



# **THE CITY OF ADA, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2018**

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**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Ada, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

(Continued)

## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Auditors' Responsibility, Continued**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, 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.

### **Emphasis of Matter**

As discussed in Note 7 to the financial statements, the City's beginning net position for the year ended June 30, 2018, was restated in conjunction with the City's adoption of Statement No. 75 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

(Continued)

## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of net pension liability—Oklahoma Firefighters Pension and Retirement System, the schedule of City contributions—Oklahoma Firefighters Pension and Retirement System, the schedule of proportionate share of net pension liability (asset)—Oklahoma Police Pension and Retirement System, the schedule of City contributions—Oklahoma Police Pension and Retirement System, and the schedule of changes in OPEB liability as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the combining schedules of the APWA Enterprise Fund, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

(Continued)

## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Other Matters, Continued**

#### *Other Information, Continued*

The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the combining schedules of the APWA Enterprise Fund, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is 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 January 11, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
January 11, 2019

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2018**

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As management of the City of Ada, we offer readers this narrative overview and analysis of the financial activities of the City of Ada for the fiscal year ended June 30, 2018. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- The City's total net position increased by \$15,847,359 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2018, by \$136,987,021 (net position). Of this amount, \$26,413,021 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2018, the City's governmental funds reported combined ending fund balances of \$23,270,009.
- At the end of fiscal year 2018, unassigned fund balance for the General Fund was \$1,400,431 or 11.6% of General Fund revenues.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

The financial statements presented herein include all of the activities of the City of Ada (the "City"), the Ada Public Works Authority (the "Authority") and one additional discretely presented component unit. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, and two discretely-presented component units. This discussion and analysis focuses on the primary government, composed of the City of Ada and Ada Public Works Authority.

The governmental-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. 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 assets of the City (including infrastructure) and deferred outflows as well as all liabilities (including long-term debt) and deferred inflows.

**Reporting the City as a Whole**

***The Statement of Net Position and Statement of Activities***

This discussion and analysis is intended to serve as an introduction to the City of Ada's basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 20 & 21, respectively) report information about the City as a whole and about its activities in a way that helps answer questions about the City's financial position. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2018**

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These two statements report 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 and liabilities and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's Net Position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other 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 of the City.

The Statement of Net Position and the Statement of Activities are divided into three types 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, sewer, solid waste collections utilities and economic development are reported here.
- Discretely-presented component units – This accounts for the activity of the City's reporting entity that does not meet the criteria for blending, and includes the Hospital Authority and the Ada Arts and Heritage Authority.

### **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. The City of Ada, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Ada can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* -- Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2018**

*Proprietary funds* -- When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds and are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, solid waste collection, disposal services, and economic development activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

**Net Position**

For the year ended June 30, 2018, net position for the governmental activities and business-type activities increased \$15,847,359. The results indicate the City, as a whole, saw an increase in its financial position from the prior year.

Following is a summary comparison of change in net position from last year for the City of Ada.

**TABLE 1**  
**NET POSITION (In Thousands)**

|                                  | Governmental Activities |                  | % Inc. (Dec.) | Business-Type Activities |                  | % Inc. (Dec.) | Total             |                   | % Inc. (Dec.) |
|----------------------------------|-------------------------|------------------|---------------|--------------------------|------------------|---------------|-------------------|-------------------|---------------|
|                                  | 2018                    | 2017             |               | 2018                     | 2017             |               | 2018              | 2017              |               |
| Current assets                   | \$ 25,009               | \$ 20,598        | 21%           | \$ 41,505                | \$ 40,361        | 3%            | \$ 66,514         | \$ 60,959         | 9%            |
| Capital assets, net              | 68,713                  | 62,024           | 11%           | 52,647                   | 50,470           | 4%            | 121,360           | 112,494           | 8%            |
| <b>Total assets</b>              | <u>93,722</u>           | <u>82,622</u>    | 13%           | <u>94,152</u>            | <u>90,831</u>    | 4%            | <u>187,874</u>    | <u>173,453</u>    | 8%            |
| Deferred outflow of resources    | 1,799                   | 1,929            | -7%           | 3                        | -                | -             | 1,802             | 1,929             | -7%           |
| Current liabilities              | 966                     | 889              | 9%            | 3,501                    | 3,536            | -1%           | 4,467             | 4,425             | 1%            |
| Non-current liabilities          | 7,928                   | 8,419            | -6%           | 39,676                   | 41,126           | -4%           | 47,604            | 49,545            | -4%           |
| <b>Total liabilities</b>         | <u>8,894</u>            | <u>9,308</u>     | -4%           | <u>43,177</u>            | <u>44,662</u>    | -3%           | <u>52,071</u>     | <u>53,970</u>     | -4%           |
| Deferred inflows of resources    | -                       | 153              | -100%         | -                        | -                | -             | -                 | 153               | -100%         |
| Net position                     |                         |                  |               |                          |                  |               |                   |                   |               |
| Net investment in capital assets | 68,609                  | 62,024           | 11%           | 14,333                   | 10,703           | 34%           | 82,942            | 72,727            | 14%           |
| Restricted                       | 14,427                  | 12,008           | 20%           | 13,206                   | 15,098           | -13%          | 27,633            | 27,106            | 2%            |
| Unrestricted                     | 2,995                   | 1,058            | 183%          | 23,417                   | 20,368           | 15%           | 26,412            | 21,426            | 23%           |
| <b>Total net position</b>        | <u>\$ 86,031</u>        | <u>\$ 75,090</u> | 15%           | <u>\$ 50,956</u>         | <u>\$ 46,169</u> | 10%           | <u>\$ 136,987</u> | <u>\$ 121,259</u> | 13%           |

\*MD&A prior year column not restated for reporting purposes

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to \$82.9 million. 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.

A portion of the City's net position, \$27.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$26.4 million, may be used to meet the government's ongoing obligations to citizens and creditors.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2018**

**Change in Net Position**

For the year ended June 30, 2018 net position of the primary government changed as follows:

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

|  | Governmental Activities |                  | % Inc. (Dec.) | Business-Type Activities |                  | % Inc. (Dec.) | Total             |                   | % Inc. (Dec.) |
|--|-------------------------|------------------|---------------|--------------------------|------------------|---------------|-------------------|-------------------|---------------|
|  | 2018                    | 2017             |               | 2018                     | 2017             |               | 2018              | 2017              |               |
| <b>Revenues</b>                          |                         |                  |               |                          |                  |               |                   |                   |               |
| Charges for services                     | \$ 1,292                | \$ 938           | 38%           | \$ 14,691                | \$ 13,714        | 7%            | \$ 15,983         | \$ 14,652         | 9%            |
| Operating grants and contributions       | 968                     | 866              | 12%           | -                        | -                | -             | 968               | 866               | 12%           |
| Capital grants and contributions         | 5,855                   | 906              | 546%          | 72                       | 147              | -51%          | 5,927             | 1,053             | 463%          |
| Taxes                                    | 18,145                  | 17,504           | 4%            | -                        | -                | -             | 18,145            | 17,504            | 4%            |
| Intergovernmental revenue                | 340                     | 331              | 3%            | -                        | -                | -             | 340               | 331               | 3%            |
| Investment income                        | 356                     | 166              | 114%          | 562                      | 231              | 143%          | 918               | 397               | 131%          |
| Miscellaneous                            | 820                     | 520              | 58%           | 457                      | 506              | -10%          | 1,277             | 1,026             | 24%           |
| <b>Total revenues</b>                    | <b>27,776</b>           | <b>21,231</b>    | <b>31%</b>    | <b>15,782</b>            | <b>14,598</b>    | <b>8%</b>     | <b>43,558</b>     | <b>35,829</b>     | <b>22%</b>    |
| <b>Expenses</b>                          |                         |                  |               |                          |                  |               |                   |                   |               |
| General government                       | 4,322                   | 4,160            | 4%            | -                        | -                | -             | 4,322             | 4,160             | 4%            |
| Streets                                  | 2,667                   | 2,535            | 5%            | -                        | -                | -             | 2,667             | 2,535             | 5%            |
| Public safety                            | 6,790                   | 6,412            | 6%            | -                        | -                | -             | 6,790             | 6,412             | 6%            |
| Cemetery                                 | 226                     | 195              | 16%           | -                        | -                | -             | 226               | 195               | 16%           |
| Legal and judicial                       | 107                     | 337              | -68%          | -                        | -                | -             | 107               | 337               | -68%          |
| Culture and recreation                   | 1,755                   | 1,639            | 7%            | -                        | -                | -             | 1,755             | 1,639             | 7%            |
| Community development                    | 364                     | 377              | -3%           | -                        | -                | -             | 364               | 377               | -3%           |
| Airport                                  | 681                     | 568              | 20%           | -                        | -                | -             | 681               | 568               | 20%           |
| Interest on long-term debt               | 8                       | 14               | -43%          | -                        | -                | -             | 8                 | 14                | -43%          |
| Water                                    | -                       | -                | -             | 3,883                    | 3,959            | -2%           | 3,883             | 3,959             | -2%           |
| Sewer                                    | -                       | -                | -             | 2,582                    | 2,312            | 12%           | 2,582             | 2,312             | 12%           |
| Sanitation                               | -                       | -                | -             | 3,514                    | 3,632            | -3%           | 3,514             | 3,632             | -3%           |
| Economic development                     | -                       | -                | -             | 811                      | 851              | -5%           | 811               | 851               | -5%           |
| <b>Total expenses</b>                    | <b>16,920</b>           | <b>16,237</b>    | <b>4%</b>     | <b>10,790</b>            | <b>10,754</b>    | <b>0%</b>     | <b>27,710</b>     | <b>26,991</b>     | <b>3%</b>     |
| Excess (deficiency) before transfers     | 10,856                  | 4,994            | 117%          | 4,992                    | 3,844            | 30%           | 15,848            | 8,838             | 79%           |
| Transfers                                | 219                     | 3,675            | -94%          | (219)                    | (3,675)          | -94%          | -                 | -                 | 0%            |
| <b>Change in net position</b>            | <b>11,075</b>           | <b>8,669</b>     | <b>28%</b>    | <b>4,773</b>             | <b>169</b>       | <b>-2724%</b> | <b>15,848</b>     | <b>8,838</b>      | <b>79%</b>    |
| <b>Beginning net position - restated</b> | <b>74,956</b>           | <b>66,421</b>    | <b>13%</b>    | <b>46,183</b>            | <b>46,000</b>    | <b>0%</b>     | <b>121,139</b>    | <b>112,421</b>    | <b>8%</b>     |
| <b>Ending net position</b>               | <b>\$ 86,031</b>        | <b>\$ 75,090</b> | <b>15%</b>    | <b>\$ 50,956</b>         | <b>\$ 46,169</b> | <b>10%</b>    | <b>\$ 136,987</b> | <b>\$ 121,259</b> | <b>13%</b>    |

\*MD&A prior year column not restated for reporting purposes

The City's governmental activities capital grants and contributions increased approximately \$4.8 million due in large part to partnership projects with the Chickasaw Nation related primarily to street activities in the current year. The City's business-type investment income approximately doubled due to higher interest rates in the current year.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2018**

**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 the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

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

|                            | <b>Total Expense</b> |                  | <b>% Inc.</b> | <b>Net Revenue</b> |                   | <b>% Inc.</b> |
|----------------------------|----------------------|------------------|---------------|--------------------|-------------------|---------------|
|                            | <b>of Services</b>   |                  | <b>(Dec.)</b> | <b>(Expense)</b>   |                   | <b>(Dec.)</b> |
|                            | <u>2018</u>          | <u>2017</u>      |               | <u>2018</u>        | <u>2017</u>       |               |
| General government         | \$ 4,322             | \$ 4,160         | 4%            | (\$4,165)          | (\$4,018)         | 4%            |
| Streets                    | 2,667                | 2,535            | 5%            | 2,843              | (2,385)           | -219%         |
| Public Safety              | 6,790                | 6,412            | 6%            | (5,445)            | (5,397)           | 1%            |
| Cemetery                   | 226                  | 195              | 16%           | (157)              | (132)             | 19%           |
| Legal and Judicial         | 107                  | 337              | -68%          | (107)              | (337)             | -68%          |
| Culture and Recreation     | 1,755                | 1,639            | 7%            | (1,086)            | (1,301)           | -17%          |
| Community Development      | 364                  | 377              | -3%           | (364)              | (377)             | -3%           |
| Airport                    | 681                  | 568              | 20%           | (318)              | 434               | -173%         |
| Interest on long-term debt | 8                    | 14               | -43%          | (8)                | (14)              | -43%          |
| <b>Total</b>               | <u>16,920</u>        | <u>\$ 16,237</u> | 4%            | <u>(\$8,807)</u>   | <u>(\$13,527)</u> | -35%          |

For the year ended June 30, 2018, total expenses for governmental activities amounted to \$16.9 million which is a 4% increase from the prior year.

**Business-type Activities**

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

|                      | <b>Total Expense</b> |                  | <b>% Inc.</b> | <b>Net Revenue</b> |                 | <b>% Inc.</b> |
|----------------------|----------------------|------------------|---------------|--------------------|-----------------|---------------|
|                      | <b>of Services</b>   |                  | <b>Dec.</b>   | <b>(Expense)</b>   |                 | <b>Dec.</b>   |
|                      | <u>2018</u>          | <u>2017</u>      |               | <u>2018</u>        | <u>2017</u>     |               |
| Water                | \$ 3,883             | \$ 3,959         | -2%           | \$ 4,705           | \$ 3,997        | 18%           |
| Sewer                | 2,582                | 2,312            | 12%           | (346)              | (86)            | 302%          |
| Sanitation           | 3,514                | 3,632            | -3%           | 426                | 48              | 788%          |
| Economic development | 811                  | 851              | -5%           | (811)              | (851)           | -5%           |
| <b>Total</b>         | <u>\$ 10,790</u>     | <u>\$ 10,754</u> | 0%            | <u>\$ 3,974</u>    | <u>\$ 3,108</u> | 28%           |

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
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The City's business-type activities include utility services for water, sewer, sanitation and economic development.

***A FINANCIAL ANALYSIS OF THE CITY'S FUNDS***

As the City completed its 2018 fiscal year, the governmental funds reported a combined fund balance of \$23 million, or a 22% increase from the prior year. The enterprise funds reported combined net position of \$50.9 million, or a 10% increase from 2017.

**Other fund highlights include:**

- For the year ended June 30, 2018, the General Fund's total fund balance increased by \$754,007, or 16%, due primarily to an increase in current year revenues.
- The Street and Alley Fund's total fund balance increased by \$109,029 or 2%.
- The 2016 Sales Tax Capital Improvement Fund's total fund balance increased by \$2,614,468 or 113% due to a significant decrease in current year expenditures.
- The APWA Enterprise Fund reported a net income before contributions and transfers of \$6,171,469.

**General Fund Budgetary Highlights**

For the year ended June 30, 2018, the General Fund reported actual budgetary basis revenues below final estimates by \$1,527,662 or a 9% negative variance. General Fund actual expenditures were under final appropriations by \$3,410,026 or an 18% positive variance.

***CAPITAL ASSETS & DEBT ADMINISTRATION***

**Capital Assets**

At the end of June 30, 2018, the City had approximately \$121.3 million invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. This represents a net increase of approximately \$8.8 million over last year.

Below are details regarding the City's capital assets for the years ended June 30, 2018 and 2017.<sup>1</sup>

(Unaudited. See accompanying auditor's report.)

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<sup>1</sup> For more detailed information on capital asset activity please refer to pages 40-41, Note 4. Capital Assets and Depreciation

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

|                                    | <b>Governmental</b> |                  | <b>Business-Type</b> |                  | <b>Total</b>      |                   |
|------------------------------------|---------------------|------------------|----------------------|------------------|-------------------|-------------------|
|                                    | <b>Activities</b>   |                  | <b>Activities</b>    |                  |                   |                   |
|                                    | <u>2018</u>         | <u>2017</u>      | <u>2018</u>          | <u>2017</u>      | <u>2018</u>       | <u>2017</u>       |
| Land                               | \$ 1,262            | \$ 1,345         | \$ 3,112             | \$ 3,112         | \$ 4,374          | \$ 4,457          |
| Art Collection                     | 6                   | -                | -                    | -                | 6                 | -                 |
| Buildings and improvements         | 36,876              | 11,664           | 9,528                | 9,798            | 46,404            | 21,462            |
| Machinery, furniture and equipment | 1,990               | 2,246            | 2,448                | 2,187            | 4,438             | 4,433             |
| Infrastructure                     | 23,008              | 16,976           | 13,444               | 12,117           | 36,452            | 29,093            |
| Water rights                       | -                   | -                | 1,280                | 1,261            | 1,280             | 1,261             |
| Construction in progress           | 5,571               | 29,793           | 22,834               | 21,995           | 28,405            | 51,788            |
| <b>Totals</b>                      | <b>\$ 68,713</b>    | <b>\$ 62,024</b> | <b>\$ 52,646</b>     | <b>\$ 50,470</b> | <b>\$ 121,359</b> | <b>\$ 112,494</b> |

This year's more significant capital asset additions include Kerr Lab Project totaling approximately \$5.2 million, and water and sewer projects totaling approximately \$2.5 million.

**Long-Term Debt**

At year-end, the City had \$50.5 million in long-term debt outstanding, which represents approximately a \$2 million decrease from the prior year.<sup>2</sup>

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

|                            | <b>Governmental</b> |                 | <b>Business-Type</b> |                  | <b>Total</b>     |                  |
|----------------------------|---------------------|-----------------|----------------------|------------------|------------------|------------------|
|                            | <b>Activities</b>   |                 | <b>Activities</b>    |                  |                  |                  |
|                            | <u>2018</u>         | <u>2017</u>     | <u>2018</u>          | <u>2017</u>      | <u>2018</u>      | <u>2017</u>      |
| Accrued Compensation       | \$ 830              | \$ 797          | \$ 445               | \$ 461           | \$ 1,275         | \$ 1,258         |
| Deposits subject to refund | -                   | -               | 808                  | 793              | 808              | 793              |
| Landfill closure liability | -                   | -               | 2,695                | 2,594            | 2,695            | 2,594            |
| Judgements payable         | -                   | 13              | -                    | -                | -                | 13               |
| Notes payable              | -                   | -               | 38,314               | 39,767           | 38,314           | 39,767           |
| OPEB liability             | 590                 | 586             | 200                  | 212              | 790              | 798              |
| Net pension liability      | 6,591               | 7,250           | -                    | -                | 6,591            | 7,250            |
| <b>Totals</b>              | <b>\$ 8,011</b>     | <b>\$ 8,646</b> | <b>\$ 42,462</b>     | <b>\$ 43,827</b> | <b>\$ 50,473</b> | <b>\$ 52,473</b> |

(Unaudited. See accompanying auditor's report.)

<sup>2</sup> For more detailed information on long-term debt activity please refer to pages 42-44, Note 5. Long-Term Debt and Debt Service Requirements

**CITY OF ADA, OKLAHOMA**  
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***ECONOMIC OUTLOOK***

Fiscal Year 2017-18 was productive for the City of Ada. The following report is designed to illustrate some of the city's activities during this period of time and for the immediate future.

**Propositions 1 and 2**

Propositions 1 and 2 continue to generate strong revenues for the City of Ada. These temporary measures combine to make up a penny sales tax dedicated to improvements throughout the City of Ada. Prop 1 is a three-quarter cent sales tax earmarked for infrastructure, such as streets, alleys, water and sewer distribution systems. Prop 2 is a quarter-cent sales tax earmarked for economic development inside Ada city limits. On January 10, 2017 the community provided a resounding "yes" to renew these Propositions for an additional five years: 2018-2023.

Fiscal Year 2017-18 sales tax collections generated \$2,857,000 for Prop I and \$952,000 for Prop II, reflecting a 2.29% increase. This increase brought collections back to what they were in FY 2015-16.

