to custodial credit risk for investments is that all investments shall either be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the cognizant Federal Reserve Bank or invested in United States government obligations, and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma, in the City's name. On June 30, 2024, the City's investments are certificates of deposit in local banks.

On June 30, 2024, the certificates of deposits were fully insured or collateralized.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of certain outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of the net assessed valuation. For the year ended June 30, 2024, the City did not have outstanding general obligation debt.

Other Long-term Debt

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

Revenue Note Debt

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

The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance, thereon, as of June 30, 2024:

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

Fund Equity/Net Position Restrictions

Restricted Net Position

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS

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

Deposits and Investment Risks

The City of Purcell, including its blended component units, held the following deposits and investments on June 30, 2024:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 5,705,715
Cash on hand			10,900
Time deposits	Due within 1 year		1,132,423
Time deposits	Due in 1 - 5 years		2,182,291
			<u>9,031,329</u>
Investments:			
Trustee money market account		AAAm	3,490,585
			<u>3,490,585</u>
Total deposits and investments			<u>\$ 12,521,914</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 5,305,656
Restricted cash and investments			3,490,585
Investments			<u>3,725,673</u>
			<u>\$ 12,521,914</u>

Restricted Assets

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Restricted Assets - Continued

The restricted assets as of June 30, 2024, were as follows:

	Governmental Activities	Business-type Activities
	Current	Current
	Cash and cash Equivalents	Cash and cash Equivalents
2015 Equipment Note - Construction	\$ -	24,044
2015 Equipment Note - Debt Service	-	2,877
2019 Sales Tax Revenue Note - Construction	-	709,578
2019 Sales Tax Revenue Note - Debt Service	-	239,727
2020 Sales Tax Revenue Note - Construction	-	1,100
2020 Sales Tax Revenue Note - Debt Service	-	537,294
2020 Sales Tax Revenue Note - Debt Service Reserve	-	1,683,157
Utility Deposits	-	292,808
Total restricted assets	\$ -	3,490,585

Receivables and Uncollectible Accounts

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

	Governmental Activities	Business-type Activities
Sales taxes	\$ 1,378,827	-
Use taxes	133,994	-
Franchise taxes	4,866	-
Hotel/Motel taxes	11,567	-
Other taxes	20,350	-
Other taxes	74,010	98,442
Utilities	-	1,279,373
Airport	-	84,435
Less: Allowance for uncollectible accounts	(74,010)	(169,101)
Accounts receivable, net of allowance	\$ 1,549,604	1,293,149

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Capital Assets

Capital asset balances and governmental activities for the year ended June 30, 2024, were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
<i>Governmental activities</i>					
Capital assets not being depreciated :					
Land	\$ 825,903	-	-	-	825,903
Construction in progress	4,558,260	1,052,546	(838,232)	-	4,772,574
Total capital assets not being depreciated	5,384,163	1,052,546	(838,232)	-	5,598,477
Capital assets being depreciated :					
Buildings and improvements	7,714,643	11,014	-	-	7,725,657
Machinery and equipment	2,660,738	111,181	280,842	-	3,052,761
Vehicles	4,135,349	642,973	86,824	-	4,865,146
Infrastructure	24,521,043	499,876	470,566	-	25,491,485
Total capital assets being depreciated	39,031,773	1,265,044	838,232	-	41,135,049
Less : Accumulated depreciation					
Buildings and improvements	3,429,687	156,944	-	-	3,586,631
Machinery and equipment	1,816,032	161,336	-	-	1,977,368
Vehicles	3,533,609	254,621	-	-	3,788,230
Infrastructure	22,358,994	102,268	-	-	22,461,262
Total capital assets being depreciated	31,138,322	675,169	-	-	31,813,491
Total capital assets being depreciated	7,893,451	589,875	838,232	-	9,321,558
Governmental activities capital assets, net	\$ 13,277,614	1,642,421	-	-	14,920,035

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

Governmental activities:

General government	\$ 61,928
Public safety	361,562
Streets	150,801
Cultural and recreation	100,878
Total depreciation expense - governmental activities	<u>\$ 675,169</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Capital Assets - Continued

Capital asset activity for business-type activities for the year ended June 30, 2024, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
<i>Business-type activities</i>					
Capital assets not being depreciated :					
Land	\$ 521,830	-	-	-	521,830
Construction in progress	1,928,298	1,784,077	(1,602,803)	-	2,109,572
Total capital assets not being depreciated	2,450,128	1,784,077	(1,602,803)	-	2,631,402
Capital assets being depreciated :					
Buildings and improvements	18,687,904	12,415	629,016	-	19,329,335
Machinery and equipment	1,926,651	160,195	-	-	2,086,846
Vehicles	1,978,383	118,666	-	-	2,097,049
Infrastructure	29,404,370	159,848	973,787	-	30,538,005
Total capital assets being depreciated	51,997,308	451,124	1,602,803	-	54,051,235
Less : Accumulated depreciation					
Buildings and improvements	754,534	380,794	-	-	1,135,328
Machinery and equipment	1,311,586	86,218	-	-	1,397,804
Vehicles	1,328,283	118,741	-	-	1,447,024
Infrastructure	17,194,469	505,701	-	-	17,700,170
Total capital assets being depreciated	20,588,872	1,091,454	-	-	21,680,326
Net depreciable assets	31,408,436	(640,330)	1,602,803	-	32,370,909
Business-type activities capital assets, net	\$ 33,858,564	1,143,747	-	-	35,002,311

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

<i>Business-type activities:</i>	
Electric	\$ 102,840
Water	334,265
Sewer	200,957
General government	361,893
Airport	70,226
Golf course	21,273
Total depreciation expense - business-type activities	\$ 1,091,454

Deposits Subject to Refund

Utility customers are required to make a meter deposit, which is refunded upon the customer's termination of services, provided there are no outstanding bills. Monies are deposited in separate accounts, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2024, cash and investments included \$303,242 available for refund of customer deposits, while the liability to customers was \$292,808.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Deposits Subject to Refund - Continued

Appearance bonds and other payments made to the municipal court funds are held until final disposition by the court at which time they are refunded to the bondholder or paid over to the City general fund as fines. As of June 30, 2024, \$420 was being held that was subject to refund.

Long-term Debt

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

Business-type Activities Long-term Debt:

On June 30, 2024, the long-term debt payable from enterprise fund resources consisted of the following:

Revenue Notes Payable

\$9,060,000 Purcell Public Works Authority Utility System Revenue Note, Series 2019 dated March 29, 2019, secured by a pledge of revenues generated by the water, sanitary sewer and electric collection systems, proceeds to be used to pay the outstanding principal of the Series 2011 revenue note and for various capital improvements: due in semi-annual principal installments ranging from \$325,000 to \$425,000 with a final payment due April 1, 2031; with interest at 2.67%. 5,390,000

\$295,448 Purcell Public Works Authority Series 2014 Golf Course and Proshop Note; dated January 10, 2014; due in 151 monthly installments of \$2,450, beginning February 10, 2014; with a final payment due September 10, 2026; with interest at 3.75%, secured by the operations of the golf course. 26,104

Total Revenue Notes Payable	\$	<u>5,416,104</u>
Current portion	\$	851,104
Non-current portion		<u>4,565,000</u>
	\$	<u>5,416,104</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Revenue Bonds Payable

\$20,190,000 Purcell Public Works Authority Sales Tax Revenue Bonds, Series 2020 dated March 1, 2020, secured by a pledge of two cents of future sales and use tax, proceeds to be used to pay the design and construction of a municipal hospital; due in semi-annual principal installments ranging from \$755,000 to \$1,505,000 with a final payment due March 1, 2040; with interest rates from 3.125% to 5.000%.		\$	<u>18,640,000</u>
Current portion		\$	835,000
Non-current portion			<u>17,805,000</u>
		\$	<u>18,640,000</u>

Accrued Compensated Absences

Accrued compensated absences reported are comprised of accrued vacation leave, sick leave and compensatory time.