**City Projects**

Many projects were completed during this Fiscal Year, including: the second state of the art aquatic center which was opened to the public in July, 2017; the design and demolition phases for the new senior citizen activity center scheduled to open in mid to late 2019; the State Highway 1 water and sewer line relocation project, in which the City partnered with the State of Oklahoma; the North Mississippi intersection and road project; Nancy Drive reconstruction; 14<sup>th</sup> Street bridge redecking; the \$5 million complete reconstruction of South Kerr Lab Road, in which the Chickasaw Nation partnered with the City to accomplish; multiple improvements to Wintersmith Park that added a multi-use dog park, new playground equipment and a music and movie venue; plus, the completion of the airport apron and taxi lane. Other activities included the sewer pipe bursting program designed to replace a required amount of line annually, the City's continued commitment to the street preservation and rehabilitation program.

**New Business/Construction**

Here are a few highlights of existing businesses in Ada and their continued growth. Lovera Cheese Factory, which is an incubator project, created two jobs; while iQor, a technical support call center, added 100 jobs this Fiscal Year. Holcim Cement Plant completed a \$200 million investment to upgrade and expand its facility and Ram Jack, a foundation repair company, expanded their employment numbers. Three new restaurants were opened for service by June 30, 2017 and Hobby Lobby shortly thereafter. We have several other businesses that have built at new locations and are now open: Pigskins Bar-b-Que, Traditions Pharmacy and Billy Sims Bar-b-Que. The upcoming year holds more opportunity with two new grocery stores, Pruitt's which is replacing an existing store and 10 Box Cost – Plus which offers an additional grocery option. Chick-fil-A will soon be breaking ground and the City is working with local developers to attract additional retail stores. This, along with the new Sports Complex, pools, park and Main Street renovations, is an effort to enhance Ada's quality of life for our citizens and visitors.

Through the coordination of various agencies, the Oka Institute opened its doors in July, 2016. It offers practical solutions to bridge the gap between sustainable water management and economic development.

(Unaudited. See accompanying auditor's report)

**CITY OF ADA, OKLAHOMA**  
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**“Penny for Our City” Sales Tax**

Since August 2010, the City of Ada has collected a one-cent sales tax known as “Penny for Our City”. This dedicated penny, with a limited five-year lifespan, expired December 31, 2015 and collected sales tax of \$19,439,602 for specific projects. Two projects still outstanding are Main Street and City Hall renovations.

**“Penny for Our City” Sales Tax Extension**

In January, 2015, an extension of the one-cent sales tax was approved by voters for eight more years. The extension began in January 2016 after the first penny expired.

Specific projects include the construction of two aquatic centers, a new senior citizen’s center, the creation of a workforce housing program and upgrades to the Wintersmith Amphitheater, as well as continued development with phase II of Main Street and the Sports Complex projects.

By incurring \$13 million in additional debt, construction of both aquatic centers; plus, the design and demolition phases for the senior citizen’s center have been completed. The construction bid was awarded shortly after the end of this Fiscal Year with a completion time frame of mid to late 2019. As the sales tax continues to be collected, the other projects will come to fruition.

**Community Activities**

The City continues to provide organized family activities in Wintersmith Park with movies and “Music in the Park” events; plus, movies and family nights at both aquatic centers during the warmer months of the year.

“East End Eats” continues to grow with participation. This event provides local organizations an opportunity to host the monthly activity with food and entertainment. Several agencies have partnered to grow and support the arts in Ada by organizing additional events during the year including Ada Fest.

The City continues to host family events such as the Daddy-Daughter Dance, Mummy’s and Sons Halloween Dance; plus, the Halloween Safe House, which allowed more than 4,000 local children a safe place to trick-or-treat.

The “Santa Stroll” at Wintersmith Park continues to be a success as the community joins in the celebration of the Christmas Season with a stroll around the walking trail to take in the beauty of the “Trail of Lights” with new Christmas displays added annually.

The City continues to promote beautification by hosting the annual Ada Trash Pick-Up Day in the spring; as well as, recognition of the Yard/Business of the Month during the summer and a Christmas decorating contest in December.

The Sports Complex has been a great attraction for people of all ages to play softball or flag football. It will continue to grow in popularity as the City develops the programs provided and the complex is enlarged with the second phase.

(Unaudited. See accompanying auditor’s report)

**CITY OF ADA, OKLAHOMA**  
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The newest attraction has been the transformation of the City's former monkey pit into the Music and Movie Venue which features a large bandstand, underground storage and seating areas with Wintersmith Lake as a backdrop. This facility was officially opened to the public the summer of 2018.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 231 South Townsend, Ada, Oklahoma or phone at (580) 436-6300.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS - STATEMENTS OF NET POSITION AND ACTIVITIES**

**CITY OF ADA, OKLAHOMA**  
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**Statement of Net Position– June 30, 2018**

|  | Primary Government         |                             |                       | Component Units                      |                                    |
|--|----------------------------|-----------------------------|-----------------------|--------------------------------------|------------------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total                 | Valley View<br>Hospital<br>Authority | Ada Arts and<br>Heritage Authority |
| <b>ASSETS</b>  |                            |                             |                       |                                      |                                    |
| Cash and cash equivalents                            | \$ 21,327,271              | \$ 38,627,058               | \$ 59,954,329         | \$ 290                               | \$ -                               |
| Investments  | 521,954                    | -                           | 521,954               | 1,163,114                            | -                                  |
| Accounts receivable, net of allowance                | -                          | 2,651,058                   | 2,651,058             | -                                    | -                                  |
| Franchise tax receivable                             | 90,285                     | -                           | 90,285                | -                                    | -                                  |
| Court fines receivable, net of allowance             | 782,417                    | -                           | 782,417               | -                                    | -                                  |
| Internal balances                                    | (218,938)                  | 218,938                     | -                     | -                                    | -                                  |
| Due from other governments                           | 2,412,408                  | 8,277                       | 2,420,685             | -                                    | -                                  |
| Other receivables                                    | 56,243                     | -                           | 56,243                | -                                    | -                                  |
| Inventory  | 37,145                     | -                           | 37,145                | -                                    | -                                  |
| Capital Assets:                                      |                            |                             |                       |                                      |                                    |
| Land and construction in progress                    | 6,837,853                  | 27,226,717                  | 34,064,570            | -                                    | -                                  |
| Other capital assets, net of depreciation            | 61,875,370                 | 25,420,162                  | 87,295,532            | -                                    | -                                  |
| Total Assets   | <u>93,722,008</u>          | <u>94,152,210</u>           | <u>187,874,218</u>    | <u>1,163,404</u>                     | <u>-</u>                           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                            |                             |                       |                                      |                                    |
| Deferred amounts related to pensions                 | 1,781,953                  | -                           | 1,781,953             | -                                    | -                                  |
| Deferred amounts related to OPEB                     | 16,751                     | 2,989                       | 19,740                | -                                    | -                                  |
| Total deferred outflows of resources                 | <u>1,798,704</u>           | <u>2,989</u>                | <u>1,801,693</u>      | <u>-</u>                             | <u>-</u>                           |
| <b>LIABILITIES</b>                                   |                            |                             |                       |                                      |                                    |
| Accounts payable                                     | \$ 384,822                 | \$ 201,649                  | \$ 586,471            | -                                    | -                                  |
| Accrued payroll liabilities                          | 474,947                    | 189,237                     | 664,184               | -                                    | -                                  |
| Accrued interest payable                             | -                          | 323,608                     | 323,608               | -                                    | -                                  |
| Due to other governments                             | 11,149                     | -                           | 11,149                | -                                    | -                                  |
| Due to depositors                                    | 11,631                     | -                           | 11,631                | -                                    | -                                  |
| Long-term liabilities:                               |                            |                             |                       |                                      |                                    |
| Due within one year                                  | 83,021                     | 2,786,011                   | 2,869,032             | -                                    | -                                  |
| Due in more than one year                            | 7,928,410                  | 39,676,057                  | 47,604,467            | -                                    | -                                  |
| Total liabilities                                    | <u>\$ 8,893,980</u>        | <u>\$ 43,176,562</u>        | <u>\$ 52,070,542</u>  | <u>-</u>                             | <u>-</u>                           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |                            |                             |                       |                                      |                                    |
| Deferred amounts related to pensions                 | 554,236                    | -                           | 554,236               | -                                    | -                                  |
| Deferred amounts related to OPEB                     | 41,666                     | 22,446                      | 64,112                | -                                    | -                                  |
| Total deferred inflows of resources                  | <u>595,902</u>             | <u>22,446</u>               | <u>618,348</u>        | <u>-</u>                             | <u>-</u>                           |
| <b>NET POSITION</b>                                  |                            |                             |                       |                                      |                                    |
| Net investment in capital assets                     | 68,608,616                 | 14,332,704                  | 82,941,320            | -                                    | -                                  |
| Restricted via:                                      |                            |                             |                       |                                      |                                    |
| Expendable Endowment                                 | -                          | -                           | -                     | 1,163,404                            | -                                  |
| State statutes, debt indentures and external parties | 188,584                    | 8,844,342                   | 9,032,926             | -                                    | -                                  |
| Enabling legislation                                 | 14,238,333                 | 4,361,421                   | 18,599,754            | -                                    | -                                  |
| Unrestricted   | 2,995,297                  | 23,417,724                  | 26,413,021            | -                                    | -                                  |
| Total net position                                   | <u>\$ 86,030,830</u>       | <u>\$ 50,956,191</u>        | <u>\$ 136,987,021</u> | <u>\$ 1,163,404</u>                  | <u>\$ -</u>                        |

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA  
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**Statement of Activities –Year Ended June 30, 2018**

| Functions/Programs  | Program Revenue      |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                       | Component Units                |                                 |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|--------------------------------|---------------------------------|
|   | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-type Activities | Total                 | Valley View Hospital Authority | Ada Arts and Heritage Authority |
| <b>Primary government</b>                                     |                      |                      |                                    |                                  |   |                          |                       |                                |                                 |
| Governmental Activities                                       |                      |                      |                                    |                                  |   |                          |                       |                                |                                 |
| General Government  | \$ 4,322,294         | \$ 157,274           | \$ -                               | \$ -                             | \$ (4,165,020)                                    | \$ -                     | \$ (4,165,020)        | \$ -                           | \$ -                            |
| Streets   | 2,666,886            | -                    | 153,006                            | 5,358,147                        | 2,844,267   | -                        | 2,844,267             | -                              | -                               |
| Public Safety   | 6,790,447            | 517,783              | 656,213                            | 171,575                          | (5,444,876)                                       | -                        | (5,444,876)           | -                              | -                               |
| Cemetery  | 226,331              | 68,900               | -                                  | -                                | (157,431)   | -                        | (157,431)             | -                              | -                               |
| Legal and Judicial  | 106,838              | -                    | -                                  | -                                | (106,838)   | -                        | (106,838)             | -                              | -                               |
| Culture and Recreation  | 1,754,879            | 385,928              | 159,130                            | 124,030                          | (1,085,791)                                       | -                        | (1,085,791)           | -                              | -                               |
| Community Development   | 364,042              | -                    | -                                  | -                                | (364,042)   | -                        | (364,042)             | -                              | -                               |
| Airport   | 681,035              | 162,224              | -                                  | 200,845                          | (317,966)   | -                        | (317,966)             | -                              | -                               |
| Interest on Long-term debt                                    | 8,305                | -                    | -                                  | -                                | (8,305)   | -                        | (8,305)               | -                              | -                               |
| Total governmental activities                                 | <u>16,921,057</u>    | <u>1,292,109</u>     | <u>968,349</u>                     | <u>5,854,597</u>                 | <u>(8,806,002)</u>                                | <u>-</u>                 | <u>(8,806,002)</u>    | <u>-</u>                       | <u>-</u>                        |
| Business-Type Activities:                                     |                      |                      |                                    |                                  |   |                          |                       |                                |                                 |
| Water operations  | 3,882,553            | 8,515,439            | -                                  | 71,807                           | -   | 4,704,693                | 4,704,693             | -                              | -                               |
| Sewer operations  | 2,582,047            | 2,236,078            | -                                  | -                                | -   | (345,969)                | (345,969)             | -                              | -                               |
| Sanitation operations   | 3,513,997            | 3,939,751            | -                                  | -                                | -   | 425,754                  | 425,754               | -                              | -                               |
| Economic Development  | 811,265              | -                    | -                                  | -                                | -   | (811,265)                | (811,265)             | -                              | -                               |
| Total business-type activities                                | <u>10,789,862</u>    | <u>14,691,268</u>    | <u>-</u>                           | <u>71,807</u>                    | <u>-</u>  | <u>3,973,213</u>         | <u>3,973,213</u>      | <u>-</u>                       | <u>-</u>                        |
| <b>Total primary government</b>                               | <b>\$ 27,710,919</b> | <b>\$ 15,983,377</b> | <b>\$ 968,349</b>                  | <b>\$ 5,926,404</b>              | <b>\$ (8,806,002)</b>                             | <b>\$ 3,973,213</b>      | <b>\$ (4,832,789)</b> | <b>\$ -</b>                    | <b>\$ -</b>                     |
| <b>Component Unit:</b>  |                      |                      |                                    |                                  |   |                          |                       |                                |                                 |
| Arts, culture and recreation                                  | \$ 19,147            | \$ -                 | \$ 9,360                           | \$ -                             |   |                          |                       | \$ -                           | \$ (9,787)                      |
| Hospital and health care                                      | 12,261               | -                    | -                                  | -                                |   |                          |                       | (12,261)                       | -                               |
| <b>Total Component Units</b>                                  | <b>\$ 31,408</b>     | <b>\$ -</b>          | <b>\$ 9,360</b>                    | <b>\$ -</b>                      |   |                          |                       | <b>\$ (12,261)</b>             | <b>\$ (9,787)</b>               |
| <b>General revenues:</b>                                      |                      |                      |                                    |                                  |   |                          |                       |                                |                                 |
| Taxes:  |                      |                      |                                    |                                  |   |                          |                       |                                |                                 |
| Sales and use taxes   |                      |                      |                                    |                                  | \$ 16,665,324                                     | \$ -                     | \$ 16,665,324         | \$ -                           | \$ -                            |
| Property taxes  |                      |                      |                                    |                                  | 70,178  | -                        | 70,178                | -                              | -                               |
| Franchise taxes and public service taxes                      |                      |                      |                                    |                                  | 809,826   | -                        | 809,826               | -                              | -                               |
| Payment in lieu of tax  |                      |                      |                                    |                                  | 80,458  | -                        | 80,458                | -                              | -                               |
| E-911 taxes   |                      |                      |                                    |                                  | 519,699   | -                        | 519,699               | -                              | -                               |
| Intergovernmental revenue not restricted to specific programs |                      |                      |                                    |                                  | 339,841   | -                        | 339,841               | -                              | -                               |
| Investment income   |                      |                      |                                    |                                  | 356,295   | 561,710                  | 918,005               | 68,148                         | 1,247                           |
| Miscellaneous   |                      |                      |                                    |                                  | 819,845   | 456,972                  | 1,276,817             | -                              | 4,811                           |
| Transfers - Internal activity                                 |                      |                      |                                    |                                  | 218,813   | (218,813)                | -                     | -                              | -                               |
| Special item - Transfer of equity                             |                      |                      |                                    |                                  | -   | -                        | -                     | -                              | (165,147)                       |
| Total general revenues, transfers and special item            |                      |                      |                                    |                                  | <u>19,880,279</u>                                 | <u>799,869</u>           | <u>20,680,148</u>     | <u>68,148</u>                  | <u>(159,089)</u>                |
| Change in net position  |                      |                      |                                    |                                  | 11,074,277  | 4,773,082                | 15,847,359            | 55,887                         | (168,876)                       |
| Net position - beginning - restated for OPEB liability        |                      |                      |                                    |                                  | 74,956,553  | 46,183,109               | 121,139,662           | 1,107,517                      | 168,876                         |
| Net position - ending   |                      |                      |                                    |                                  | <u>\$ 86,030,830</u>                              | <u>\$ 50,956,191</u>     | <u>\$ 136,987,021</u> | <u>\$ 1,163,404</u>            | <u>\$ -</u>                     |

See accompanying notes to the basic financial statements.

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

**CITY OF ADA, OKLAHOMA  
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**Governmental Funds Balance Sheet - June 30, 2018**

|  | General Fund        | Special Revenue Fund  | Capital Project Funds         |                                 |   | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------|-------------------------------|---------------------------------|---|--------------------------|--------------------------|
|  |                     | Street and Alley Fund | Sales Tax Infrastructure Fund | Sales Tax Capital Facility Fund | Sales Tax 2016 Capital Improvement Fund |                          |                          |
| <b>ASSETS</b>  |                     |                       |                               |                                 |   |                          |                          |
| Cash and cash equivalents                              | \$ 4,228,437        | \$ 4,298,269          | \$ 3,353,499                  | \$ 2,986,745                    | \$ 4,533,003                            | \$ 1,925,507             | \$ 21,325,460            |
| Investments  | 521,954             | -                     | -                             | -                               | -                                       | -                        | 521,954                  |
| Receivables:   |                     |                       |                               |                                 |   |                          |                          |
| Due from other funds                                   | -                   | -                     | 1,098                         | -                               | -                                       | -                        | 1,098                    |
| Due from other governments                             | 1,309,647           | 175,488               | 372,311                       | -                               | 507,241                                 | 47,721                   | 2,412,408                |
| Franchise taxes receivable                             | 90,285              | -                     | -                             | -                               | -                                       | -                        | 90,285                   |
| Court fines receivable                                 | 782,417             | -                     | -                             | -                               | -                                       | -                        | 782,417                  |
| Other receivables                                      | 11,724              | -                     | -                             | -                               | -                                       | 44,519                   | 56,243                   |
| Total assets   | <u>\$ 6,944,464</u> | <u>\$ 4,473,757</u>   | <u>\$ 3,726,908</u>           | <u>\$ 2,986,745</u>             | <u>\$ 5,040,244</u>                     | <u>\$ 2,017,747</u>      | <u>\$ 25,189,865</u>     |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> |                     |                       |                               |                                 |   |                          |                          |
| Liabilities:   |                     |                       |                               |                                 |   |                          |                          |
| Accounts payable                                       | \$ 150,127          | \$ -                  | \$ 75,818                     | \$ -                            | \$ 102,813                              | \$ 56,064                | \$ 384,822               |
| Accrued payroll liabilities                            | 391,149             | -                     | 54,484                        | -                               | -                                       | 29,314                   | 474,947                  |
| Due to other funds                                     | 220,036             | -                     | -                             | -                               | -                                       | -                        | 220,036                  |
| Due to other governments                               | 11,149              | -                     | -                             | -                               | -                                       | -                        | 11,149                   |
| Due to depositors                                      | 11,631              | -                     | -                             | -                               | -                                       | -                        | 11,631                   |
| Total liabilities                                      | <u>784,092</u>      | <u>-</u>              | <u>130,302</u>                | <u>-</u>                        | <u>102,813</u>                          | <u>85,378</u>            | <u>1,102,585</u>         |
| Deferred inflows of resources:                         |                     |                       |                               |                                 |   |                          |                          |
| Deferred revenue                                       | 759,470             | -                     | -                             | -                               | 10,825                                  | 46,976                   | 817,271                  |
| Fund balances:   |                     |                       |                               |                                 |   |                          |                          |
| Restricted   | 11,917              | 4,202,038             | 2,536,956                     | 2,637,547                       | 4,839,217                               | 199,242                  | 14,426,917               |
| Committed  | 370,350             | -                     | -                             | -                               | -                                       | 55,663                   | 426,013                  |
| Assigned   | 3,618,204           | 271,719               | 1,059,650                     | 349,198                         | 87,389                                  | 1,630,488                | 7,016,648                |
| Unassigned   | 1,400,431           | -                     | -                             | -                               | -                                       | -                        | 1,400,431                |
| Total fund balances                                    | <u>5,400,902</u>    | <u>4,473,757</u>      | <u>3,596,606</u>              | <u>2,986,745</u>                | <u>4,926,606</u>                        | <u>1,885,393</u>         | <u>23,270,009</u>        |
| Total liabilities, deferred inflows and fund balances  | <u>\$ 6,944,464</u> | <u>\$ 4,473,757</u>   | <u>\$ 3,726,908</u>           | <u>\$ 2,986,745</u>             | <u>\$ 5,040,244</u>                     | <u>\$ 2,017,747</u>      | <u>\$ 25,189,865</u>     |