Governmental activities	\$	783,730
Business-type activities		<u>200,221</u>
Total Accrued Compensated Absences	\$	<u>983,951</u>

Due to Depositors

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

Current portion	\$	-
Non-current portion		<u>292,808</u>
Total Due to Depositors	\$	<u>292,808</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental activities					
Accrued compensated absences	\$ 561,820	221,910	-	783,730	195,933
Total Governmental Activities	\$ 561,820	221,910	-	783,730	195,933
Business-type activities					
Revenue Bonds - Series 2020	\$ 19,435,000	-	795,000	18,640,000	835,000
Revenue Note - Series 2019	6,185,000	-	795,000	5,390,000	825,000
Revenue Note - Golf Course	53,760	-	27,656	26,104	26,104
Deposits subject to refund	310,147	-	17,339	292,808	-
Accrued compensated absences	173,023	27,198	-	200,221	50,056
Total Business-type Activities	\$ 26,156,930	27,198	1,634,995	24,549,133	1,736,160

Reconciliation to Statement of Position

Plus: Unamortized bond premium (discount)	638,550
	<u>\$ 25,187,683</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt, with interest rates applicable on June 30, 2024, excluding accrued compensated absences, due to depositors, net pension liability are as follows:

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ -	-	1,686,104	864,612
2026	-	-	1,650,000	798,418
2027	-	-	1,635,000	734,910
2028	-	-	1,700,000	669,686
2029	-	-	1,770,000	601,678
2030-2034	-	-	7,340,000	2,093,240
2035-2039	-	-	6,770,000	1,019,550
2040-2044	-	-	1,505,000	54,556
Totals	\$ -	-	24,056,104	6,836,650

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024**

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Applicability of Federal Arbitrage Regulations

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

Pledge of Future Revenues

Sales and Use Tax Pledge - The City has pledged two cents of future sales and use tax revenues to repay the \$20,190,000 Purcell Public Works Authority Sales Tax Revenue Bonds, Series 2020 which are payable through March 1, 2040. Proceeds from the bonds will provide financing for construction of municipal hospital. The total principal and interest payable for the remainder of the life of the bonds is \$24,935,294. Pledged sales and use tax received in the current year was \$3,635,681. The maximum annual debt service is \$1,560,206 resulting in a coverage ratio on June 30, 2024 of 233%.

Utility Revenue Pledge

The City has pledged the revenues from the sale of electric, water and sewer services to repay the Series 2019 Purcell Public Works Authority Utility System Revenue Notes which are payable through April 1, 2031. Proceeds from the notes provided for the defeasement of the outstanding balance of the 2011 Revenue Notes and financing for construction of designated capital improvements. The total principal and interest payable for the remainder of the life of the notes is \$5,929,207. Pledged gross utility revenue received in the current year was \$11,714,384 delivering net revenues for the rate coverage requirement of \$2,192,315. The maximum annual debt service is \$963,506 resulting in a coverage ratio on June 30, 2024 of 228%.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Interfund Receivables, Payables, and Transfers

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

Transfers:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Capital Improvement Fund	969,133	Debt service payments
General Fund	Purcell Public Works Auth.	4,250,772	Operating subsidy
General Fund	HSA Fund	41,407	Operating subsidy
General Fund	Street & Alley Fund	335,000	Operating subsidy
Purcell Public Works Auth.	General Fund	4,210,333	Operating subsidy
		<u>9,806,645</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	5,702,465	(5,596,313)	106,152
Proprietary Funds	4,292,180	(4,398,332)	(106,152)
	<u>9,994,645</u>	<u>(9,994,645)</u>	<u>-</u>

Reconciliation to Statement of Activities:

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

Balances:

Payable Fund	Receivable Fund	Amount	Nature of Interfund Balance
General Fund	Capital Improvement Fund	275,765	Sales tax transfer receivable
General Fund	Purcell Public Works Auth.	256,784	Sales tax transfer receivable
		<u>532,549</u>	

Reconciliation to Fund Financial Statements:

	Due To	Due From	Net Interfund Balance
Governmental Funds	532,549	(275,765)	256,784
Proprietary Funds	-	(256,784)	(256,784)
	<u>532,549</u>	<u>(532,549)</u>	<u>-</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Fund Balances and Net Position

Fund Balances

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

	General Fund	Capital Improvement Fund	Other Governmental Fuunds	Total
Fund Balances:				
Restricted:				
Capital improvements	-	1,485,906	97,829	1,583,735
Public safety	-	-	240,180	240,180
Economic development	-	-	357,629	357,629
Street	-	-	239,721	239,721
Cemetery	-	-	133,547	133,547
Subtotal Nonspendable	-	1,485,906	1,068,906	2,554,812
Unassigned (deficit):	4,643,739	-	-	4,643,739
TOTAL FUND BALANCES	4,643,739	1,485,906	1,068,906	7,198,551

Sales Tax

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

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4 - OTHER INFORMATION

Risk Management

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

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

COMMITMENTS AND CONTIGENCIES

Commitments

Construction in Progress

The following construction contracts were outstanding on June 30, 2024:

	Total Construction <u>In Progress</u>	Total Project <u>Project</u>	Remaining To Complete <u>To Complete</u>
<i>Governmental Activities</i>			
I-35 Interchange	\$ 2,320,789	4,300,000	1,979,211
Lake trails - Phase III	6,881	380,493	373,612
McCurdy Park Improvements	15,300	9,167,386	9,152,086
Main Street Scape	1,836,737	1,875,000	38,263
Storage building	8,833	15,000	6,167
Lighting for S Green Ave.	414,007	514,007	100,000
Southbrook Addition	170,027	180,158	10,131
<i>Business-type Activities</i>			
Pump station	5,500	200,000	194,500
City yard	684,284	4,000,000	3,315,716
Water meter battery	281,630	1,200,000	918,370
Water wells	1,138,158	1,156,000	17,842
	<u>\$ 6,882,146</u>	<u>22,988,044</u>	<u>16,105,898</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

Contingent Liabilities

General Litigation - The City and Utilities Authority are parties to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City.

While the outcome of the above noted proceedings cannot be predicted, due to the self-insurance reserves maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance reserves would not have a material adverse effect on the financial condition of the City.

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

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 June 30, 2024, since the specific legally required costs of retirement have 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.

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

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

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The City participates in four employee pension systems as follows:

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

Summary of Defined Benefit Plan Balances

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Pension Liability (Asset)		
Police Pension System	\$ (93,624)	-
Firefighter's Pension System	<u>2,998,413</u>	<u>-</u>
Total Net Pension Liability	\$ <u>2,904,789</u>	<u>-</u>
Deferred Outflows of Resources		
Police Pension System	\$ 2,510,363	-
Firefighter's Pension System	<u>1,564,724</u>	<u>-</u>
Total Deferred Outflow of Resources	\$ <u>4,075,087</u>	<u>-</u>
Deferred Inflows of Resources		
Police Pension System	\$ 50,467	-
Firefighter's Pension System	<u>791,451</u>	<u>-</u>
Total Deferred Inflow of Resources	\$ <u>841,918</u>	<u>-</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

Oklahoma Police Pension and Retirement System (OPPRS)

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

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

- The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.
- Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.
- Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.
- Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Police Pension and Retirement System (OPPRS) - Continued

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute eight percent (8%) of their annual pay. Participating cities are required to contribute thirteen percent (13%) of the employees' annual pay. Contributions to the pension plan from the City were \$149,939. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$136,302. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of June 30, 2024, the City reported an asset of \$93,624 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. 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, 2023. Based upon this information, the City's proportion was 0.003066%.

For the year ended June 30, 2024, the City recognized pension expense of \$250,295. As of June 30, 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	\$ 270,769	\$ -
Changes of assumptions	174,781	-
Net difference between projected and actual earnings on pension plan investments	1,880,022	-
Changes in proportion and differences between City contributions and proportionate share of contributions	21,622	50,363
City contributions during measurement period	9,602	104
City contributions subsequent to the measurement date	153,567	-
Total	\$ 2,510,363	\$ 50,467

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Police Pension and Retirement System (OPPRS) - Continued

\$153,567 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year ended June 30:

2024 \$	378,238
2025	6,919
2026	1,570,610
2027	357,481
2028	(6,919)
\$	<u>2,306,329</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12.0% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. Active employees (post retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2023; valuation was based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Police Pension and Retirement System (OPPRS) - Continued

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	5.78%
Domestic equity	7.73%
International equity	11.55%
Real estate	7.66%
Private equity	11.64%

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 883,967	\$ (93,624)	\$ (921,337)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Firefighters' Pension and Retirement System (OFPRS)

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

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

Normal Retirement:

Hired Prior to November 1, 2013

Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

Hired After November 1, 2013

- Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also, participants must be aged 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.
- All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4. OTHER INFORMATION - Continued

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

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

- All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty benefit is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not in-the-line-of-duty disability is also limited to only those with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.
- A \$5,000 lump sum, death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$121,194. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$265,602. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - On June 30, 2024, the City reported a liability of \$2,998,413 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2023. Based upon this information, the City's proportion was 0.23239%.