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA  
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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2018**

|   | General Fund        | Special Revenue Fund  | Capital Project Funds         |                                 |   | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-----------------------|-------------------------------|---------------------------------|---|--------------------------|--------------------------|
|   |                     | Street and Alley Fund | Sales Tax Infrastructure Fund | Sales Tax Capital Facility Fund | Sales Tax 2016 Capital Improvement Fund |                          |                          |
| <b>REVENUES</b>                                   |                     |                       |                               |                                 |   |                          |                          |
| Taxes   | \$ 9,501,896        | \$ 1,365,747          | \$ 2,868,671                  | \$ -                            | \$ 3,824,894                            | \$ 589,988               | \$ 18,151,196            |
| Intergovernmental                                 | 1,190,214           | 153,006               | -                             | -                               | -                                       | 281,419                  | 1,624,639                |
| Licenses and permits                              | 153,974             | -                     | -                             | -                               | -                                       | -                        | 153,974                  |
| Charges for services                              | 277,479             | -                     | -                             | -                               | -                                       | 344,586                  | 622,065                  |
| Fees and fines                                    | 315,614             | -                     | -                             | -                               | -                                       | -                        | 315,614                  |
| Investment earnings                               | 93,371              | 65,345                | 61,728                        | 49,899                          | 62,499                                  | 23,453                   | 356,295                  |
| Miscellaneous                                     | 529,608             | 289                   | -                             | 6                               | 102                                     | 643,437                  | 1,173,442                |
| Total revenues                                    | <u>12,062,156</u>   | <u>1,584,387</u>      | <u>2,930,399</u>              | <u>49,905</u>                   | <u>3,887,495</u>                        | <u>1,882,883</u>         | <u>22,397,225</u>        |
| <b>EXPENDITURES</b>                               |                     |                       |                               |                                 |   |                          |                          |
| Current:  |                     |                       |                               |                                 |   |                          |                          |
| General government                                | 3,689,677           | -                     | 398,986                       | -                               | -                                       | 496,989                  | 4,585,652                |
| Public safety                                     | 5,893,730           | -                     | -                             | -                               | -                                       | 764,751                  | 6,658,481                |
| Streets and highways                              | 688,088             | 249,532               | 545,667                       | -                               | -                                       | -                        | 1,483,287                |
| Legal and judicial                                | 99,055              | -                     | -                             | -                               | -                                       | -                        | 99,055                   |
| Cemetery  | 195,735             | -                     | -                             | -                               | -                                       | -                        | 195,735                  |
| Culture and recreation                            | 1,356,696           | -                     | -                             | -                               | -                                       | 242,708                  | 1,599,404                |
| Community development                             | 360,958             | -                     | -                             | -                               | -                                       | -                        | 360,958                  |
| Airport   | -                   | -                     | -                             | -                               | -                                       | 192,129                  | 192,129                  |
| Sewer   | -                   | -                     | 440,386                       | -                               | -                                       | -                        | 440,386                  |
| Capital outlay                                    | 490,392             | -                     | 1,404,991                     | 70,303                          | 1,035,101                               | 455,369                  | 3,456,156                |
| Debt service:                                     |                     |                       |                               |                                 |   |                          |                          |
| Principal   | -                   | -                     | -                             | -                               | -                                       | 62,531                   | 62,531                   |
| Interest and other charges                        | -                   | -                     | -                             | -                               | -                                       | 8,305                    | 8,305                    |
| Total expenditures                                | <u>12,774,331</u>   | <u>249,532</u>        | <u>2,790,030</u>              | <u>70,303</u>                   | <u>1,035,101</u>                        | <u>2,222,782</u>         | <u>19,142,079</u>        |
| Excess (deficiency) of revenues over expenditures | <u>(712,175)</u>    | <u>1,334,855</u>      | <u>140,369</u>                | <u>(20,398)</u>                 | <u>2,852,394</u>                        | <u>(339,899)</u>         | <u>3,255,146</u>         |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                       |                               |                                 |   |                          |                          |
| Contribution of equity                            | -                   | -                     | -                             | -                               | -                                       | 58,941                   | 58,941                   |
| Proceeds from sale of land                        | -                   | -                     | -                             | -                               | -                                       | 363,909                  | 363,909                  |
| Transfers in                                      | 6,697,019           | 1,358,138             | 450,000                       | 26,000                          | 3,572,123                               | 796,200                  | 12,899,480               |
| Transfers out                                     | (5,230,837)         | (2,583,964)           | (620,032)                     | -                               | (3,810,049)                             | (102,597)                | (12,347,479)             |
| Total other financing sources and uses            | <u>1,466,182</u>    | <u>(1,225,826)</u>    | <u>(170,032)</u>              | <u>26,000</u>                   | <u>(237,926)</u>                        | <u>1,116,453</u>         | <u>974,851</u>           |
| Net change in fund balances                       | 754,007             | 109,029               | (29,663)                      | 5,602                           | 2,614,468                               | 776,554                  | 4,229,997                |
| Fund balances - beginning                         | 4,646,895           | 4,364,728             | 3,626,269                     | 2,981,143                       | 2,312,138                               | 1,108,839                | 19,040,012               |
| Fund balances - ending                            | <u>\$ 5,400,902</u> | <u>\$ 4,473,757</u>   | <u>\$ 3,596,606</u>           | <u>\$ 2,986,745</u>             | <u>\$ 4,926,606</u>                     | <u>\$ 1,885,393</u>      | <u>\$ 23,270,009</u>     |

See accompanying notes to the basic financial statements.

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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

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

|  |    |            |
|--|----|------------|
| Total fund balance, governmental funds | \$ | 23,270,009 |
|--|----|------------|

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

|   |  |            |
|---|--|------------|
| Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds, net of accumulated depreciation of \$59,178,071 |  | 68,713,223 |
|---|--|------------|

Certain other long-term assets are not available to pay current period expenditures and therefore they, along with pension related deferred outflows, are not reported in the funds:

|   |  |           |
|---|--|-----------|
| Pension related deferred outflows   |  | 1,781,953 |
| Court fines receivable, net of allowance for doubtful accounts of \$782,417 |  | 742,628   |
| Property taxes receivable   |  | 31,541    |
| Grant receivable  |  | 43,102    |
|   |  | 2,599,224 |

Internal service funds are used by management to charge the costs of certain activities, such as inventory, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position:

|   |  |        |
|---|--|--------|
| Net Position of the Internal Service Fund |  | 38,956 |
|---|--|--------|

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

|                                  |  |             |
|----------------------------------|--|-------------|
| Net pension liability            |  | (6,590,775) |
| Pension related deferred inflows |  | (554,236)   |
| Accrued compensated absences     |  | (830,210)   |
| Total OPEB liability             |  | (615,361)   |
|                                  |  | (8,590,582) |

|  |    |            |
|--|----|------------|
| Net Position of Governmental Activities in the Statement of Net Position | \$ | 86,030,830 |
|--|----|------------|

See accompanying notes to the basic financial statements.

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**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities:**

|  |    |                    |
|--|----|--------------------|
| Net change in fund balances - total governmental funds:  | \$ | 4,229,997          |
| Amounts reported for Governmental Activities in the Statement of Activities are different because:   |    |                    |
| Governmental funds report capital outlay and issue costs as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:   |    |                    |
| Capital asset purchases capitalized  |    | 8,858,247          |
| Depreciation expense   |    | <u>(2,169,260)</u> |
|  |    | <u>6,688,987</u>   |
| 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.  |    |                    |
|  |    | <u>112,060</u>     |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:   |    |                    |
| Change in deferred revenue   |    | <u>125,607</u>     |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position: |    |                    |
| Judgement payable  |    | 12,855             |
|  |    | <u>12,855</u>      |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:  |    |                    |
| Change in accrued compensated absences expenses  |    | (33,764)           |
| Change in the total OPEB liability   |    | <u>(39,298)</u>    |
|  |    | <u>(73,062)</u>    |
| Internal service funds are used by management to charge the costs of certain activities, such as inventory, to individual funds. The asset and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position:   |    |                    |
| Change in net position of the Internal Service Fund  |    | <u>(22,167)</u>    |
| Change in net position of governmental activities  | \$ | <u>11,074,277</u>  |

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS**

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**Proprietary Funds Statement of Net Position - June 30, 2018**

|   | <u>Enterprise Funds</u>     |   |                      | <u>Internal Service Fund</u> |
|---|-----------------------------|---|----------------------|------------------------------|
|   | <u>APWA Enterprise Fund</u> | <u>Economic Development Enterprise Fund</u> | <u>Total</u>         |                              |
| <b>ASSETS</b>   |                             |   |                      |                              |
| Current assets:                                       |                             |   |                      |                              |
| Cash and cash equivalents                             | \$ 24,609,312               | \$ 4,365,519                                | \$ 28,974,831        | \$ 1,811                     |
| Restricted:   |                             |   |                      |                              |
| Cash and cash equivalents                             | 9,652,227                   | -   | 9,652,227            | -                            |
| Accounts receivable, net of allowance of \$37,839     | 2,651,058                   | -   | 2,651,058            | -                            |
| Inventory   | -                           | -   | -                    | 37,145                       |
| Due from other funds                                  | 220,036                     | -   | 220,036              | -                            |
| Due from other governments                            | 8,277                       | -   | 8,277                | -                            |
| Total current assets                                  | <u>37,140,910</u>           | <u>4,365,519</u>                            | <u>41,506,429</u>    | <u>38,956</u>                |
| Non-current assets:                                   |                             |   |                      |                              |
| Capital assets:                                       |                             |   |                      |                              |
| Land and construction in progress                     | 27,226,717                  | -   | 27,226,717           | -                            |
| Other capital assets, net of accumulated depreciation | 25,420,162                  | -   | 25,420,162           | -                            |
| Total non-current assets                              | <u>52,646,879</u>           | <u>-</u>                                    | <u>52,646,879</u>    | <u>-</u>                     |
| Total assets  | <u>\$ 89,787,789</u>        | <u>\$ 4,365,519</u>                         | <u>\$ 94,153,308</u> | <u>\$ 38,956</u>             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                             |   |                      |                              |
| Deferred amounts related to OPEB                      | <u>2,989</u>                | <u>-</u>                                    | <u>2,989</u>         | <u>-</u>                     |
| <b>LIABILITIES</b>                                    |                             |   |                      |                              |
| Current liabilities:                                  |                             |   |                      |                              |
| Accounts payable                                      | \$ 198,649                  | \$ 3,000                                    | \$ 201,649           | \$ -                         |
| Accrued payroll liabilities                           | 189,237                     | -   | 189,237              | -                            |
| Accrued interest payable                              | 323,608                     | -   | 323,608              | -                            |
| Due to other funds                                    | -                           | 1,098                                       | 1,098                | -                            |
| Due to component unit                                 | 410,669                     | -   | 410,669              | -                            |
| Due to depositors                                     | 80,789                      | -   | 80,789               | -                            |
| Accrued compensated absences                          | 44,443                      | -   | 44,443               | -                            |
| Landfill closure liability                            | 41,188                      | -   | 41,188               | -                            |
| Notes payable   | 2,619,591                   | -   | 2,619,591            | -                            |
| Total current liabilities                             | <u>3,908,174</u>            | <u>4,098</u>                                | <u>3,912,272</u>     | <u>-</u>                     |
| Non-current liabilities:                              |                             |   |                      |                              |
| Due to depositors                                     | 727,096                     | -   | 727,096              | -                            |
| Accrued compensated absences                          | 399,988                     | -   | 399,988              | -                            |
| Landfill closure liability                            | 2,654,238                   | -   | 2,654,238            | -                            |
| Notes payable   | 35,694,584                  | -   | 35,694,584           | -                            |
| Total OPEB liability                                  | <u>200,151</u>              | <u>-</u>                                    | <u>200,151</u>       | <u>-</u>                     |
| Total non-current liabilities                         | <u>39,676,057</u>           | <u>-</u>                                    | <u>39,676,057</u>    | <u>-</u>                     |
| Total liabilities                                     | <u>43,584,231</u>           | <u>4,098</u>                                | <u>43,588,329</u>    | <u>-</u>                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                             |   |                      |                              |
| Deferred amounts related to OPEB                      | <u>22,446</u>               | <u>-</u>                                    | <u>22,446</u>        | <u>-</u>                     |
| <b>NET POSITION</b>                                   |                             |   |                      |                              |
| Net investment in capital assets                      | \$ 14,332,704               | \$ -  | \$ 14,332,704        | \$ -                         |
| Restricted for debt service                           | 1,829,001                   | -   | 1,829,001            | -                            |
| Restricted for capital projects                       | 7,015,341                   | -   | 7,015,341            | -                            |
| Restricted for economic development                   | -                           | 4,361,421                                   | 4,361,421            | -                            |
| Unrestricted  | 23,417,724                  | -   | 23,417,724           | 38,956                       |
| Total net position                                    | <u>\$ 46,594,770</u>        | <u>\$ 4,361,421</u>                         | <u>\$ 50,956,191</u> | <u>\$ 38,956</u>             |

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA  
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**Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2018**

|  | Enterprise Funds        |  |                      | Internal<br>Service Fund |
|--|-------------------------|--|----------------------|--------------------------|
|  | APWA Enterprise<br>Fund | Economic<br>Development<br>Enterprise Fund | Total                |                          |
| <b>REVENUES</b>  |                         |  |                      |                          |
| Water  | \$ 8,316,354            | \$ -                                       | \$ 8,316,354         | \$ -                     |
| Sewer  | 2,183,800               | -  | 2,183,800            | -                        |
| Sanitation   | 3,652,659               | -  | 3,652,659            | -                        |
| Solid waste fee  | 1,001                   | -  | 1,001                | -                        |
| Recycling center                                       | 198,650                 | -  | 198,650              | -                        |
| Lease revenue  | 60,112                  | -  | 60,112               | -                        |
| Charges for inventory                                  | -                       | -  | -                    | 68,859                   |
| Miscellaneous  | 338,804                 | -  | 338,804              | -                        |
| Total operating revenues                               | <u>14,751,380</u>       | <u>-</u>                                   | <u>14,751,380</u>    | <u>68,859</u>            |
| <b>OPERATING EXPENSES</b>                              |                         |  |                      |                          |
| Administration   | 1,543,466               | -  | 1,543,466            | -                        |
| Billing and collecting                                 | 418,684                 | -  | 418,684              | -                        |
| Public works director                                  | 185,251                 | -  | 185,251              | -                        |
| Water and sewer line maintenance                       | 1,085,081               | -  | 1,085,081            | -                        |
| Water plant  | 624,982                 | -  | 624,982              | -                        |
| Liquid waste   | 642,750                 | -  | 642,750              | -                        |
| Solid waste  | 2,230,417               | -  | 2,230,417            | -                        |
| Landfill   | 101,361                 | -  | 101,361              | -                        |
| Other utility purposes                                 | 575,796                 | -  | 575,796              | -                        |
| Economic development                                   | -                       | 811,265                                    | 811,265              | -                        |
| Cost of inventory                                      | -                       | -  | -                    | 65,026                   |
| Depreciation   | 1,105,632               | -  | 1,105,632            | -                        |
| Total Operating Expenses                               | <u>8,513,420</u>        | <u>811,265</u>                             | <u>9,324,685</u>     | <u>65,026</u>            |
| Operating income (loss)                                | <u>6,237,960</u>        | <u>(811,265)</u>                           | <u>5,426,695</u>     | <u>3,833</u>             |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>               |                         |  |                      |                          |
| Interest and investment revenue                        | 492,814                 | 68,896                                     | 561,710              | -                        |
| Miscellaneous revenue                                  | 372,130                 | 7,600                                      | 379,730              | -                        |
| Gain on disposal of capital assets                     | 17,129                  | -  | 17,129               | -                        |
| Capital grants and contributions                       | 71,807                  | -  | 71,807               | -                        |
| Interest expense                                       | (1,020,371)             | -  | (1,020,371)          | -                        |
| Total non-operating revenue (expenses)                 | <u>(66,491)</u>         | <u>76,496</u>                              | <u>10,005</u>        | <u>-</u>                 |
| Income (loss) before transfers                         | 6,171,469               | (734,769)                                  | 5,436,700            | 3,833                    |
| Transfers in   | 14,023,737              | 952,512                                    | 14,976,249           | -                        |
| Transfers out  | (15,531,463)            | (108,404)                                  | (15,639,867)         | (26,000)                 |
| Change in net position                                 | <u>4,663,743</u>        | <u>109,339</u>                             | <u>4,773,082</u>     | <u>(22,167)</u>          |
| Total net position - beginning, as previously reported | 41,917,529              | 4,252,082                                  | 46,169,611           | 61,123                   |
| Prior period adjustment for GASB 75 OPEB liability     | (13,498)                | -  | (13,498)             | -                        |
| Total net position - ending                            | <u>\$ 46,594,770</u>    | <u>\$ 4,361,421</u>                        | <u>\$ 50,956,191</u> | <u>\$ 38,956</u>         |