For the year ended June 30, 2024, the City recognized pension expense of \$511,789. On June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4. OTHER INFORMATION - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 356,595	\$ 3,807
Changes of assumptions	-	4,808
Net difference between projected and actual earnings on pension plan investments	979,073	781,270
Changes in proportion and differences between City contributions and proportionate share of contributions	89,627	-
City contributions during measurement period	339	1,566
City contributions subsequent to the measurement date	<u>139,090</u>	<u>-</u>
Total	\$ <u>1,564,724</u>	\$ <u>791,451</u>

\$139,090 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 193,109
2025	64,877
2026	387,993
2027	<u>(11,796)</u>
	\$ <u>634,183</u>

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4. OTHER INFORMATION - Continued

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

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.50% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the MP-2018 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2023; valuation was based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	5.80%
Domestic equity	9.49%
International equity	11.55%
Real estate	8.48%
Other assets	6.47%

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

- 25.2% effective September 1, 2020
- 27.0% effective July 1, 2021
- 39.6% effective July 1, 2024
- 36.0% effective July 1, 2027

Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024

NOTE 4. OTHER INFORMATION - Continued

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

Discount Rate - Continued

The Plan will also receive \$81,250 each year from July 1, 2020 to July 1, 2027. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all period of projected benefit payments to determine the total pension liability.

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

	1% Decrease ▼ (6.5%)	Current Discount Rate (7.5%)	1% Increase ▼ (8.5%)
Employers' net pension liability	\$ 3,907,062	\$ 2,998,413	\$ 2,238,542

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

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

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

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

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

**Notes to Basic Financial Statements
City of Purcell, Oklahoma
June 30, 2024**

NOTE 4. OTHER INFORMATION - Continued

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

Funding Policy - The employee contributes either 5% or 7% of compensation to the Plan, and the employer contributes 7% of employee compensation. Contributions to the Plan for the year ended June 30, 2024, for employees and employer were \$217,554 and \$224,193, respectively. For the year ended June 30, 2024, the City's covered payroll was \$3,202,756. Covered payroll refers to all compensation paid by the City of Purcell to active employees covered by the Plan on which contributions are based.

City of Purcell 457 Deferred Compensation Plan (DC Plan)

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

Funding Policy - DC Plan participants may contribute up to \$23,000 and 22,500 of eligible compensations in calendar years 2024 and 2023. In addition, employees aged 50 and older may contribute a catch-up contribution of \$7,500. Contributions to the Plan for the year ended June 30, 2024, for employees and employer were \$0 and \$46,245, respectively.

The employer's contributions are subject to immediate vesting.

Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Purcell, Oklahoma
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2024

	Budget				Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Revisions</u>	<u>Final</u>	<u>Actual</u>	
REVENUES					
Taxes	\$ 8,562,000	-	8,562,000	9,138,517	576,517
Intergovernmental	283,000	166,763	449,763	500,574	50,811
Licenses and permits	40,000	-	40,000	46,322	6,322
Charge for services	18,800	-	18,800	78,735	59,935
Fines and forfeitures	120,000	-	120,000	99,840	(20,160)
Interest	14,000	-	14,000	90,391	76,391
Miscellaneous	385,000	212,127	597,127	612,162	15,035
Total revenues	<u>9,422,800</u>	<u>378,890</u>	<u>9,801,690</u>	<u>10,566,541</u>	<u>764,851</u>
EXPENDITURES					
General government:					
General government	311,627	6,793	318,420	303,229	15,191
Administration	354,482	-	354,482	341,283	13,199
Information technology	122,420	-	122,420	77,145	45,275
Municipal court	133,090	-	133,090	128,583	4,507
Public safety:					
Police	2,467,013	100,997	2,568,010	2,263,986	304,024
Fire	1,609,149	-	1,609,149	1,585,782	23,367
Animal control	220,995	6,100	227,095	231,907	(4,812)
Communications	729,265	-	729,265	617,142	112,123
Emergency management	135,959	-	135,959	107,827	28,132
Code enforcement	340,315	-	340,315	213,289	127,026
Public works:					
Streets	1,055,699	-	1,055,699	860,748	194,951
Cemetery	203,349	-	203,349	183,871	19,478
Culture and recreation:					
Park and recreation	596,325	-	596,325	586,054	10,271
Total expenditures	<u>8,279,688</u>	<u>113,890</u>	<u>8,393,578</u>	<u>7,500,846</u>	<u>892,732</u>
Excess (deficiency) of revenues over (under) expenditures	1,143,112	265,000	1,408,112	3,065,695	1,657,583
OTHER FINANCING SOURCES (USES)					
Transfers	<u>(1,370,948)</u>	<u>(265,000)</u>	<u>(1,635,948)</u>	<u>(1,781,124)</u>	<u>(145,176)</u>
Net change in fund balances	(227,836)	-	(227,836)	1,284,571	1,512,407
Fund balances - beginning	227,836	-	227,836	2,943,122	2,715,286
Fund balances - ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>4,227,693</u>	<u>4,227,693</u>

**Budgetary Comparison Schedule
City of Purcell
For the Year Ended June 30, 2024**

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

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

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

Budgetary Accounting

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

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

**Budgetary Comparison Schedule
City of Purcell
For the Year Ended June 30, 2024**

Budget Reconciliations - Items required to adjust actual revenues, expenditures, and fund balances reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2024, are as follows:

	General Fund
Fund balances - budgetary basis, June 30, 2024	\$ 4,227,693
Current year revenue and transfer accruals	119,523
Prior year revenue and transfer accruals	296,523
Current year expenditure accruals	-
Fund balances - fund financial statements, June 30, 2024	\$ <u>4,643,739</u>
Revenues - budgetary basis, June 30, 2024	\$ 10,566,541
Current year revenue accruals	652,073
Prior year revenue accruals	(630,856)
Revenues - fund financial statements, June 30, 2024	\$ <u>10,587,758</u>
Expenditures - budgetary basis, June 30, 2024	\$ 7,500,846
Current year expenditure accruals	-
Prior year expenditure accruals	-
Expenditures - fund financial statements, June 30, 2024	\$ <u>7,500,846</u>
Transfers - budgetary basis, June 30, 2024	\$ (1,781,124)
Current year transfer accruals	(532,550)
Prior year transfer accruals	927,694
Transfers - fund financial statements, June 30, 2024	\$ <u>(1,385,980)</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Employer's proportion of the net pension liability (asset)	0.326400%	0.323000%	0.311100%	0.308700%	0.284930%	0.280968%	0.305005%	0.303424%	0.266900%	0.266900%
2. Employer's proportionate share of the net pension liability (asset)	\$ (109,903)	13,169	476,504	23,745	(135,727)	(17,937)	350,283	(1,455,574)	(214,016)	(214,016)
3. Employer's covered-employee payroll	\$ 913,200	912,954	917,600	920,554	869,123	913,677	1,021,515	1,050,000	955,946	955,946
4. Employer's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	-12.03%	1.44%	51.93%	2.58%	-15.62%	-1.96%	34.29%	-138.63%	-22.39%	-22.39%
5. Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%	102.74%

* Data reported is measured as of July 1, 2023

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 118,716	118,684	119,288	119,672	112,986	118,778	132,797	136,500	124,273	124,273
Contributions in relation to the statutorily required contribution	\$ (118,716)	(118,684)	(119,288)	(119,672)	(112,986)	(118,778)	(132,797)	(136,500)	(124,273)	(124,273)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 913,200	912,954	917,600	920,554	869,123	913,677	1,021,515	1,050,000	955,946	955,946
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

* Data reported is measured as of July 1, 2023

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Employer's proportion of the net pension liability (asset)	0.019890%	0.199600%	0.201177%	0.179423%	0.202559%	0.202103%	0.199297%	0.221790%	0.220951%
2. Employer's proportionate share of the net pension liability (asset)	\$ 2,045,089	2,118,046	2,457,809	2,256,643	2,280,102	2,135,552	2,455,166	1,460,637	1,455,109
3. Employer's covered-employee payroll	\$ 555,259	545,221	562,735	509,986	602,450	624,986	639,729	720,500	731,343
4. Employer's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	368.31%	388.47%	436.76%	442.49%	378.47%	341.70%	383.78%	202.73%	198.96%
5. Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

* Data reported is measured as of July 1, 2023

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

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

* Data reported is measured as of July 1, 2023

**OTHER
SUPPLEMENTARY
INFORMATION**

City of Purcell, Oklahoma
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2024