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2018**

|  | Enterprise Funds           |  |                      | Internal Service Fund |
|--|----------------------------|--|----------------------|-----------------------|
|  | APWA<br>Enterprise<br>Fund | Economic<br>Development<br>Enterprise Fund | Total                |                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                            |  |                      |                       |
| Receipts from customers  | \$ 14,581,251              | \$ -                                       | \$ 14,581,251        | \$ 68,859             |
| Payments to suppliers  | (3,578,384)                | (818,639)                                  | (4,397,023)          | (66,356)              |
| Payments to employees  | (3,821,996)                | -  | (3,821,996)          | -                     |
| Receipts of customer meter deposits  | 178,250                    | -  | 178,250              | -                     |
| Refunds of customer meter deposits   | (163,224)                  | -  | (163,224)            | -                     |
| Interfund receipts/payments  | 351,427                    | 1,098                                      | 352,525              | -                     |
| Other receipts   | 372,130                    | 7,600                                      | 379,730              | -                     |
| <b>Net cash provided by (used in) operating activities</b>   | <b>7,919,454</b>           | <b>(809,941)</b>                           | <b>7,109,513</b>     | <b>2,503</b>          |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                            |  |                      |                       |
| Transfers from other funds   | 14,023,737                 | 952,512                                    | 14,976,249           | -                     |
| Transfers to other funds   | (15,531,463)               | (108,404)                                  | (15,639,867)         | (26,000)              |
| <b>Net cash provided by (used in) noncapital financing activities</b>                                    | <b>(1,507,726)</b>         | <b>844,108</b>                             | <b>(663,618)</b>     | <b>(26,000)</b>       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                            |  |                      |                       |
| Purchases of capital assets  | (3,282,285)                | -  | (3,282,285)          | -                     |
| Proceeds from sale of capital assets   | 17,129                     | -  | 17,129               | -                     |
| Capital grants   | 71,807                     | -  | 71,807               | -                     |
| Proceeds from capital debt   | 1,094,279                  | -  | 1,094,279            | -                     |
| Principal paid on debt   | (2,547,360)                | -  | (2,547,360)          | -                     |
| Interest and fiscal agent fees paid on debt  | (1,034,072)                | -  | (1,034,072)          | -                     |
| <b>Net cash provided by (used in) capital and related financing activities</b>                           | <b>(5,680,502)</b>         | <b>-</b>                                   | <b>(5,680,502)</b>   | <b>-</b>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                            |  |                      |                       |
| Interest and dividends   | 492,814                    | 68,896                                     | 561,710              | -                     |
| <b>Net cash provided by investing activities</b>   | <b>492,814</b>             | <b>68,896</b>                              | <b>561,710</b>       | <b>-</b>              |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>1,224,040</b>           | <b>103,063</b>                             | <b>1,327,103</b>     | <b>(23,497)</b>       |
| <b>Balances - beginning of year</b>  | <b>33,037,499</b>          | <b>4,262,456</b>                           | <b>37,299,955</b>    | <b>25,308</b>         |
| <b>Balances - end of year</b>  | <b>\$ 34,261,539</b>       | <b>\$ 4,365,519</b>                        | <b>\$ 38,627,058</b> | <b>\$ 1,811</b>       |
| <b>Reconciliation to Statement of Net Position:</b>  |                            |  |                      |                       |
| Cash and cash equivalents  | \$ 24,609,312              | \$ 4,365,519                               | \$ 28,974,831        | \$ 1,811              |
| Restricted cash and cash equivalents - current   | 9,652,227                  | -  | 9,652,227            | -                     |
| <b>Total cash and cash equivalents, end of year</b>  | <b>\$ 34,261,539</b>       | <b>\$ 4,365,519</b>                        | <b>\$ 38,627,058</b> | <b>\$ 1,811</b>       |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:</b> |                            |  |                      |                       |
| Operating income (loss)  | \$ 6,237,960               | \$ (811,265)                               | \$ 5,426,695         | \$ 3,833              |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                            |  |                      |                       |
| Depreciation expense   | 1,105,632                  | -  | 1,105,632            | -                     |
| Other non-operating revenues   | 372,130                    | 7,600                                      | 379,730              | -                     |
| Change in assets and liabilities:  |                            |  |                      |                       |
| Due from other funds   | (59,242)                   | -  | (59,242)             | -                     |
| Due from other governments   | (8,277)                    | -  | (8,277)              | -                     |
| Due to other funds   | 410,669                    | 1,098                                      | 411,767              | -                     |
| Inventory  | -                          | -  | -                    | (1,330)               |
| Receivables, net   | (161,852)                  | -  | (161,852)            | -                     |
| Accounts payable   | (89,333)                   | (7,374)                                    | (96,707)             | -                     |
| Accrued payroll liabilities  | 907                        | -  | 907                  | -                     |
| Due to depositors  | 15,026                     | -  | 15,026               | -                     |
| Landfill closure liability   | 101,361                    | -  | 101,361              | -                     |
| Total OPEB liability   | 11,033                     | -  | 11,033               | -                     |
| Accrued compensated absences   | (16,560)                   | -  | (16,560)             | -                     |
| <b>Net cash provided by (used in) operating activities</b>   | <b>\$ 7,919,454</b>        | <b>\$ (809,941)</b>                        | <b>\$ 7,109,513</b>  | <b>\$ 2,503</b>       |

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

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**Footnotes to the Basic Financial Statements:**

**1. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (City of Ada), a blended component unit and two discretely presented component units as noted below. This annual report includes all activities for which the Ada City Council is fiscally responsible.

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

The City of Ada is an incorporated municipality with a population of approximately 17,000 located in south central Oklahoma. The City operates under the Home Rule Charter form of government and operates under a charter that provides for three branches of government:

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

**Component Units:**

**The Ada Public Works Authority** – a blended component unit that operates the water, sewer, and sanitation activities of the City

There are two component units that are discretely presented in the City's report in a separate column as presented below.

**The Valley View Hospital Authority** – that operates to finance and develop the hospital and other medicinal activities of the City.

**The Ada Arts & Heritage Authority** – that operates The Arts and Heritage Center. The Ada Arts and Heritage Authority was dissolved in FY 17-18 and the City took over the operations.

The following component units are inactive and therefore no related balances have been reported in these financial statements.

**The Ada Parking Authority** – that operates to furnish and supply public off-street parking services and facilities.

**The Ada Youth Academy Authority** – that operates to promote, develop, and finance projects or facilities relating to the development of law enforcement and corrections.

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In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61, and includes all component units for which the City is financially accountable. Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. 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 of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

## **2. Basis of Presentation and Accounting**

### *Government-Wide Financial Statements:*

The statements of net position and activities are reported on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues within the statement of activities that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

- Public Safety – Fire and Police – fines and forfeitures, fire run charges, 911 revenue, operating and capital grants
- Airport – rental fees, fuel sales, and capital grants
- Streets and Highways – Commercial vehicle and gasoline excise tax shared by the State, operating and capital grants
- Culture and Recreation – lodge fees, pool fees, library fees, operating grants
- Cemetery – cemetery revenues
- General Government – license and permits, rentals and capital grants
- Utilities – water, sewer and sanitation, water capital grants

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

### *Governmental Funds:*

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

#### **Major Funds:**

- General Fund – accounts for general operations of the City including: public safety, parks, public facilities, street maintenance, and internal service support.

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- Street and Alley Fund – accounts for receipt and use of motor vehicle tax, gasoline excise tax, and use tax.
- Sales Tax Infrastructure Fund – accounts for dedicated sales tax to be used for capital improvements to streets and alleys, water system, and sewer system.
- Sales Tax Capital Facilities Fund – accounts for dedicated sales tax to be used for capital improvements.
- Sales Tax 2016 Capital Improvement Fund - accounts for dedicated sales tax to be used for capital improvements.

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

**Special Revenue Funds:**

- Dare Donations Fund – accounts for donations to provide educational materials to area schools for drug prevention.
- Library Memorial Fund – accounts for donations and memorials to be used for library improvements.
- Library State Aid Fund – accounts for the State Department of Libraries annual grant.
- Drug Forfeiture Fund-State/Local– accounts for City’s share of funds from various multi-jurisdictional operations.
- Drug Forfeiture Fund-Federal – accounts for the City’s share of funds from various multi-jurisdictional operations.
- E911 Fund – accounts for collections for the operation of county wide enhanced 911 services.
- Sports Complex Fund – accounts for revenues and expenditures related to the sports complex.
- Park/ Tree Donations – accounts for donations for park and public facility improvements.
- Ada Arts & Heritage Fund – accounts for activities of the Arts & Heritage Center.

**Capital Project Funds:**

- Cemetery Care Fund – accounts for 25 percent of cemetery revenue (12.5 percent is restricted by State law) for cemetery capital improvements.
- Property Owner Participation – accounts for citizen’s participation with City on sidewalk and other infrastructure improvements.
- Airport/Agricultural Cash Fund – accounts for the activities of the municipal airport.

**Debt Service Fund:**

- Sinking Fund – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments and their related interest expenses.

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

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

The General Fund, Street & Alley Fund, Sales Tax Infrastructure Fund, the Sales Tax Capital Facilities Fund and the Sales Tax 2016 Capital Improvement Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

*Proprietary Funds:*

The City's proprietary funds include:

- APWA Enterprise Fund - that accounts for the activities of the Ada Public Works Authority public trust in providing water, sewer, and sanitation services to the public
- Economic Development Enterprise Fund - that currently accounts for the transfer of a ¼ cent dedicated sales tax to be used for economic development
- Internal Service Fund – that accounts for the acquisition of centralized inventory items and the charges to other funds and departments based on their use of the inventory items

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

### **3. Cash, Cash Equivalents, and Investments**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs; Level 3; inputs are significant unobservable inputs.

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three-months or less, and money market investments. Investments consist of time deposits and U.S. agency bonds and notes. Certificates of deposit are reported at cost while investments in the U.S. agency bonds and notes are reported at fair value.

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At June 30, 2018, the primary government held the following deposits and investments:

| Type  | Maturities | Credit Rating | Carrying Value       | Fair Value Hierarchy |
|---|------------|---------------|----------------------|----------------------|
| <b>Deposits:</b>                                    |            |               |                      |                      |
| Demand deposits                                     |            |               | \$ 59,954,329        | -                    |
|   |            |               | <u>59,954,329</u>    | -                    |
| <b>Investments:</b>                                 |            |               |                      |                      |
| Purchased judgements                                | n/a        | n/a           | 521,954              | Level 3              |
|   |            |               | <u>521,954</u>       | -                    |
| <b>Total deposits and investments</b>               |            |               | <u>\$ 60,476,283</u> | -                    |
| <b>Reconciliation to Statement of Net Position:</b> |            |               |                      |                      |
| Cash and cash equivalents                           |            |               | \$ 59,954,329        |                      |
| Investments   |            |               | <u>521,954</u>       |                      |
|   |            |               | <u>\$ 60,476,283</u> |                      |

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 103% of the uninsured deposits and accrued interest thereon. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2018, the City was fully insured or collateralized.

*Investment Credit Risk* – The City’s investment policy limits investments to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged. U.S. agency mortgage-backed securities are permitted for the Emergency Medical Services Fund.
- b. Certificates of deposit or other evidences of deposits that are either insured or secured with acceptable collateral with an in-state financial institution.
- c. No-load money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a. and b.

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Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. 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—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s investment policy indicates that the investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. It sets no specific limit on investment maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investment policy requires diversification of investments to minimize the risk of loss resulting from over concentration of assets in a specific maturity period, issuer or class of securities. There may be times when investments are concentrated as to the type. This is acceptable as long as the investments are secured by the U.S. government or collateralized in a manner as set forth by the City’s investment policy. Investments shall be chosen in a manner which promotes diversity by market sector, credit, and maturity.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of Net Position are comprised of \$9,652,227 held by the Ada Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill) and trustee accounts related to revenue notes.

|                                       | <b>APWA Enterprise<br/>Fund</b> |
|---------------------------------------|---------------------------------|
| Restricted Cash and Cash Equivalents: |                                 |
| Meter Deposit Cash                    | 807,885                         |
| Debt Service Account                  | 882,771                         |
| 2012A Interest Cash                   | 6,548                           |
| 2012A Principal Cash                  | 115,206                         |
| 2015A Interest Cash                   | 37,044                          |
| 2015A Principal Cash                  | 196,429                         |
| 2015A Project Cash                    | 4,070,078                       |
| 2015B Interest Cash                   | 69,259                          |
| 2015B Principal Cash                  | 521,744                         |
| 2015B Project Cash                    | 2,945,263                       |
|                                       | 9,652,227                       |

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**Component Unit:**

Valley View Hospital Authority

*Deposits*

At June 30, 2018, the Authority had bank balances of \$290, none of which was uninsured or under collateralized. The carrying value of these deposits was \$290.

*Investments*

The Authority may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At June 30, 2018, the Authority has a \$1,163,114 of an expendable endowment investment. \$100,000 of the trust was donated by various doctors and others and is restricted for capital expenditures only at the hospital. There was a donation of stock and the dividend proceeds are to be used for the nurse auxiliary only (generally less than \$1,000 per year). The rest of the funds are to be spent for the benefit of the hospital but not restricted as to any specific purpose, as long as hospital related. In any event, funds cannot be disbursed by the trust department without prior approval by the trust authority board members. Minutes reflecting the board approval must be sent to the trust department prior to disbursement of the funds.

**Interest Rate Risk** – Interest rate risk is the risk that the fair value of an investment will decrease from rising interest rates. The Authority’s investment policy does not address interest rate risk. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s investment policy does not address credit risk. At June 30, 2018, the Authority’s investments in U.S. government obligations were directly guaranteed by the U.S. government.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, The Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority’s investment policy does not address how securities are to be held.

**Concentration of Credit Risk** – The Authority places no limit on the amount that may be invested in any one issuer.

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**4. Capital Assets and Depreciation**

*Capital Assets:*

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated assets are recorded at their fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1993.

For the year ended June 30, 2018, capital assets balances changed as follows:

|   | Balance at<br>July 1, 2017 | Additions            | Disposals            | Balance at<br>June 30, 2018 |
|---|----------------------------|----------------------|----------------------|-----------------------------|
| <b><i>Governmental activities:</i></b>        |                            |                      |                      |                             |
| Capital assets not being depreciated:         |                            |                      |                      |                             |
| Land  | \$ 1,344,579               | \$ -                 | \$ 83,000            | \$ 1,261,579                |
| Art Collection                                | -                          | 5,500                | -                    | 5,500                       |
| Construction in progress                      | 29,793,119                 | 8,508,111            | 32,730,456           | 5,570,774                   |
| Total capital assets not being depreciated    | <u>31,137,698</u>          | <u>8,513,611</u>     | <u>32,813,456</u>    | <u>6,837,853</u>            |
| Other capital assets:                         |                            |                      |                      |                             |
| Buildings and Improvements                    | 19,391,325                 | 25,889,449           | -                    | 45,280,774                  |
| Machinery, furniture and equipment            | 9,742,492                  | 307,309              | 28,153               | 10,021,648                  |
| Infrastructure                                | 58,729,014                 | 7,022,005            | -                    | 65,751,019                  |
| Total other capital assets at historical cost | <u>87,862,831</u>          | <u>33,218,763</u>    | <u>28,153</u>        | <u>121,053,441</u>          |
| Less accumulated depreciation for:            |                            |                      |                      |                             |
| Buildings and Improvements                    | 7,727,164                  | 677,792              | -                    | 8,404,956                   |
| Machinery, furniture and equipment            | 7,495,908                  | 562,876              | 27,930               | 8,030,854                   |
| Infrastructure                                | 41,753,221                 | 989,040              | -                    | 42,742,261                  |
| Total accumulated depreciation                | <u>56,976,293</u>          | <u>2,229,708</u>     | <u>27,930</u>        | <u>59,178,071</u>           |
| Other capital assets, net                     | <u>30,886,538</u>          | <u>30,989,055</u>    | <u>223</u>           | <u>61,875,370</u>           |
| Governmental activities capital assets, net   | <u>\$ 62,024,236</u>       | <u>\$ 39,502,666</u> | <u>\$ 32,813,679</u> | <u>\$ 68,713,223</u>        |

|   | Balance at<br>July 1, 2017 | Additions           | Disposals           | Balance at<br>June 30, 2018 |
|---|----------------------------|---------------------|---------------------|-----------------------------|
| <b><i>Business-type activities:</i></b>       |                            |                     |                     |                             |
| Capital assets not being depreciated:         |                            |                     |                     |                             |
| Land  | \$ 974,840                 | \$ -                | \$ -                | \$ 974,840                  |
| Land-water development                        | 2,137,167                  | -                   | -                   | 2,137,167                   |
| Water rights                                  | 1,260,843                  | 19,563              | -                   | 1,280,406                   |
| Construction in progress                      | 21,994,767                 | 2,527,964           | 1,688,427           | 22,834,304                  |
| Total capital assets not being depreciated    | <u>26,367,617</u>          | <u>2,547,527</u>    | <u>1,688,427</u>    | <u>27,226,717</u>           |
| Other capital assets:                         |                            |                     |                     |                             |
| Buildings and Improvements                    | 21,236,384                 | 60,566              | -                   | 21,296,950                  |
| Machinery, furniture and equipment            | 7,297,731                  | 698,626             | 47,223              | 7,949,134                   |
| Utility property improvements                 | 52,913,248                 | 1,663,993           | -                   | 54,577,241                  |
| Total other capital assets at historical cost | <u>81,447,363</u>          | <u>2,423,185</u>    | <u>47,223</u>       | <u>83,823,325</u>           |
| Less accumulated depreciation for:            |                            |                     |                     |                             |
| Buildings and Improvements                    | 11,438,560                 | 331,114             | -                   | 11,769,674                  |
| Machinery, furniture and equipment            | 5,110,622                  | 437,155             | 47,223              | 5,500,554                   |
| Utility property improvements                 | 40,795,572                 | 337,363             | -                   | 41,132,935                  |
| Total accumulated depreciation                | <u>57,344,754</u>          | <u>1,105,632</u>    | <u>47,223</u>       | <u>58,403,163</u>           |
| Other capital assets, net                     | <u>24,102,609</u>          | <u>1,317,553</u>    | <u>-</u>            | <u>25,420,162</u>           |
| Business-type activities capital assets, net  | <u>\$ 50,470,226</u>       | <u>\$ 3,865,080</u> | <u>\$ 1,688,427</u> | <u>\$ 52,646,879</u>        |

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*Depreciation:*

Depreciable capital assets are depreciated on a straight-line basis over useful lives. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings 50 years
- Improvements other than buildings 20-30 years
- Machinery, furniture and equipment 3-24 years
- Utility property and improvements 15-50 years
- General infrastructure 15-50 years

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

| <b>Governmental Activities:</b>  |    |                     |  |
|----------------------------------|----|---------------------|--|
| General Government               | \$ | 84,775              |  |
| Streets and Highways             |    | 1,186,887           |  |
| Public Safety                    |    | 238,877             |  |
| Cemetery                         |    | 23,782              |  |
| Legal and Judicial               |    | 9,344               |  |
| Culture and Recreation           |    | 196,168             |  |
| Airport                          |    | 488,560             |  |
| Community Development            |    | 1,315               |  |
| Total                            |    | <u>\$ 2,229,708</u> |  |
| <b>Business-Type Activities:</b> |    |                     |  |
| Water                            | \$ | 515,267             |  |
| Sewer                            |    | 374,313             |  |
| Sanitation                       |    | 216,052             |  |
| Total                            |    | <u>\$ 1,105,632</u> |  |

## 5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2018, the reporting entity's long-term debt changed as follows:

| Type of Debt                     | Balance<br>July 1, 2017 | Additions           | Deductions          | Balance<br>June 30, 2018 | Amounts<br>Due Within<br>One Year |
|----------------------------------|-------------------------|---------------------|---------------------|--------------------------|-----------------------------------|
| <b>Governmental Activities:</b>  |                         |                     |                     |                          |                                   |
| Judgements payable               | \$ 12,855               | \$ -                | \$ 12,855           | \$ -                     | \$ -                              |
| Accrued compensated absences     | 796,446                 | 33,764              | -                   | 830,210                  | 83,021                            |
| Total OPEB liability             | 586,461                 | 3,985               | -                   | 590,446                  | -                                 |
| Net pension liability            | 7,250,563               | 108,966             | 768,754             | 6,590,775                | -                                 |
| Total Governmental Activities    | <u>\$ 8,646,325</u>     | <u>\$ 146,715</u>   | <u>\$ 781,609</u>   | <u>\$ 8,011,431</u>      | <u>\$ 83,021</u>                  |
| <b>Business-Type Activities:</b> |                         |                     |                     |                          |                                   |
| Notes payable                    | \$ 39,767,256           | \$ 1,094,279        | \$ 2,547,360        | \$ 38,314,175            | \$ 2,619,591                      |
| Accrued compensated absences     | 460,991                 | -                   | 16,560              | 444,431                  | 44,443                            |
| Deposits subject to refund       | 792,859                 | 178,250             | 163,224             | 807,885                  | 80,789                            |
| Landfill closure liability       | 2,594,065               | 101,361             | -                   | 2,695,426                | 41,188                            |
| Total OPEB liability             | 212,340                 | -                   | 12,189              | 200,151                  | -                                 |
| Total Business-Type Activities   | <u>43,827,511</u>       | <u>1,373,890</u>    | <u>2,739,333</u>    | <u>42,462,068</u>        | <u>2,786,011</u>                  |
| Total Long-Term Debt             | <u>\$ 52,473,836</u>    | <u>\$ 1,520,605</u> | <u>\$ 3,520,942</u> | <u>\$ 50,473,499</u>     | <u>\$ 2,869,032</u>               |

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*Governmental activities long-term debt:*

Accrued Compensated Absences:

|                                    |                   |
|------------------------------------|-------------------|
| Current portion                    | \$ 83,021         |
| Noncurrent portion                 | <u>747,189</u>    |
| Total Accrued Compensated Absences | <u>\$ 830,210</u> |

*Business-type activities long-term debt:*

Notes Payable:

\$4,055,000 Sales and Use Tax Revenue Note Series 2012 to Vision Bank, a current refunding of the outstanding portion of the lease/purchase agreement with Honeywell Global Finance, LLC for the replacement or retrofitting of water meters and efficiency upgrades to various City facilities, payable in 19 semi-annual principal installments ranging from \$125,000 to \$235,000 with an annual interest rate of 1.52%, final payment due October 1, 2021.