	Special Revenue							Permanent	Total
	Street & Alley	Rural Fire	Drug Enforcement	Lodging Tax Fund	Economic Development	Water Impact Fee	Cemetery Care	Cemetery Perpetual Care	Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 235,308	241,804	100	288,026	58,036	394,537	108,497	-	1,326,308
Investments	-	-	-	-	-	-	-	25,000	25,000
Due from other funds	-	-	-	-	-	-	-	-	-
Receivables, net	5,020	-	-	11,567	-	-	50	-	16,637
TOTAL	240,328	241,804	100	299,593	58,036	394,537	108,547	25,000	1,367,945
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	607	1,724	-	-	-	296,708	-	-	299,039
Total liabilities	607	1,724	-	-	-	296,708	-	-	299,039
Fund balances:									
Restricted	239,721	240,080	100	299,593	58,036	97,829	108,547	25,000	1,068,906
Assigned	-	-	-	-	-	-	-	-	-
Total fund balances	239,721	240,080	100	299,593	58,036	97,829	108,547	25,000	1,068,906
TOTAL	\$ 240,328	241,804	100	299,593	58,036	394,537	108,547	25,000	1,367,945

City of Purcell, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue							Permanent Cemetery Perpetual	Total Nonmajor Governmental Funds
REVENUES	Street & Alley	Rural Fire	Drug Enforcement	Lodging Tax Fund	Economic Development	Water Impact Fee	Cemetery Care	Care	Funds
Taxes	\$ 62,486	-	-	145,663	-	-	-	-	208,149
Intergovernmental	-	9,994	-	-	-	-	-	-	9,994
Charge for services	-	28,780	-	-	-	441,980	9,203	-	479,963
Interest	-	4,992	-	1,160	-	-	883	-	7,035
Donation	-	-	-	-	-	-	-	-	-
Miscellaneous	-	8,255	-	-	62,422	-	11,650	-	82,327
Total revenues	62,486	52,021	-	146,823	62,422	441,980	21,736	-	787,468
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	20,468	-	-	-	-	-	-	20,468
Public works	349,829	-	-	-	-	-	-	-	349,829
Economic development	-	-	-	38,596	49,886	-	-	-	88,482
Cultural and recreation	-	-	-	-	-	-	102,626	-	102,626
Total expenditures	349,829	20,468	-	38,596	49,886	-	102,626	-	561,405
Excess (deficiency) of revenues over expenditures	(287,343)	31,553	-	108,227	12,536	441,980	(80,890)	-	226,063
OTHER FINANCING SOURCES (USES)									
Transfers in	335,000	-	-	-	-	-	-	-	335,000
Transfers out	-	-	-	-	-	-	-	-	-
Contributed capital - fixed assets	-	-	-	-	-	(1,163,014)	-	-	(1,163,014)
Total other financing sources and uses	335,000	-	-	-	-	(1,163,014)	-	-	(828,014)
Net change in fund balances	47,657	31,553	-	108,227	12,536	(721,034)	(80,890)	-	(601,951)
Fund balances-beginning	192,064	208,527	100	191,366	45,500	818,863	189,437	25,000	1,670,857
Fund balances-ending	\$ 239,721	240,080	100	299,593	58,036	97,829	108,547	25,000	1,068,906

City of Purcell, Oklahoma
Combining Balance Sheet - Internal Service Funds
June 30, 2024

	Unemployment Insurance <u>Fund</u>	HSA <u>Fund</u>	Total Internal Service <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ <u>281,912</u>	<u>221,313</u>	<u>503,225</u>
TOTAL	<u><u>281,912</u></u>	<u><u>221,313</u></u>	<u><u>503,225</u></u>
LIABILITIES			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted:			
Payment of claims	<u>281,912</u>	<u>221,313</u>	<u>503,225</u>
Total net position	<u>281,912</u>	<u>221,313</u>	<u>503,225</u>
TOTAL	\$ <u><u>281,912</u></u>	<u><u>221,313</u></u>	<u><u>503,225</u></u>

City of Purcell, Oklahoma
Combining Statement of Revenues, Expenses and
Changes in Fund Net Fund Position - Internal Service Funds
For the Year Ended June 30, 2024

	Unemployment Insurance Fund	HSA Fund	Total Internal Service Funds
REVENUES			
Charge for services	\$ 30,179	-	30,179
Interest	1,338	-	1,338
Total revenues	<u>31,517</u>	<u>-</u>	<u>31,517</u>
OPERATING EXPENSES			
General government	6,592	18,204	24,796
Total expenditures	<u>6,592</u>	<u>18,204</u>	<u>24,796</u>
Excess (deficiency) of revenues over expenditures	<u>24,925</u>	<u>(18,204)</u>	<u>6,721</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	41,407	41,407
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>41,407</u>	<u>41,407</u>
Net change in fund balances	24,925	23,203	48,128
Fund balances-beginning	<u>256,987</u>	<u>198,110</u>	<u>455,097</u>
Fund balances-ending	<u>\$ 281,912</u>	<u>221,313</u>	<u>503,225</u>

City of Purcell, Oklahoma
Debt Service Coverage Schedule
Utility System Revenue Note - Series 2019
For the Year Ended June 30, 2024

Gross Revenue Available For Debt Service:

System-wide gross revenues	\$ <u>11,714,384</u>
----------------------------	----------------------

Total Gross Revenues Available	<u>11,714,384</u>
--------------------------------	-------------------

System-wide operating expense - Exclusive of capital improvements, debt service and depreciation	<u>9,522,069</u>
--	------------------

Net Revenues Available for Debt Service	\$ <u><u>2,192,315</u></u>
---	----------------------------

Debt Service Requirements:

Revenue note - Series 2019	<u>963,506</u>
----------------------------	----------------

Maximum annual debt service	\$ <u><u>963,506</u></u>
-----------------------------	--------------------------

Coverage	<u><u>2.28</u></u>
----------	--------------------

Coverage requirement	<u><u>1.25</u></u>
----------------------	--------------------

City of Purcell, Oklahoma
Debt Service Coverage Schedule
Sales Tax Revenue Bonds - Series 2020
For the Year Ended June 30, 2024

Gross Revenue Available For Debt Service:

Sales and Use Tax Revenue - 2% Sales Tax and 2% Use Tax	\$ <u>3,635,681</u>
Maximum annual debt service	\$ <u>1,560,206</u>
Coverage	<u>2.33</u>

City of Purcell, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM/ CLUSTER TITLE	FEDERAL ASSISTENCE LISTING NUMBER	PASS - THROUGH GRANTOR NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Transportation</u>			
Direct Assistance:			
Federal Aviation Administration:			
Airport Improvement Program	20.106	3-40-0130-013-2022	222,672
<i>Total Federal Aviation Administration</i>			<u>222,672</u>
Passed through the Oklahoma Highway Safety Office:			
Oklahoma Highway Safety Grant	20.604	N/A	13,350
<i>Total U.S. Department of Transportation</i>			<u>236,022</u>
<u>U.S. Department of Treasury</u>			
Passed through the Oklahoma Office of Management and Enterprise Services:			
Direct Assistance:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	108,389
<i>Total U.S. Department of Treasury</i>			<u>108,389</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Oklahoma State University Office of Rural Health:			
Small Rural Hospital Improvement Program	93.301	N/A	11,232
<i>Total U.S. Department of Health and Human Services</i>			<u>11,232</u>
<u>Federal Emergency Management Agency</u>			
Direct Assistance:			
Emergency Management Performance (SLA)	97.042	EMPG 23	15,000
<i>Total Expenditures of Federal Awards</i>			<u>\$ 370,643</u>

City of Purcell, Oklahoma
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2024

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS - THROUGH GRANTOR NUMBER	STATE EXPENDITURES
STATE ASSISTANCE		
<u>State of Oklahoma</u>		
Passed through the Oklahoma Dept. of Agriculture, Food and Forestry Services :		
Rural Fire Grant	FY 2024	9,995
Passed through Association of South Central Oklahoma Governments:		
REAP	FY 2024	45,000
Passed through the Oklahoma Dept. of Aerospace and Aeronautics:		
Airport Improvement Grant	303-23H-FS	252,254
Passed through the Oklahoma Office of Public Safety:		
Public Safety Grant	FY 2024	<u>15,428</u>
Total State of Oklahoma		<u>322,677</u>
Total State Awards		\$ <u><u>322,677</u></u>



DILLON & ASSOCIATES, PC
Certified Public Accountants

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

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

To the Users of the City of Purcell, Oklahoma, Annual Financial Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Purcell, Oklahoma (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 18, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dillon & Associates, PC

Midwest City, Oklahoma
September 18, 2024