|                    |                  |
|--------------------|------------------|
| Current portion    | \$ 455,000       |
| Noncurrent portion | <u>1,055,000</u> |
|                    | <u>1,510,000</u> |

\$13,000,000 Sales Tax Revenue Note Series 2015B to Bank of Oklahoma, for constructing and equipping 2 swimming pools and also senior citizens center, payable in semi-annual principal installments ranging from \$600,000 to \$910,000 with an annual interest rate of 2.05%, final payment due March 1, 2024.

|                    |                   |
|--------------------|-------------------|
| Current portion    | 1,580,000         |
| Noncurrent portion | <u>8,520,000</u>  |
|                    | <u>10,100,000</u> |

\$5,000,000 Utility Systems Revenue Note Series 2015A to Bank of Oklahoma, for improvements to the Authority's drinking water system, payable in semi-annual principal installments ranging from \$225,000 to \$280,000 with an annual interest rate of 2.29%, final payment due August 1, 2025.

|                    |                  |
|--------------------|------------------|
| Current portion    | 475,000          |
| Noncurrent portion | <u>3,395,000</u> |
|                    | <u>3,870,000</u> |

\$23,290,000 Revenue Note 2015C - OWRB Drinking Water State Revolving Fund for water system improvements. Interest only payments through September 15, 2018. Principal and interest payable in semi-annual principal installments ranging from \$5,000 to \$870,000 with an annual interest rate of 3.02%, final payment due March 15, 2041.

|                    |                   |
|--------------------|-------------------|
| Current portion    | 10,000            |
| Noncurrent portion | <u>22,553,501</u> |
|                    | <u>22,563,501</u> |

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\$400,000 Note payable for construction equipment, payable in monthly payments of \$8,725 with an annual interest rate of 2.3%, final payment due February 17, 2021.

|                                    |  |                     |
|------------------------------------|--|---------------------|
| Current portion                    |  | 99,591              |
| Noncurrent portion                 |  | <u>171,083</u>      |
|                                    |  | <u>270,674</u>      |
| Total Notes Payable                |  | <u>\$38,314,175</u> |
| Accrued Compensated Absences:      |  |                     |
| Current portion                    |  | \$ 44,443           |
| Noncurrent portion                 |  | <u>399,988</u>      |
| Total Accrued Compensated Absences |  | <u>\$ 444,431</u>   |
| Deposits Subject to Refund:        |  |                     |
| Current portion                    |  | \$ 80,789           |
| Noncurrent portion                 |  | <u>727,096</u>      |
| Total Deposits Subject to Refund   |  | <u>\$ 807,885</u>   |
| Landfill Closure Liability:        |  |                     |
| Current portion                    |  | \$ 41,188           |
| Noncurrent portion                 |  | <u>2,654,238</u>    |
| Total Landfill Closure Liability   |  | <u>\$ 2,695,426</u> |

Long-term debt service requirements to maturity are as follows:

| <u>Year Ending June 30,</u>   | Business-Type Debt |                 |
|-------------------------------|--------------------|-----------------|
|                               | Notes Payable      |                 |
|                               | <u>Principal</u>   | <u>Interest</u> |
| 2019                          | \$ 2,619,591       | \$ 1,024,235    |
| 2020                          | 2,676,874          | 973,115         |
| 2021                          | 2,699,209          | 917,012         |
| 2022                          | 2,713,000          | 862,459         |
| 2023                          | 2,779,000          | 801,213         |
| 2024-2028                     | 7,253,000          | 3,425,205       |
| 2029-2033                     | 6,063,000          | 2,795,514       |
| 2034-2038                     | 7,235,000          | 1,622,016       |
| 2039-2041                     | 4,997,000          | 317,317         |
| Totals                        | \$ 39,035,674      | \$ 12,738,086   |
| Less: Amount yet to be drawn: | (721,499)          |                 |
|                               | \$ 38,314,175      |                 |

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## **6. Landfill Closure and Post Closure Requirements**

A \$2,695,426 accrued liability has been recognized in the Ada Public Works Authority to represent the total estimated amount owed by the Authority for closure and postclosure requirements dictated by the U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality regulations and represented the cumulative amount of such costs reported to date based on the use of approximately 87.21% of the estimated capacity of the landfill. It is estimated that an additional \$395,406 will be recognized as closure and postclosure expense between the current balance sheet date and the date the landfill is expected to be filled to capacity. However, the actual cost of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulation. The estimated remaining landfill life is 115 months.

## **7. Net Position and Fund Balances**

### *Net Position:*

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

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

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

### *Fund Balances:*

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. *Committed* – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.

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- d. *Assigned* – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process. In addition, any fund balance used to assist balancing the subsequent year’s budget is considered assigned.
- e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund. In addition, any governmental fund, other than the General Fund which reports a deficit fund balance in total, is shown as negative unassigned fund balance.

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

The following tables show the fund balance/net position classifications as shown in the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Position:

|                           | General Fund | Street & Alley Fund | Sales Tax Infrastructure Fund | Sales Tax Capital Facilities Fund | Sales Tax 2016 Capital Improvement Fund | Other Governmental Funds | Total         |
|---------------------------|--------------|---------------------|-------------------------------|-----------------------------------|---|--------------------------|---------------|
| Fund Balance:             |              |                     |                               |                                   |   |                          |               |
| Restricted For:           |              |                     |                               |                                   |   |                          |               |
| Grant purposes            | 11,917       | -                   | -                             | -                                 | -                                       | -                        | 11,917        |
| Streets                   | -            | 4,202,038           | -                             | -                                 | -                                       | -                        | 4,202,038     |
| Capital Improvements      | -            | -                   | 2,536,956                     | 2,637,547                         | 4,839,217                               | -                        | 10,013,720    |
| D.A.R.E                   | -            | -                   | -                             | -                                 | -                                       | 3,917                    | 3,917         |
| Library                   | -            | -                   | -                             | -                                 | -                                       | 68,936                   | 68,936        |
| Police                    | -            | -                   | -                             | -                                 | -                                       | 5,172                    | 5,172         |
| Parks                     | -            | -                   | -                             | -                                 | -                                       | 22,575                   | 22,575        |
| Arts                      | -            | -                   | -                             | -                                 | -                                       | 59,545                   | 59,545        |
| Cemetery                  | -            | -                   | -                             | -                                 | -                                       | 34,705                   | 34,705        |
| Debt Service              | -            | -                   | -                             | -                                 | -                                       | 4,392                    | 4,392         |
| Sub-total Restricted      | 11,917       | 4,202,038           | 2,536,956                     | 2,637,547                         | 4,839,217                               | 199,242                  | 14,426,917    |
| Committed to:             |              |                     |                               |                                   |   |                          |               |
| Future Reserves           | 370,350      | -                   | -                             | -                                 | -                                       | -                        | 370,350       |
| Library                   | -            | -                   | -                             | -                                 | -                                       | 55,663                   | 55,663        |
| Sub-total Committed       | 370,350      | -                   | -                             | -                                 | -                                       | 55,663                   | 426,013       |
| Assigned to:              |              |                     |                               |                                   |   |                          |               |
| D.A.R.E                   | -            | -                   | -                             | -                                 | -                                       | 10                       | 10            |
| Cemetery                  | -            | -                   | -                             | -                                 | -                                       | 218,441                  | 218,441       |
| Airport                   | -            | -                   | -                             | -                                 | -                                       | 731,721                  | 731,721       |
| E911                      | -            | -                   | -                             | -                                 | -                                       | 93,801                   | 93,801        |
| Police                    | -            | -                   | -                             | -                                 | -                                       | 1,780                    | 1,780         |
| Library                   | -            | -                   | -                             | -                                 | -                                       | 8,937                    | 8,937         |
| Capital Improvements      | -            | -                   | 1,059,650                     | 349,198                           | 87,389                                  | 110,846                  | 1,607,083     |
| Streets                   | -            | 271,719             | -                             | -                                 | -                                       | -                        | 271,719       |
| Parks                     | -            | -                   | -                             | -                                 | -                                       | 464,952                  | 464,952       |
| Health Insurance          | 303,033      | -                   | -                             | -                                 | -                                       | -                        | 303,033       |
| Self Insurance            | 605,428      | -                   | -                             | -                                 | -                                       | -                        | 605,428       |
| Advance Travel            | 2,000        | -                   | -                             | -                                 | -                                       | -                        | 2,000         |
| Unemployment              | 149,145      | -                   | -                             | -                                 | -                                       | -                        | 149,145       |
| Workers' Comp             | 781,424      | -                   | -                             | -                                 | -                                       | -                        | 781,424       |
| Budget balancing purposes | 1,777,174    | -                   | -                             | -                                 | -                                       | -                        | 1,777,174     |
| Sub-total Assigned        | 3,618,204    | 271,719             | 1,059,650                     | 349,198                           | 87,389                                  | 1,630,488                | 7,016,648     |
| Unrestricted              | 1,400,431    | -                   | -                             | -                                 | -                                       | -                        | 1,400,431     |
| Total Fund Balance        | \$ 5,400,902 | \$ 4,473,757        | \$ 3,596,606                  | \$ 2,986,745                      | \$ 4,926,606                            | \$ 1,885,393             | \$ 23,270,009 |

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|                                      |                          |
|--------------------------------------|--------------------------|
| <b>Enterprise Funds:</b>             |                          |
| Restricted for Debt Service          | \$ 1,829,001             |
| Restricted for Capital Projects      | 7,015,341                |
| Restricted for Economic Development  | 4,361,421                |
| Total Enterprise Fund Restrictions   | <u>\$ 13,205,763</u>     |
| <br>Net investment in capital assets | <br><u>\$ 14,332,704</u> |

**Restricted Net Position – Governmental Activities:**

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

| <u>Fund</u>                             | <u>Restricted By</u>           | <u>Amount</u>     |
|---|--------------------------------|-------------------|
| Drug Forfeiture Fund                    | Statutory requirements         | \$ 5,122          |
| Drug Forfeiture Federal Fund            | Statutory requirements         | 50                |
| Cemetery Care Fund                      | Statutory requirements         | 34,705            |
| Sinking Fund                            | Statutory requirements         | 4,392             |
| Sudden/Severe Economic Dislocation Fund | Other contracts - Contributors | 1,104             |
| CDBG Home Grant Fund                    | Other contracts - Contributors | 10,813            |
| D.A.R.E Fund                            | Other contracts - Contributors | 3,917             |
| Library Memorial Fund                   | Other contracts - Contributors | 68,936            |
| Ada Arts & Heritage Fund                | Other contracts - Contributors | 59,545            |
|   |                                | <u>188,584</u>    |
| <br>Street and Alley Fund               | Enabling legislation           | <br>\$ 4,202,038  |
| Sales Tax Infrastructure Fund           | Enabling legislation           | 2,536,956         |
| Sales Tax Capital Facilities Fund       | Enabling legislation           | 2,637,547         |
| Sales Tax 2016 Capital Improvement Fund | Enabling legislation           | 4,839,217         |
| Sports Complex Park Fund                | Enabling legislation           | 22,575            |
|   |                                | <u>14,238,333</u> |

Component Unit:

|   |                      |                     |
|---|----------------------|---------------------|
| Valley View Regional Hospital Authority | Expendable Endowment | <u>\$ 1,163,404</u> |
|---|----------------------|---------------------|

For the year ended June 30, 2018 the city restated beginning net positions as follows:

|   | <u>Fund Level</u><br><u>APWA</u><br><u>Enterprise Fund</u> | <u>Government-Wide</u><br><u>Governmental</u><br><u>Activities</u> | <u>Government-Wide</u><br><u>Business-Type</u><br><u>Activities</u> |
|---|--|--|---|
| Beginning net position as previously reported   | \$ 41,944,525  | \$ 75,090,292  | \$ 46,169,611   |
| Implementation of GASB Statement 75, requiring balances to be restated for liabilities related to other post-employment benefits (OPEB) | 13,498   | (133,739)  | 13,498  |
| Beginning net position, restated  | <u>\$ 41,958,023</u>                                       | <u>\$ 74,956,553</u>   | <u>\$ 46,183,109</u>  |

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**8. Sales Tax Revenue**

Sales tax revenue represents a 4 cents tax on each dollar of taxable sales of which is recorded as follows:

- 2 ¼ cents is recorded in the General Fund. Of that amount ¼ cent is then transferred to the APWA. The APWA transfers the ¼ cent to the Economic Development Fund in accordance with Ordinance Nos. 02-10, 06-15, 12-10, and 16-23. The remaining 2 cents is retained by the General Fund for operations in accordance with Ordinance No. 1414.
- ¾ cent is recorded in the Sales Tax Infrastructure Fund to be used for various infrastructure projects and improvements as per Ordinance Nos. 02-09, 06-14, 12-09, and 16-22.
- 1 cent is recorded in the 2016 Sales Tax Capital Improvement Fund to be used for retirement of Sales Tax Revenue Note, Series 2015B as well as various other improvement projects as per Ordinance 14-17

**9. Property Tax Levy**

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

At the present time the City levies a property tax to fund the annual debt service requirements of judgments outstanding. There are no outstanding general obligation bonds.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13 ½ percent.

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

For the year ended June 30, 2018, the City's net assessed valuation of taxable property was \$105,258,516. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2018 was \$2.30 mills.

**10. Internal and Interfund Balances and Transfers**

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

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*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2018, were as follows:

| Transfer From   | Transfer To   | Amount               | Purpose of Transfer                               |
|---|---|----------------------|---|
| General Fund  | Economic Development Enterprise Fund                      | \$ 952,512           | Sales tax transfer                                |
| General Fund  | Utility Enterprise Fund                                   | 762,008              | Sales tax-2012 revenue bond                       |
| General Fund  | E911 Fund   | 303,000              | Operating subsidy                                 |
| General Fund  | Utility Enterprise Fund (Solid Waste Development Account) | 7,504                | Interest expense on interfund loan                |
| General Fund  | Utility Enterprise Fund                                   | 50,228               | Interest expense on interfund loan                |
| General Fund  | Utility Enterprise Fund                                   | 1,905,024            | 2015B revenue note                                |
| General Fund  | General Fund (Health Insurance Account)                   | 978,861              | Health insurance premiums                         |
| General Fund  | Unemployment Insurance Fund                               | 15,000               | Operating subsidy                                 |
| General Fund  | Liability Self Insurance Fund                             | 50,000               | Operating subsidy                                 |
| General Fund  | Workers Comp Fund   | 85,000               | Operating subsidy                                 |
| General Fund  | Sports Complex Park & Recreation Fund                     | 121,700              | Operating subsidy                                 |
| Internal Service Fund                                     | General Fund  | 26,000               | Operating subsidy                                 |
| Park/Tree Donation Fund                                   | General Fund  | 26,500               | Operating subsidy                                 |
| Library Memorial Fund                                     | General Fund  | 12,600               | Operating subsidy                                 |
| E911 Fund   | General Fund (Health Insurance Account)                   | 63,497               | Health insurance premiums                         |
| Street & Alley Fund                                       | General Fund  | 1,188,826            | Operating subsidy                                 |
| Street & Alley Fund                                       | E911 Fund   | 37,000               | Operating subsidy                                 |
| Street & Alley Fund                                       | Utility Enterprise Fund                                   | 1,358,138            | Use tax-2012 revenue bond                         |
| Sales Tax Infrastructure Fund                             | Utility Enterprise Fund                                   | 469,333              | Purchase of capital assets                        |
| Sales Tax Infrastructure Fund                             | General Fund (Health Insurance Account)                   | 150,699              | Health insurance premiums                         |
| Sales Tax 2016 Capital Improvement Fund                   | Utility Enterprise Fund                                   | 3,810,049            | 2015B principal and interest                      |
| Utility Enterprise Fund                                   | E911 Fund   | 5,000                | Operating subsidy                                 |
| Utility Enterprise Fund                                   | Liability Self Insurance Fund                             | 50,000               | Operating subsidy                                 |
| Utility Enterprise Fund                                   | Unemployment Insurance Fund                               | 15,000               | Operating subsidy                                 |
| Utility Enterprise Fund                                   | Workers Comp Fund   | 85,000               | Operating subsidy                                 |
| Utility Enterprise Fund                                   | General Fund  | 762,008              | Sales tax-2012 revenue bond                       |
| Utility Enterprise Fund                                   | General Fund  | 777,100              | Subsidy, annual lease of assets, and shared costs |
| Utility Enterprise Fund                                   | Airport/Agriculture Fund                                  | 329,500              | Operating subsidy                                 |
| Utility Enterprise Fund                                   | Economic Development Fund                                 | 952,512              | Sales tax transfer                                |
| Utility Enterprise Fund                                   | Street & Alley  | 1,358,138            | Use tax-2012 revenue bond                         |
| Utility Enterprise Fund                                   | Sales Tax Infrastructure Fund                             | 450,000              | Capital assets purchases                          |
| Utility Enterprise Fund                                   | Sales Tax 2016 Capital Improvement Fund                   | 1,535,372            | 2015B revenue note                                |
| Utility Enterprise Fund                                   | Sales Tax 2016 Capital Improvement Fund                   | 2,039,337            | Sales tax for 2015B revenue note                  |
| Utility Enterprise Fund                                   | Utility Enterprise Fund (Solid Waste Development Account) | 149,045              | Portion of landfill collections                   |
| Utility Enterprise Fund                                   | Utility Enterprise Fund (Debt Service Account)            | 1,140,000            | 2015A and 2015C revenue notes                     |
| Utility Enterprise Fund                                   | Utility Enterprise Fund (Solid Waste Development Account) | 10,050               | Interest on loans                                 |
| Utility Enterprise Fund                                   | Utility Enterprise Fund (Environmental Projects Account)  | 700,000              | Purchase of capital assets                        |
| Utility Enterprise Fund                                   | Utility Enterprise Fund (Capital Improvement Account)     | 50,000               | Purchase of capital assets                        |
| Utility Enterprise Fund                                   | Sales Tax Capital Facility Fund                           | 26,000               | Purchase of capital assets                        |
| Utility Enterprise Fund                                   | General Fund (Health Insurance Account)                   | 505,904              | Health insurance premiums                         |
| Utility Enterprise Fund                                   | General Fund  | 1,905,024            | 2015B revenue note                                |
| Utility Enterprise Fund (Sewer System Account)            | Utility Enterprise Fund                                   | 81,841               | Purchase of capital assets                        |
| Utility Enterprise Fund (Debt Service Account)            | Utility Enterprise Fund                                   | 1,231,763            | 2015A and 2015C revenue notes                     |
| Utility Enterprise Fund (Rural Sewer District #5 Account) | Utility Enterprise Fund                                   | 282,361              | Purchase of capital assets                        |
| Utility Enterprise Fund (Solid Waste Account)             | Utility Enterprise Fund                                   | 151,111              | Purchase of capital assets                        |
| Utility Enterprise Fund (Overhead Water Storage Account)  | Utility Enterprise Fund                                   | 32,300               | Purchase of capital assets                        |
| Utility Enterprise Fund (Environmental Projects Account)  | Utility Enterprise Fund                                   | 877,884              | Purchase of capital assets                        |
| Total   |   | <u>\$ 27,875,729</u> |   |

**Reconciliation to Fund Financial Statements:**

|                    | Transfers In         | Transfers Out          | Net Transfers       |
|--------------------|----------------------|------------------------|---------------------|
| Governmental Funds | \$ 12,899,480        | \$ (12,347,479)        | \$ 552,001          |
| Proprietary Funds  | 14,976,249           | (15,639,867)           | (663,618)           |
| Total              | <u>\$ 27,875,729</u> | <u>\$ (27,987,346)</u> | <u>\$ (111,617)</u> |

**Reconciliation to Statement of Activities:**

|   |                   |
|---|-------------------|
| Net Transfers   | \$ 552,001        |
| Transfer capital asset from business-type activities to governmental activities | 137,617           |
| Transfer water/sewer expenses to business-type activities                       | (444,805)         |
| Transfer from internal service fund   | (26,000)          |
| Transfers - internal activity   | <u>\$ 218,813</u> |

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*Balances:*

Interfund receivables and payables at June 30, 2018, were as follows:

| Due From                            | Due To                                 | Amount     | Nature of Balance   |
|-------------------------------------|--|------------|---------------------|
| General Fund                        | APWA (Solid Waste Development Account) | 220,036    | Interfund loan      |
| Sales Tax Economic Development Fund | Sales Tax Infrastructure Fund          | 1,098      | Correction of error |
| Total                               |  | \$ 221,134 |                     |

**Reconciliation to Financial Statements:**

|                    | Due From   | Due To       | Net Internal Balances |
|--------------------|------------|--------------|-----------------------|
| Governmental Funds | \$ 1,098   | \$ (220,036) | \$ (218,938)          |
| Proprietary Funds  | 220,036    | (1,098)      | 218,938               |
| Total              | \$ 221,134 | \$ (221,134) | \$ -                  |

## 11. Risk Management

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

- General Liability – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Workers' Compensation – Self insured up to \$600,000 per occurrence for all employees, including police and fire employees. Additional coverage through Midwest Employers Casualty
- Dental Insurance – Self insured
- Employee's Group Medical – Self insured with Blue Cross as the third party administrator; stop loss begins at \$70,000 with no limit.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City.

## 12. Commitments and Contingencies

*Litigation:*

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

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judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

*Federal and State Award Programs:*

The City of Ada participates in various federal or state grant/loan programs from year to year. In 2018, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan.

*Ada Arts & Heritage Authority:*

On October 3, 2017 the Ada Arts & Heritage Board relinquished the assets of the Trust to the City of Ada. The Trust will remain inactive; however, the operations of the facility became a function of the City of Ada in FY 2017-2018. This is reported as a special item at the government-wide financial statements.

### **13. Pension Plan Participation**

The City of Ada participates in three pension or retirement plans:

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

*Firefighters' Plan:*

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

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

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$237,137. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$510,920 during the current fiscal year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$458,817. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2018, the City reported a liability of \$6,547,606 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2017. Based upon this information, the City's proportion was 0.5205920%.

For the year ended June 30, 2018, the City recognized pension expense of \$727,944. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 874,648                        | \$ -                             |
| Changes of assumptions  | -                                 | -                                |
| Net difference between projected and actual earnings on pension plan investments                          | -                                 | 182,459                          |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 125,542                           | 100,552                          |
| City contributions during measurement date  | -                                 | 5,769                            |
| City contributions subsequent to the measurement date   | 237,137                           | -                                |
| Total   | <u>\$ 1,237,327</u>               | <u>\$ 288,780</u>                |

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\$237,137 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|            |           |                |
|------------|-----------|----------------|
| 2019       | \$        | 55,297         |
| 2020       |           | 257,890        |
| 2021       |           | 193,954        |
| 2022       |           | 31,756         |
| 2023       |           | 142,481        |
| Thereafter |           | 30,032         |
|            | <u>\$</u> | <u>711,410</u> |

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed income         | 20%                      | 4.38%   |
| Domestic equity      | 47%                      | 7.72%   |
| International equity | 15%                      | 9.70%   |
| Real estate          | 10%                      | 6.96%   |
| Other assets         | 8%                       | 5.75%   |

**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

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

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

|                                  | 1% Decrease<br>6.5% | Current Discount<br>Rate 7.5% | 1% Increase<br>8.5% |
|----------------------------------|---------------------|-------------------------------|---------------------|
| Employers' net pension liability | \$ 8,589,501        | \$ 6,547,606                  | \$ 4,817,147        |

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

***Police Plan:***

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

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

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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

**Contributions** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$215,105. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$211,426 during the current fiscal year and this is reported as both an expenditure and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$192,403. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2018, the City reported a liability of \$43,169 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2017. Based upon this information, the City's proportion was 0.5612%.

For the year ended June 30, 2018, the City recognized pension expense of \$263,458. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 2,168                          | \$ 260,988                       |
| Net difference between projected and actual earnings on pension plan investments                          | 321,534                           | -                                |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 5,819                             | 1,950                            |
| City contributions during measurement date  | -                                 | 2,518                            |
| City contributions subsequent to the measurement date   | 215,105                           | -                                |
| Total   | <u>\$ 544,626</u>                 | <u>\$ 265,456</u>                |

\$215,105 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

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year ended June 30, 2019. 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: |      |             |
|---------------------|------|-------------|
|                     | 2019 | \$ (10,524) |
|                     | 2020 | 158,502     |
|                     | 2021 | 73,652      |
|                     | 2022 | (128,712)   |
|                     | 2023 | (28,853)    |
|                     |      | \$ 64,065   |
|                     |      | \$ 64,065   |

***Actuarial Assumptions***-The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

|                             |  |
|-----------------------------|--|
| Inflation:                  | 3%   |
| Salary increases:           | 4.5% to 17% average, including inflation   |
| Investment rate of return:  | 7.5% net of pension plan investment expense  |
| Cost-of-living adjustments: | Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.  |
| Mortality rates:            | <p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.</p> |

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

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| <u>Asset Class</u>   | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|----------------------|---|
| Fixed income         | 4.51%   |
| Domestic equity      | 6.62%   |
| International equity | 9.70%   |
| Real estate          | 6.96%   |
| Private equity       | 9.86%   |
| Commodities          | 5.18%   |

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

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

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

|  | 1% Decrease<br>6.5% | Current Discount<br>Rate 7.5% | 1% Increase<br>8.5% |
|--|---------------------|-------------------------------|---------------------|
| Employers' net pension liability (asset) | \$ 1,458,997        | \$ 43,169                     | \$ (1,152,712)      |

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

***OkMRF Defined Contribution Plan:***

The City has provided a defined contribution plan and trust known as the City of Ada Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the

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participating municipalities. The plan is administered by Voya Financial. The defined contribution plan is available to all full-time employees except those participating in state fire or police program. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at date of hire, are required to contribute at least 5% and may make contributions to the plan up to 25% at their option. By City ordinance, the City, as employer, is required to make contributions to the plan based upon employee contributions under the pick-up option, at a current rate of 13% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 50% after 5 years of service, 10% thereafter until fully vested after 10 years of service. The City Manager's contributions are vested at 20% after one year of service, 20% thereafter until fully vested after five years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the plan rests with the City Council.

*Summary of Contributions:*

| Fiscal<br>Year | Oklahoma Municipal<br>Retirement Fund |                          |
|----------------|---------------------------------------|--------------------------|
|                | Employee<br>Contribution              | Employer<br>Contribution |
| 2016           | 349,679                               | 909,164                  |
| 2017           | 347,066                               | 897,688                  |
| 2018           | 323,789                               | 834,756                  |

**14. Postemployment Healthcare Plan**

*Plan Description.* The City sponsors Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System or the City of Ada Retirement Plan. Retired firefighters are not eligible to participate as they previously opted out to obtain a policy on their own. Retirees may continue coverage with the City by paying the carrier premium rate. Coverage is available for the retiree and spouse but only for the lifetime of the retiree. Authority to establish and amend benefit provisions rest with the City Council. Benefits are paid from general operating assets of the City.

*Benefits provided.* The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City fully self-insured health plan. In accordance with administrative policy, retiree contributions are approximately 100% of the average employee premium. An additional contribution is required for dependent coverage. This creates an implicit rate subsidy. The benefits offered by the City to retirees include health, dental and prescription drug benefits. Benefits continue to age 65 if the retiree continues to make the required contribution. Certain grandfathered retirees and spouses have lifetime benefits. Dental benefits may be continued after age 65.

The amount of benefit payments during the fiscal year ended June 30, 2018 were \$14,163.

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*Employees Covered by Benefit Terms*

|  |            |
|--|------------|
| Active Employees                             | 192        |
| Inactive or beneficiaries receiving benefits | <u>25</u>  |
| Total  | <u>217</u> |

*Total OPEB Liability.* The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2018. The measurement date used was June 30, 2017.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2018 valuation was determine using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Discount Rate – 3.58% based on the 20 year municipal bond yield
- Retirement Age – Civilian – 55 with 10 years of service, Police 20 years of service
- Health Care Cost Trend Rates:
  - 2018 6.05%
  - 2019 6.02%
  - 2020 5.99%
  - 2021 5.86%
  - 2022 5.99%
  - 2025 5.86%
  - 2030 5.99%
  - 2035 5.87%
  - 2040 5.33%
  - 2045 5.15%
  - 2050 5.03%
  - 2060 4.87%

*Changes in Total OPEB Liability*

|   | Total OPEB Liability |
|---|----------------------|
| Balances at Beginning of Year                     | <u>\$ 798,801</u>    |
| Changes For the Year:                             |                      |
| Service cost                                      | 50,954               |
| Interest expense                                  | 22,155               |
| Change in benefit terms                           | -                    |
| Difference between expected and actual experience | -                    |
| Change in assumptions                             | (67,150)             |
| Expected net benefit payments                     | <u>(14,163)</u>      |
| Net Changes                                       | <u>(8,204)</u>       |
| Balances at End of Year                           | <u>\$ 790,597</u>    |

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*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the year ended June 30, 2018, the City recognized OPEB expense of \$61,551. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows of<br>Resources | Deferred Inflows of Resources |
|---|-----------------------------------|-------------------------------|
| Differences between expected and actual experience    | \$ -                              | \$ -                          |
| Changes of assumptions                                | -                                 | 55,592                        |
| Changes in proportion                                 | 8,372                             | 8,372                         |
| City contributions during measurement date            | 148                               | 148                           |
| City contributions subsequent to the measurement date | 11,220                            | -                             |
| Total   | \$ 19,740                         | \$ 64,112                     |

\$11,220 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction in OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: |             |
|---------------------|-------------|
| 2019                | \$ (11,558) |
| 2020                | (11,558)    |
| 2021                | (11,558)    |
| 2022                | (11,558)    |
| 2023                | (9,360)     |
|                     | \$ (55,592) |

*Sensitivity of the City's total OPEB liability to changes in the discount rate.* The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

|                | 1% Decrease<br>2.58% | Current Discount<br>Rate 3.58% | 1% Increase<br>4.58% |
|----------------|----------------------|--------------------------------|----------------------|
| OPEB Liability | \$ 952,422           | \$ 790,597                     | \$ 665,962           |

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*Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rate.* The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.09%) or 1-percentage-point higher (7.09%) than the current healthcare cost trend rate:

|                | 1% Decrease  | Healthcare Cost<br>Trend Rates | 1% Increase  |
|----------------|--------------|--------------------------------|--------------|
|                | 5.09%        | 6.09%                          | 7.09%        |
|                | Grading to   | Grading to                     | Grading to   |
|                | <u>3.87%</u> | <u>4.87%</u>                   | <u>5.87%</u> |
| OPEB Liability | \$ 670,366   | \$ 790,597                     | \$ 942,557   |

**15. Use of Estimates**

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

**16. Subsequent Event**

In December of 2018, the City adopted Resolution 18-08P authorizing the Ada Public Works Authority to issue Utility System Revenue Note, Series 2018 in the amount of \$4,000,000, callable at five years, 1/1/2024, with an interest rate of 3.17%.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule – Year Ended June 30, 2018**

|   | GENERAL FUND        |                     |                     | Variance with<br>Final Budget<br>Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
|   | Budgeted Amounts    |                     | Actual<br>Amounts   |  |
|   | Original            | Final               |                     |  |
| <b>Beginning Budgetary Fund Balance:</b>  | \$2,811,391         | \$2,811,391         | \$4,635,158         | \$1,823,767  |
| <b>Resources (Inflows):</b>   |                     |                     |                     |  |
| Taxes   | 8,734,700           | 9,285,950           | 9,501,896           | 215,946  |
| Intergovernmental   | 566,900             | 590,924             | 467,868             | (123,056)  |
| Licenses and permits  | 132,500             | 132,500             | 153,974             | 21,474   |
| Charges for services  | 272,800             | 272,800             | 277,479             | 4,679  |
| Fees and fines  | 366,000             | 366,000             | 315,614             | (50,386)   |
| Investment income   | 38,200              | 38,200              | 93,191              | 54,991   |
| Miscellaneous   | 2,056,600           | 2,368,950           | 529,608             | (1,839,342)  |
| Other financing sources   | 4,577,900           | 4,810,026           | 4,998,058           | 188,032  |
| <b>Total Resources (Inflows):</b>   | <u>16,745,600</u>   | <u>17,865,350</u>   | <u>16,337,688</u>   | <u>(1,527,662)</u>                                   |
| <b>Amounts available for appropriation</b>  | <u>\$19,556,991</u> | <u>\$20,676,741</u> | <u>\$20,972,846</u> | <u>\$296,105</u>                                     |
| <b>Charges to Appropriations (Outflows):</b>  |                     |                     |                     |  |
| General government  | 4,976,062           | 5,031,562           | 3,933,785           | 1,097,777  |
| Public safety   | 6,031,485           | 6,357,371           | 5,320,701           | 1,036,670  |
| Streets and highways  | 914,855             | 833,505             | 714,230             | 119,275  |
| Legal and judicial  | 119,260             | 121,460             | 99,055              | 22,405   |
| Cemetery  | 216,285             | 226,185             | 195,735             | 30,450   |
| Culture and recreation  | 1,801,860           | 1,832,769           | 1,485,253           | 347,516  |
| Community development   | 385,135             | 396,785             | 360,958             | 35,827   |
| Other financing uses  | 3,855,800           | 4,194,250           | 3,474,144           | 720,106  |
| <b>Total Charges to Appropriations</b>  | <u>18,300,742</u>   | <u>18,993,887</u>   | <u>15,583,861</u>   | <u>3,410,026</u>                                     |
| <b>Ending Budgetary Fund Balance</b>  | <u>\$1,256,249</u>  | <u>\$1,682,854</u>  | <u>\$5,388,985</u>  | <u>\$3,706,131</u>                                   |
| Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance: |                     |                     |                     |  |
| Sudden and Severe Economic Dislocation Account                                      |                     |                     | 1,104               |  |
| CDBG Home Grant Fund Account  |                     |                     | 10,813              |  |
| <b>Total General Fund Fund Balance</b>  |                     |                     | <u>\$5,400,902</u>  |  |

(Unaudited. See accompanying auditor's report.)

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|  | <b>STREET AND ALLEY FUND</b> |                           |                           |   |
|--|------------------------------|---------------------------|---------------------------|---|
|  | <b>Budgeted Amounts</b>      |                           | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive (Negative)</b> |
|  | <b>Original</b>              | <b>Final</b>              |                           |   |
| <b>Beginning Budgetary Fund Balance:</b>     | \$4,482,568                  | \$4,482,568               | \$4,364,728               | \$ -  |
| <b>Resources (Inflows):</b>                  |                              |                           |                           |   |
| Taxes  | 158,300                      | 158,300                   | 1,365,747                 | 1,207,447   |
| Intergovernmental                            | 2,540,000                    | 2,540,000                 | 153,006                   | (2,386,994)   |
| Investment income                            | 23,400                       | 23,400                    | 65,345                    | 41,945  |
| Miscellaneous                                | 60,000                       | 60,000                    | 289                       | (59,711)  |
| Other financing sources                      | 1,395,000                    | 1,395,000                 | 1,358,138                 | (36,862)  |
| <b>Total Resources (Inflows):</b>            | <u>4,176,700</u>             | <u>4,176,700</u>          | <u>2,942,525</u>          | <u>(1,234,175)</u>  |
| <b>Amounts available for appropriation</b>   | <u>\$8,659,268</u>           | <u>\$8,659,268</u>        | <u>\$7,307,253</u>        | <u>(\$1,234,175)</u>  |
| <b>Charges to Appropriations (Outflows):</b> |                              |                           |                           |   |
| Streets and highways                         | 4,645,000                    | 4,608,000                 | 249,532                   | 4,358,468   |
| Other financing uses                         | 2,013,800                    | 2,620,826                 | 2,583,964                 | 36,862  |
| <b>Total Charges to Appropriations</b>       | <u>6,658,800</u>             | <u>7,228,826</u>          | <u>2,833,496</u>          | <u>4,395,330</u>  |
| <b>Ending Budgetary Fund Balance</b>         | <u><u>\$2,000,468</u></u>    | <u><u>\$1,430,442</u></u> | <u><u>\$4,473,757</u></u> | <u><u>\$3,161,155</u></u>                                     |

**Footnotes to Budgetary Comparison Schedules:**

1. The budgetary comparison schedules are reported using the modified accrual basis with the exception of capital lease activities and on-behalf payments made by the state related to firefighter and police pensions.
2. The legal level of appropriation control is the department level. Transfers of appropriation within a department require the approval of the City Manager, up to \$30,000; all others require City Council approval. In addition, all transfers from contingency line items require City Council approval. Any supplemental appropriations require the approval of the City Council and are to be filed with the Office of the State Auditor and Inspector.

(Unaudited. See accompanying auditor's report.)

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Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years\*

|   | 2015         | 2016         | 2017         | 2018         |
|---|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability  | 0.517189%    | 0.510539%    | 0.527016%    | 0.520592%    |
| City's proportionate share of the net pension liability   | \$ 5,318,504 | \$ 5,418,913 | \$ 6,438,640 | \$ 6,547,606 |
| City's covered-employee payroll   | \$ 1,439,349 | \$ 1,371,422 | \$ 1,474,173 | \$ 1,479,714 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 370%         | 395%         | 437%         | 442%         |
| Plan fiduciary net position as a percentage of the total pension liability                              | 68.12%       | 68.27%       | 64.87%       | 66.61%       |

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

**Notes to Schedule:**

Only the last four fiscal years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

|  | 2015         | 2016         | 2017         | 2018         |
|--|--------------|--------------|--------------|--------------|
| Statutorially required contribution                                  | \$ 191,999   | \$ 206,384   | \$ 207,160   | \$ 237,137   |
| Contributions in relation to the statutorially required contribution | 191,999      | 206,384      | 207,160      | 237,137      |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         |
| City's covered-employee payroll                                      | \$ 1,371,422 | \$ 1,474,173 | \$ 1,479,714 | \$ 1,693,836 |
| Contributions as a percentage of covered-employee payroll            | 14.00%       | 14.00%       | 14.00%       | 14.00%       |

**Notes to Schedule:**

Only the last four fiscal years are presented because 10-year data is not yet available.

(Unaudited. See accompanying auditor's report.)

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

|   | 2015         | 2016         | 2017         | 2018         |
|---|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability (asset)  | 0.5352%      | 0.5324%      | 0.5302%      | 0.5612%      |
| City's proportionate share of the net pension liability (asset)   | \$ (180,196) | \$ 21,709    | \$ 811,923   | \$ 43,169    |
| City's covered-employee payroll   | \$ 1,497,274 | \$ 1,504,919 | \$ 1,563,515 | \$ 1,673,815 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 12.03%       | 1.44%        | 51.93%       | 2.58%        |
| Plan fiduciary net position as a percentage of the total pension liability                                      | 101.53%      | 99.82%       | 93.50%       | 99.68%       |

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

**Notes to Schedule:**

Only the last four fiscal years are presented because 10-year data is not yet available.

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

|  | 2015         | 2016         | 2017         | 2018         |
|--|--------------|--------------|--------------|--------------|
| Statutorially required contribution                                  | \$ 195,639   | \$ 203,257   | \$ 217,596   | \$ 215,105   |
| Contributions in relation to the statutorially required contribution | 195,639      | 203,257      | 217,596      | 215,105      |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         |
| City's covered-employee payroll                                      | \$ 1,504,919 | \$ 1,563,515 | \$ 1,673,815 | \$ 1,654,659 |
| Contributions as a percentage of covered-employee payroll            | 13.00%       | 13.00%       | 13.00%       | 13.00%       |

**Notes to Schedule:**

Only the last four fiscal years are presented because 10-year data is not yet available.

(Unaudited. See accompanying auditor's report.)

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Schedule of Required Supplementary Information  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
POSTEMPLOYMENT HEALTH INSURANCE IMPLICIT RATE SUBSIDY PLAN  
Last 10 Fiscal Years\*

|   | <u>2018</u>              |
|---|--------------------------|
| Total OPEB Liability  |                          |
| Service Cost  | \$ 50,954                |
| Interest  | 22,155                   |
| Changes in assumptions  | (67,150)                 |
| Benefit Payments  | <u>(14,163)</u>          |
| Net change in total OPEB liability                                  | \$ (8,204)               |
| <br>  |                          |
| Balances - Beginning of Year  | <u>\$ 798,801</u>        |
| Balances - End of Year  | <u><u>\$ 790,597</u></u> |
| <br>  |                          |
| Covered employee payroll  | \$ 8,760,000             |
| <br>  |                          |
| Total OPEB liability as a percentage of<br>covered employee payroll | 9.03%                    |

**Notes to Schedule:**

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

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA  
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**SUPPLEMENTARY INFORMATION**

**CITY OF ADA, OKLAHOMA  
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As of and for the Year Ended June 30, 2018**

**Combining Balance Sheet – General Fund Accounts - June 30, 2018**

|  | <u>General Fund</u> | <u>Sudden and<br/>Severe<br/>Economic<br/>Dislocation<br/>Account</u> | <u>CDBG Home<br/>Grant Account</u> | <u>Total General<br/>Fund</u> |
|--|---------------------|---|------------------------------------|-------------------------------|
| <b>ASSETS</b>  |                     |   |                                    |                               |
| Cash and cash equivalents                              | \$ 4,216,520        | \$ 1,104  | \$ 10,813                          | \$ 4,228,437                  |
| Investments  | 521,954             | -   | -                                  | 521,954                       |
| Receivable from other governments                      | 1,309,647           | -   | -                                  | 1,309,647                     |
| Taxes receivable, net                                  | 90,285              | -   | -                                  | 90,285                        |
| Court fines receivable, net                            | 782,417             | -   | -                                  | 782,417                       |
| Other receivables                                      | 11,724              | -   | -                                  | 11,724                        |
| Total assets   | <u>\$ 6,932,547</u> | <u>\$ 1,104</u>   | <u>\$ 10,813</u>                   | <u>\$ 6,944,464</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> |                     |   |                                    |                               |
| Liabilities:   |                     |   |                                    |                               |
| Accounts payable                                       | \$ 150,127          | \$ -  | \$ -                               | \$ 150,127                    |
| Accrued payroll liabilities                            | 391,149             | -   | -                                  | 391,149                       |
| Due to other funds                                     | 220,036             | -   | -                                  | 220,036                       |
| Due to depositors                                      | 11,631              | -   | -                                  | 11,631                        |
| Payable to other governments                           | 11,149              | -   | -                                  | 11,149                        |
| Total liabilities                                      | <u>784,092</u>      | <u>-</u>  | <u>-</u>                           | <u>784,092</u>                |
| Deferred inflows of resources:                         |                     |   |                                    |                               |
| Deferred revenue                                       | 759,470             | -   | -                                  | 759,470                       |
| Fund balances:   |                     |   |                                    |                               |
| Restricted   | -                   | 1,104   | 10,813                             | 11,917                        |
| Committed  | 370,350             | -   | -                                  | 370,350                       |
| Assigned   | 3,618,204           | -   | -                                  | 3,618,204                     |
| Unassigned   | 1,400,431           | -   | -                                  | 1,400,431                     |
| Total fund balances                                    | <u>5,388,985</u>    | <u>1,104</u>  | <u>10,813</u>                      | <u>5,400,902</u>              |
| Total liabilities, deferred inflows and fund balances  | <u>\$ 6,932,547</u> | <u>\$ 1,104</u>   | <u>\$ 10,813</u>                   | <u>\$ 6,944,464</u>           |

**CITY OF ADA, OKLAHOMA  
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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund  
Accounts – Year Ended June 30, 2018**

|   | <u>General Fund</u> | <u>Sudden and<br/>Severe<br/>Economic<br/>Dislocation<br/>Account</u> | <u>CDBG Home<br/>Grant Account</u> | <u>Total General<br/>Fund</u> |
|---|---------------------|---|------------------------------------|-------------------------------|
| <b>REVENUES</b>                                   |                     |   |                                    |                               |
| Taxes   | \$ 9,501,896        | \$ -  | \$ -                               | \$ 9,501,896                  |
| Fees and fines                                    | 315,614             | -   | -                                  | 315,614                       |
| Licenses and permits                              | 153,974             | -   | -                                  | 153,974                       |
| Intergovernmental                                 | 1,190,214           | -   | -                                  | 1,190,214                     |
| Charges for services                              | 277,479             | -   | -                                  | 277,479                       |
| Investment income                                 | 93,191              | -   | 180                                | 93,371                        |
| Miscellaneous                                     | 529,608             | -   | -                                  | 529,608                       |
| Total revenues                                    | <u>12,061,976</u>   | <u>-</u>  | <u>180</u>                         | <u>12,062,156</u>             |
| <b>EXPENDITURES</b>                               |                     |   |                                    |                               |
| Current:  |                     |   |                                    |                               |
| General government                                | 3,689,677           | -   | -                                  | 3,689,677                     |
| Public safety                                     | 5,893,730           | -   | -                                  | 5,893,730                     |
| Streets and highways                              | 688,088             | -   | -                                  | 688,088                       |
| Legal and judicial                                | 99,055              | -   | -                                  | 99,055                        |
| Cemetery  | 195,735             | -   | -                                  | 195,735                       |
| Culture and recreation                            | 1,356,696           | -   | -                                  | 1,356,696                     |
| Community development                             | 360,958             | -   | -                                  | 360,958                       |
| Capital outlay                                    | 490,392             | -   | -                                  | 490,392                       |
| Total expenditures                                | <u>12,774,331</u>   | <u>-</u>  | <u>-</u>                           | <u>12,774,331</u>             |
| Excess (deficiency) of revenues over expenditures | <u>(712,355)</u>    | <u>-</u>  | <u>180</u>                         | <u>(712,175)</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |   |                                    |                               |
| Transfers in                                      | 6,697,019           | -   | -                                  | 6,697,019                     |
| Transfers out                                     | (5,230,837)         | -   | -                                  | (5,230,837)                   |
| Total other financing sources and uses            | <u>1,466,182</u>    | <u>-</u>  | <u>-</u>                           | <u>1,466,182</u>              |
| Net change in fund balances                       | 753,827             | -   | 180                                | 754,007                       |
| Fund balances - beginning                         | 4,635,158           | 1,104   | 10,633                             | 4,646,895                     |
| Fund balances - ending                            | <u>\$ 5,388,985</u> | <u>\$ 1,104</u>   | <u>\$ 10,813</u>                   | <u>\$ 5,400,902</u>           |

**CITY OF ADA, OKLAHOMA  
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**Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2018**

|  | SPECIAL REVENUE FUNDS |                       |                        |                      |                              |                    |                     |                     |                          |
|--|-----------------------|-----------------------|------------------------|----------------------|------------------------------|--------------------|---------------------|---------------------|--------------------------|
|  | Dare Fund             | Library Memorial Fund | Library State Aid Fund | Drug Forfeiture Fund | Federal Drug Forfeiture Fund | Emergency 911 Fund | Sports Complex Fund | Parks Donation Fund | Ada Arts & Heritage Fund |
| <b>ASSETS</b>  |                       |                       |                        |                      |                              |                    |                     |                     |                          |
| Cash and cash equivalents                                  | \$ 3,927              | \$ 133,409            | \$ 515                 | \$ 6,902             | \$ 50                        | \$ 74,706          | \$ 145,354          | \$ 384,145          | \$ 59,545                |
| Due from other governments                                 | -                     | -                     | -                      | -                    | -                            | 4,581              | -                   | -                   | -                        |
| Other receivables  | -                     | -                     | -                      | -                    | -                            | 44,519             | -                   | -                   | -                        |
| <b>Total Assets</b>  | <u>\$ 3,927</u>       | <u>\$ 133,409</u>     | <u>\$ 515</u>          | <u>\$ 6,902</u>      | <u>\$ 50</u>                 | <u>\$ 123,806</u>  | <u>145,354</u>      | <u>\$ 384,145</u>   | <u>\$ 59,545</u>         |
| <b>LIABILITIES</b>   |                       |                       |                        |                      |                              |                    |                     |                     |                          |
| Accounts payable   | \$ -                  | \$ 355                | \$ 33                  | \$ -                 | \$ -                         | \$ 203             | 72                  | \$ 40,893           | \$ -                     |
| Accrued payroll liabilities                                | -                     | -                     | -                      | -                    | -                            | 25,221             | 1,007               | -                   | -                        |
| <b>Total Liabilities</b>                                   | <u>-</u>              | <u>355</u>            | <u>33</u>              | <u>-</u>             | <u>-</u>                     | <u>25,424</u>      | <u>1,079</u>        | <u>40,893</u>       | <u>-</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                      |                       |                       |                        |                      |                              |                    |                     |                     |                          |
| Deferred revenue   | -                     | -                     | -                      | -                    | -                            | 4,581              | -                   | -                   | -                        |
| <b>FUND EQUITY</b>   |                       |                       |                        |                      |                              |                    |                     |                     |                          |
| Fund balances:   |                       |                       |                        |                      |                              |                    |                     |                     |                          |
| Restricted   | 3,917                 | 68,936                | -                      | 5,122                | 50                           | -                  | 22,575              | -                   | 59,545                   |
| Committed  | -                     | 55,663                | -                      | -                    | -                            | -                  | -                   | -                   | -                        |
| Assigned   | 10                    | 8,455                 | 482                    | 1,780                | -                            | 93,801             | 121,700             | 343,252             | -                        |
| <b>Total Fund Equity</b>                                   | <u>3,927</u>          | <u>133,054</u>        | <u>482</u>             | <u>6,902</u>         | <u>50</u>                    | <u>93,801</u>      | <u>144,275</u>      | <u>343,252</u>      | <u>59,545</u>            |
| <b>Total Liabilities, Deferred Inflows and Fund Equity</b> | <u>\$ 3,927</u>       | <u>\$ 133,409</u>     | <u>\$ 515</u>          | <u>\$ 6,902</u>      | <u>\$ 50</u>                 | <u>\$ 123,806</u>  | <u>\$ 145,354</u>   | <u>\$ 384,145</u>   | <u>\$ 59,545</u>         |

(Continued)

**CITY OF ADA, OKLAHOMA  
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**Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2018, (Continued)**

|  | <b>CAPITAL PROJECT FUNDS</b>  |                                  |                                     | <b>DEBT<br/>SERVICE</b> | <b>TOTALS</b>       |
|--|-------------------------------|----------------------------------|-------------------------------------|-------------------------|---------------------|
|  | <b>Cemetery Care<br/>Fund</b> | <b>Property<br/>Owners Part.</b> | <b>Airport<br/>AG/Cash<br/>Fund</b> | <b>Sinking<br/>Fund</b> |                     |
| <b>ASSETS</b>  |                               |                                  |                                     |                         |                     |
| Cash and cash equivalents                                      | \$ 253,146                    | \$ 110,846                       | \$ 749,315                          | \$ 3,647                | \$ 1,925,507        |
| Due from other governments                                     | -                             | -                                | 10,854                              | 32,286                  | 47,721              |
| Other receivables  | -                             | -                                | -                                   | -                       | 44,519              |
| <b>Total Assets</b>  | <b>\$ 253,146</b>             | <b>\$ 110,846</b>                | <b>\$ 760,169</b>                   | <b>\$ 35,933</b>        | <b>\$ 2,017,747</b> |
| <b>LIABILITIES</b>   |                               |                                  |                                     |                         |                     |
| Accounts payable   | \$ -                          | \$ -                             | \$ 14,508                           | \$ -                    | \$ 56,064           |
| Accrued payroll liabilities                                    | -                             | -                                | 3,086                               | -                       | 29,314              |
| <b>Total Liabilities</b>                                       | <b>-</b>                      | <b>-</b>                         | <b>17,594</b>                       | <b>-</b>                | <b>85,378</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                          |                               |                                  |                                     |                         |                     |
| Deferred revenue   | -                             | -                                | 10,854                              | 31,541                  | 46,976              |
| <b>FUND EQUITY</b>   |                               |                                  |                                     |                         |                     |
| Fund balances:   |                               |                                  |                                     |                         |                     |
| Restricted   | 34,705                        | -                                | -                                   | 4,392                   | 199,242             |
| Committed  | -                             | -                                | -                                   | -                       | 55,663              |
| Assigned   | 218,441                       | 110,846                          | 731,721                             | -                       | 1,630,488           |
| <b>Total Fund Equity</b>                                       | <b>253,146</b>                | <b>110,846</b>                   | <b>731,721</b>                      | <b>4,392</b>            | <b>1,885,393</b>    |
| <b>Total Liabilities, Deferred Inflows<br/>and Fund Equity</b> | <b>\$ 253,146</b>             | <b>\$ 110,846</b>                | <b>\$ 760,169</b>                   | <b>\$ 35,933</b>        | <b>\$ 2,017,747</b> |

**CITY OF ADA, OKLAHOMA  
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2018**

|   | SPECIAL REVENUE FUNDS |                             |                              |                            |                                    |                       |                        |                           |                                |
|---|-----------------------|-----------------------------|------------------------------|----------------------------|------------------------------------|-----------------------|------------------------|---------------------------|--------------------------------|
|   | Dare<br>Fund          | Library<br>Memorial<br>Fund | Library<br>State Aid<br>Fund | Drug<br>Forfeiture<br>Fund | Federal Drug<br>Forfeiture<br>Fund | Emergency<br>911 Fund | Sports<br>Complex Fund | Parks<br>Donation<br>Fund | Ada Arts &<br>Heritage<br>Fund |
| <b>REVENUES</b>                                   |                       |                             |                              |                            |                                    |                       |                        |                           |                                |
| Taxes   | \$ -                  | \$ -                        | \$ -                         | \$ -                       | \$ -                               | \$ 519,699            | \$ -                   | \$ -                      | \$ -                           |
| Intergovernmental                                 | -                     | -                           | 189                          | 5,916                      | -                                  | 412                   | -                      | -                         | -                              |
| Charges for services                              | -                     | 8,286                       | -                            | -                          | -                                  | -                     | 156,926                | -                         | -                              |
| Investment earnings                               | -                     | 2,675                       | 450                          | -                          | -                                  | 587                   | 2,451                  | 5,596                     | 582                            |
| Miscellaneous                                     | 5,677                 | 938                         | 2,150                        | -                          | -                                  | 1,948                 | 2,287                  | 117,885                   | 22                             |
| Total revenues                                    | <u>5,677</u>          | <u>11,899</u>               | <u>2,789</u>                 | <u>5,916</u>               | <u>-</u>                           | <u>522,646</u>        | <u>161,664</u>         | <u>123,481</u>            | <u>604</u>                     |
| <b>EXPENDITURES</b>                               |                       |                             |                              |                            |                                    |                       |                        |                           |                                |
| Current:  |                       |                             |                              |                            |                                    |                       |                        |                           |                                |
| General government                                | -                     | -                           | -                            | -                          | -                                  | -                     | -                      | -                         | -                              |
| Public safety                                     | 5,965                 | -                           | -                            | 2,848                      | -                                  | 755,938               | -                      | -                         | -                              |
| Culture and recreation                            | -                     | 42,166                      | 6,895                        | -                          | -                                  | -                     | 161,368                | 32,279                    | -                              |
| Airport   | -                     | -                           | -                            | -                          | -                                  | -                     | -                      | -                         | -                              |
| Capital Outlay                                    | -                     | 299                         | -                            | -                          | -                                  | -                     | -                      | 149,929                   | -                              |
| Debt Service:                                     |                       |                             |                              |                            |                                    |                       |                        |                           |                                |
| Principal   | -                     | -                           | -                            | -                          | -                                  | -                     | -                      | -                         | -                              |
| Interest and other charges                        | -                     | -                           | -                            | -                          | -                                  | -                     | -                      | -                         | -                              |
| Total Expenditures                                | <u>5,965</u>          | <u>42,465</u>               | <u>6,895</u>                 | <u>2,848</u>               | <u>-</u>                           | <u>755,938</u>        | <u>161,368</u>         | <u>182,208</u>            | <u>-</u>                       |
| Excess (deficiency) of revenues over expenditures | <u>(288)</u>          | <u>(30,566)</u>             | <u>(4,106)</u>               | <u>3,068</u>               | <u>-</u>                           | <u>(233,292)</u>      | <u>296</u>             | <u>(58,727)</u>           | <u>604</u>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                       |                             |                              |                            |                                    |                       |                        |                           |                                |
| Contribution of equity                            | -                     | -                           | -                            | -                          | -                                  | -                     | -                      | -                         | 58,941                         |
| Proceeds from sale of land                        | -                     | -                           | -                            | -                          | -                                  | -                     | -                      | 363,909                   | -                              |
| Transfers in                                      | -                     | -                           | -                            | -                          | -                                  | 345,000               | 121,700                | -                         | -                              |
| Transfers out                                     | -                     | (12,600)                    | -                            | -                          | -                                  | (63,497)              | -                      | (26,500)                  | -                              |
| Total other financing sources and uses            | <u>-</u>              | <u>(12,600)</u>             | <u>-</u>                     | <u>-</u>                   | <u>-</u>                           | <u>281,503</u>        | <u>121,700</u>         | <u>337,409</u>            | <u>58,941</u>                  |
| Net change in fund balances                       | (288)                 | (43,166)                    | (4,106)                      | 3,068                      | -                                  | 48,211                | 121,996                | 278,682                   | 59,545                         |
| Fund balances - beginning                         | 4,215                 | 176,220                     | 4,588                        | 3,834                      | 50                                 | 45,590                | 22,279                 | 64,570                    | -                              |
| Fund balances - ending                            | <u>\$ 3,927</u>       | <u>\$ 133,054</u>           | <u>\$ 482</u>                | <u>\$ 6,902</u>            | <u>\$ 50</u>                       | <u>\$ 93,801</u>      | <u>\$ 144,275</u>      | <u>\$ 343,252</u>         | <u>\$ 59,545</u>               |

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2018 (Continued)**

|   | <b>CAPITAL PROJECT FUNDS</b>  |                                  |                                     | <b>DEBT<br/>SERVICE<br/>FUND</b> | <b>TOTALS</b>       |
|---|-------------------------------|----------------------------------|-------------------------------------|----------------------------------|---------------------|
|   | <b>Cemetery<br/>Care Fund</b> | <b>Property<br/>Owners Part.</b> | <b>Airport<br/>AG/Cash<br/>Fund</b> | <b>Sinking<br/>Fund</b>          |                     |
| <b>REVENUES</b>                                   |                               |                                  |                                     |                                  |                     |
| Taxes   | \$ -                          | \$ -                             | \$ -                                | \$ 70,289                        | \$ 589,988          |
| Intergovernmental                                 | -                             | -                                | 274,902                             | -                                | 281,419             |
| Charges for services                              | 17,150                        | -                                | 162,224                             | -                                | 344,586             |
| Investment earnings                               | -                             | 1,851                            | 9,261                               | -                                | 23,453              |
| Miscellaneous                                     | 12,680                        | -                                | 2,861                               | 496,989                          | 643,437             |
| Total revenues                                    | <u>29,830</u>                 | <u>1,851</u>                     | <u>449,248</u>                      | <u>567,278</u>                   | <u>1,882,883</u>    |
| <b>EXPENDITURES</b>                               |                               |                                  |                                     |                                  |                     |
| Current:  |                               |                                  |                                     |                                  |                     |
| General government                                | -                             | -                                | -                                   | 496,989                          | 496,989             |
| Public safety                                     | -                             | -                                | -                                   | -                                | 764,751             |
| Culture and recreation                            | -                             | -                                | -                                   | -                                | 242,708             |
| Airport   | -                             | -                                | 192,129                             | -                                | 192,129             |
| Capital Outlay                                    | -                             | 693                              | 304,448                             | -                                | 455,369             |
| Debt Service:                                     |                               |                                  |                                     |                                  |                     |
| Principal   | -                             | -                                | -                                   | 62,531                           | 62,531              |
| Interest and other charges                        | -                             | -                                | -                                   | 8,305                            | 8,305               |
| Total Expenditures                                | <u>-</u>                      | <u>693</u>                       | <u>496,577</u>                      | <u>567,825</u>                   | <u>2,222,782</u>    |
| Excess (deficiency) of revenues over expenditures | <u>29,830</u>                 | <u>1,158</u>                     | <u>(47,329)</u>                     | <u>(547)</u>                     | <u>(339,899)</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                               |                                  |                                     |                                  |                     |
| Miscellaneous                                     | -                             | -                                | -                                   | -                                | 58,941              |
| Proceeds from sale of land                        | -                             | -                                | -                                   | -                                | 363,909             |
| Transfers in                                      | -                             | -                                | 329,500                             | -                                | 796,200             |
| Transfers out                                     | -                             | -                                | -                                   | -                                | (102,597)           |
| Total other financing sources and uses            | <u>-</u>                      | <u>-</u>                         | <u>329,500</u>                      | <u>-</u>                         | <u>1,116,453</u>    |
| Net change in fund balances                       | 29,830                        | 1,158                            | 282,171                             | (547)                            | 776,554             |
| Fund balances - beginning                         | 223,316                       | 109,688                          | 449,550                             | 4,939                            | 1,108,839           |
| Fund balances - ending                            | <u>\$ 253,146</u>             | <u>\$ 110,846</u>                | <u>\$ 731,721</u>                   | <u>\$ 4,392</u>                  | <u>\$ 1,885,393</u> |

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**Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2018**

|   | Public Works<br>Authority | Solid Waste<br>Development<br>Account | Water Meter<br>Account | RWD #3<br>Account | Water<br>Development<br>Account | Sewer System<br>Account | RWD #2<br>Account |
|---|---------------------------|---------------------------------------|------------------------|-------------------|---------------------------------|-------------------------|-------------------|
| <b>ASSETS</b>   |                           |                                       |                        |                   |                                 |                         |                   |
| Current assets:                                       |                           |                                       |                        |                   |                                 |                         |                   |
| Cash and cash equivalents                             | \$ 3,716,396              | \$ 6,429,634                          | \$ -                   | \$ 548,678        | \$ 7,581,362                    | \$ 3,675,186            | \$ 328,092        |
| Restricted cash and cash equivalents                  | 7,961,571                 | -                                     | 807,885                | -                 | -                               | -                       | -                 |
| Due from other funds                                  | -                         | 220,036                               | -                      | -                 | -                               | -                       | -                 |
| Due from other funds - interaccount                   | -                         | -                                     | -                      | -                 | -                               | 410,669                 | -                 |
| Due from other governments                            | 8,277                     | -                                     | -                      | -                 | -                               | -                       | -                 |
| Accounts Receivable, net                              | 2,371,227                 | 152                                   | -                      | -                 | 176,906                         | 58,780                  | -                 |
| Total current assets                                  | 14,057,471                | 6,649,822                             | 807,885                | 548,678           | 7,758,268                       | 4,144,635               | 328,092           |
| Non-current assets:                                   |                           |                                       |                        |                   |                                 |                         |                   |
| Capital Assets:                                       |                           |                                       |                        |                   |                                 |                         |                   |
| Land and construction in progress                     | 23,809,143                | -                                     | -                      | -                 | 3,417,574                       | -                       | -                 |
| Other capital assets, net of accumulated depreciation | 25,420,162                | -                                     | -                      | -                 | -                               | -                       | -                 |
| Total non-current assets                              | 49,229,305                | -                                     | -                      | -                 | 3,417,574                       | -                       | -                 |
| Total assets  | 63,286,776                | 6,649,822                             | 807,885                | 548,678           | 11,175,842                      | 4,144,635               | 328,092           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                           |                                       |                        |                   |                                 |                         |                   |
| Deferred amounts related to OPEB                      | 2,989                     | -                                     | -                      | -                 | -                               | -                       | -                 |
| <b>LIABILITIES</b>                                    |                           |                                       |                        |                   |                                 |                         |                   |
| Current Liabilities:                                  |                           |                                       |                        |                   |                                 |                         |                   |
| Accounts payable                                      | 177,588                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Accrued payroll liabilities                           | 189,237                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Accrued interest payable                              | 323,608                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Due to other funds - interaccount                     | 410,669                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Other liabilities                                     | 21,061                    | -                                     | -                      | -                 | -                               | -                       | -                 |
| Due to depositors                                     | -                         | -                                     | 80,789                 | -                 | -                               | -                       | -                 |
| Accrued compensated absences                          | 44,443                    | -                                     | -                      | -                 | -                               | -                       | -                 |
| Landfill closure liability                            | 41,188                    | -                                     | -                      | -                 | -                               | -                       | -                 |
| Notes payable   | 2,619,591                 | -                                     | -                      | -                 | -                               | -                       | -                 |
| Total current liabilities                             | 3,827,385                 | -                                     | 80,789                 | -                 | -                               | -                       | -                 |
| Non-current liabilities:                              |                           |                                       |                        |                   |                                 |                         |                   |
| Due to depositors                                     | -                         | -                                     | 727,096                | -                 | -                               | -                       | -                 |
| Accrued compensated absences                          | 399,988                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Landfill closure liability                            | 2,654,238                 | -                                     | -                      | -                 | -                               | -                       | -                 |
| Notes payable   | 35,694,584                | -                                     | -                      | -                 | -                               | -                       | -                 |
| Total OPEB liability                                  | 200,151                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Total non-current liabilities                         | 38,948,961                | -                                     | 727,096                | -                 | -                               | -                       | -                 |
| Total liabilities                                     | 42,776,346                | -                                     | 807,885                | -                 | -                               | -                       | -                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                           |                                       |                        |                   |                                 |                         |                   |
| Deferred amounts related to OPEB                      | 22,446                    | -                                     | -                      | -                 | -                               | -                       | -                 |
| <b>NET POSITION</b>                                   |                           |                                       |                        |                   |                                 |                         |                   |
| Net investment in capital assets                      | 10,915,130                | -                                     | -                      | -                 | 3,417,574                       | -                       | -                 |
| Restricted for debt service                           | 946,230                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Restricted for capital projects                       | 7,015,341                 | -                                     | -                      | -                 | -                               | -                       | -                 |
| Unrestricted  | 1,614,272                 | 6,649,822                             | -                      | 548,678           | 7,758,268                       | 4,144,635               | 328,092           |
| Total net position                                    | \$ 20,490,973             | \$ 6,649,822                          | \$ -                   | \$ 548,678        | \$ 11,175,842                   | \$ 4,144,635            | \$ 328,092        |

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**Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2018,  
(Continued)**

|   | Overhead<br>Water Storage<br>Account | Water Wells<br>and Trans<br>Account | RWD #4<br>Account | Environmental<br>Projects Account | RSD #5<br>Account | APWA Debt<br>Service<br>Account | APWA Capital<br>Improvement<br>Account | Total                |
|---|--------------------------------------|-------------------------------------|-------------------|-----------------------------------|-------------------|---------------------------------|--|----------------------|
| <b>ASSETS</b>   |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Current assets:                                       |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Cash and cash equivalents                             | \$ 134,184                           | \$ 507,912                          | \$ 67,998         | \$ 1,508,924                      | \$ 60,466         | \$ -                            | \$ 50,480                              | \$ 24,609,312        |
| Restricted cash and cash equivalents                  | -                                    | -                                   | -                 | -                                 | -                 | 882,771                         | -                                      | 9,652,227            |
| Due from other funds                                  | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 220,036              |
| Due from other funds - interaccount                   | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 410,669              |
| Due from other governments                            | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 8,277                |
| Accounts Receivable, net                              | -                                    | -                                   | -                 | 43,993                            | -                 | -                               | -                                      | 2,651,058            |
| Total current assets                                  | <u>134,184</u>                       | <u>507,912</u>                      | <u>67,998</u>     | <u>1,552,917</u>                  | <u>60,466</u>     | <u>882,771</u>                  | <u>50,480</u>                          | <u>37,551,579</u>    |
| Non-current assets:                                   |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Capital Assets:                                       |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Land and construction in progress                     | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 27,226,717           |
| Other capital assets, net of accumulated depreciation | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 25,420,162           |
| Total non-current assets                              | <u>-</u>                             | <u>-</u>                            | <u>-</u>          | <u>-</u>                          | <u>-</u>          | <u>-</u>                        | <u>-</u>                               | <u>52,646,879</u>    |
| Total assets  | <u>134,184</u>                       | <u>507,912</u>                      | <u>67,998</u>     | <u>1,552,917</u>                  | <u>60,466</u>     | <u>882,771</u>                  | <u>50,480</u>                          | <u>90,198,458</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Deferred amounts related to OPEB                      | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 2,989                |
| <b>LIABILITIES</b>                                    |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Current Liabilities:                                  |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Accounts payable                                      | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 177,588              |
| Accrued payroll liabilities                           | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 189,237              |
| Accrued interest payable                              | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 323,608              |
| Due to other funds - interaccount                     | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 410,669              |
| Other liabilities                                     | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 21,061               |
| Due to depositors                                     | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 80,789               |
| Accrued compensated absences                          | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 44,443               |
| Landfill closure liability                            | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 41,188               |
| Notes payable   | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 2,619,591            |
| Total current liabilities                             | <u>-</u>                             | <u>-</u>                            | <u>-</u>          | <u>-</u>                          | <u>-</u>          | <u>-</u>                        | <u>-</u>                               | <u>3,908,174</u>     |
| Non-current liabilities:                              |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Due to depositors                                     | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 727,096              |
| Accrued compensated absences                          | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 399,988              |
| Landfill closure liability                            | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 2,654,238            |
| Notes payable   | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 35,694,584           |
| OPEB liability  | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 200,151              |
| Total non-current liabilities                         | <u>-</u>                             | <u>-</u>                            | <u>-</u>          | <u>-</u>                          | <u>-</u>          | <u>-</u>                        | <u>-</u>                               | <u>39,676,057</u>    |
| Total liabilities                                     | <u>-</u>                             | <u>-</u>                            | <u>-</u>          | <u>-</u>                          | <u>-</u>          | <u>-</u>                        | <u>-</u>                               | <u>43,584,231</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Deferred amounts related to OPEB                      | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 22,446               |
| <b>NET POSITION</b>                                   |                                      |                                     |                   |                                   |                   |                                 |  |                      |
| Net investment in capital assets                      | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 14,332,704           |
| Restricted for debt service                           | -                                    | -                                   | -                 | -                                 | -                 | 882,771                         | -                                      | 1,829,001            |
| Restricted for capital projects                       | -                                    | -                                   | -                 | -                                 | -                 | -                               | -                                      | 7,015,341            |
| Unrestricted  | 134,184                              | 507,912                             | 67,998            | 1,552,917                         | 60,466            | -                               | 50,480                                 | 23,417,724           |
| Total net position                                    | <u>\$ 134,184</u>                    | <u>\$ 507,912</u>                   | <u>\$ 67,998</u>  | <u>\$ 1,552,917</u>               | <u>\$ 60,466</u>  | <u>\$ 882,771</u>               | <u>\$ 50,480</u>                       | <u>\$ 46,594,770</u> |

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**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund  
Accounts -Year Ended June 30, 2018**

|  | Public Works<br>Authority | Solid Waste<br>Development<br>Account | Water Meter<br>Account | RWD #3 Account    | Water<br>Development<br>Account | Sewer System<br>Account | RWD #2 Account    |
|--|---------------------------|---------------------------------------|------------------------|-------------------|---------------------------------|-------------------------|-------------------|
| <b>REVENUES</b>  |                           |                                       |                        |                   |                                 |                         |                   |
| Charges for services:                                  |                           |                                       |                        |                   |                                 |                         |                   |
| Water  | \$ 7,243,632              | \$ -                                  | \$ -                   | \$ 42,178         | \$ 1,030,515                    | \$ -                    | \$ 29             |
| Sewer  | 1,769,790                 | -                                     | -                      | -                 | -                               | 349,224                 | -                 |
| Sanitation   | 3,652,659                 | -                                     | -                      | -                 | -                               | -                       | -                 |
| Solid waste fee  | -                         | 1,001                                 | -                      | -                 | -                               | -                       | -                 |
| Recycling income                                       | 198,650                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Lease revenue  | 5,592                     | -                                     | -                      | -                 | 54,520                          | -                       | -                 |
| Miscellaneous  | 338,804                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Total operating revenues                               | <u>13,209,127</u>         | <u>1,001</u>                          | <u>-</u>               | <u>42,178</u>     | <u>1,085,035</u>                | <u>349,224</u>          | <u>29</u>         |
| <b>OPERATING EXPENSES</b>                              |                           |                                       |                        |                   |                                 |                         |                   |
| Public works director                                  | 185,251                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Billing and collecting                                 | 418,684                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Water plant  | 539,058                   | -                                     | -                      | -                 | 78,224                          | -                       | 160               |
| Liquid waste   | 636,846                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Administration   | 1,543,466                 | -                                     | -                      | -                 | -                               | -                       | -                 |
| Water and sewer line maintenance                       | 1,085,081                 | -                                     | -                      | -                 | -                               | -                       | -                 |
| Solid waste  | 2,221,792                 | 8,625                                 | -                      | -                 | -                               | -                       | -                 |
| Landfill operations                                    | 101,361                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Construction   | 575,796                   | -                                     | -                      | -                 | -                               | -                       | -                 |
| Depreciation   | 1,105,632                 | -                                     | -                      | -                 | -                               | -                       | -                 |
| Total operating expenses                               | <u>8,412,967</u>          | <u>8,625</u>                          | <u>-</u>               | <u>-</u>          | <u>78,224</u>                   | <u>-</u>                | <u>160</u>        |
| Operating income (loss)                                | <u>4,796,160</u>          | <u>(7,624)</u>                        | <u>-</u>               | <u>42,178</u>     | <u>1,006,811</u>                | <u>349,224</u>          | <u>(131)</u>      |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>               |                           |                                       |                        |                   |                                 |                         |                   |
| Interest and investment revenue                        | 146,928                   | 104,309                               | -                      | 8,661             | 117,233                         | 59,446                  | 5,347             |
| Miscellaneous revenue                                  | 41,755                    | -                                     | -                      | -                 | -                               | -                       | -                 |
| Gain on capital asset disposal                         | 17,129                    | -                                     | -                      | -                 | -                               | -                       | -                 |
| Capital grants   | 71,807                    | -                                     | -                      | -                 | -                               | -                       | -                 |
| Interest expense                                       | (1,020,371)               | -                                     | -                      | -                 | -                               | -                       | -                 |
| Total non-operating revenue (expenses)                 | <u>(742,752)</u>          | <u>104,309</u>                        | <u>-</u>               | <u>8,661</u>      | <u>117,233</u>                  | <u>59,446</u>           | <u>5,347</u>      |
| Income before transfers                                | 4,053,408                 | 96,685                                | -                      | 50,839            | 1,124,044                       | 408,670                 | 5,216             |
| Transfers in   | 11,964,552                | 159,136                               | -                      | -                 | -                               | 10,049                  | -                 |
| Transfers out  | (12,874,203)              | (151,111)                             | -                      | -                 | -                               | (81,841)                | -                 |
| Change in net position                                 | <u>3,143,757</u>          | <u>104,710</u>                        | <u>-</u>               | <u>50,839</u>     | <u>1,124,044</u>                | <u>336,878</u>          | <u>5,216</u>      |
| Total net position - beginning, as previously reported | 17,333,718                | 6,545,112                             | -                      | 497,839           | 10,051,798                      | 3,807,757               | 322,876           |
| Prior period adjustment for OPEB                       | (13,498)                  | -                                     | -                      | -                 | -                               | -                       | -                 |
| Total net position - ending                            | <u>\$ 20,490,973</u>      | <u>\$ 6,649,822</u>                   | <u>\$ -</u>            | <u>\$ 548,678</u> | <u>\$ 11,175,842</u>            | <u>\$ 4,144,635</u>     | <u>\$ 328,092</u> |

(Continued)

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2018**

**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund  
Accounts -Year Ended June 30, 2018, (Continued)**

|  | <u>Overhead Water<br/>Storage Account</u> | <u>Water Wells and<br/>Trans Account</u> | <u>RWD #4 Account</u> | <u>Environmental<br/>Projects Account</u> | <u>RSD #5 Account</u> | <u>APWA Debt<br/>Service Account</u> | <u>APWA Capital<br/>Improvement<br/>Account</u> | <u>Total</u>         |
|--|---|--|-----------------------|---|-----------------------|--------------------------------------|---|----------------------|
| <b>REVENUES</b>  |   |  |                       |   |                       |                                      |   |                      |
| Charges for services:                                  |   |  |                       |   |                       |                                      |   |                      |
| Water  | \$ -                                      | \$ -                                     | \$ -                  | \$ -                                      | \$ -                  | \$ -                                 | \$ -  | \$ 8,316,354         |
| Sewer  | -   | -  | -                     | -   | 64,786                | -                                    | -   | 2,183,800            |
| Sanitation   | -   | -  | -                     | -   | -                     | -                                    | -   | 3,652,659            |
| Solid waste fee  | -   | -  | -                     | -   | -                     | -                                    | -   | 1,001                |
| Recycling income                                       | -   | -  | -                     | -   | -                     | -                                    | -   | 198,650              |
| Lease revenue  | -   | -  | -                     | -   | -                     | -                                    | -   | 60,112               |
| Miscellaneous  | -   | -  | -                     | -   | -                     | -                                    | -   | 338,804              |
| Total operating revenues                               | <u>-</u>                                  | <u>-</u>                                 | <u>-</u>              | <u>-</u>                                  | <u>64,786</u>         | <u>-</u>                             | <u>-</u>  | <u>14,751,380</u>    |
| <b>OPERATING EXPENSES</b>                              |   |  |                       |   |                       |                                      |   |                      |
| Public works director                                  | -   | -  | -                     | -   | -                     | -                                    | -   | 185,251              |
| Billing and collecting                                 | -   | -  | -                     | -   | -                     | -                                    | -   | 418,684              |
| Water plant  | 7,540                                     | -  | -                     | -   | -                     | -                                    | -   | 624,982              |
| Liquid waste   | -   | -  | -                     | -   | 5,904                 | -                                    | -   | 642,750              |
| Administration   | -   | -  | -                     | -   | -                     | -                                    | -   | 1,543,466            |
| Water and sewer line maintenance                       | -   | -  | -                     | -   | -                     | -                                    | -   | 1,085,081            |
| Solid waste  | -   | -  | -                     | -   | -                     | -                                    | -   | 2,230,417            |
| Landfill operations                                    | -   | -  | -                     | -   | -                     | -                                    | -   | 101,361              |
| Construction   | -   | -  | -                     | -   | -                     | -                                    | -   | 575,796              |
| Depreciation   | -   | -  | -                     | -   | -                     | -                                    | -   | 1,105,632            |
| Total operating expenses                               | <u>7,540</u>                              | <u>-</u>                                 | <u>-</u>              | <u>-</u>                                  | <u>5,904</u>          | <u>-</u>                             | <u>-</u>  | <u>8,513,420</u>     |
| Operating income (loss)                                | <u>(7,540)</u>                            | <u>-</u>                                 | <u>-</u>              | <u>-</u>                                  | <u>58,882</u>         | <u>-</u>                             | <u>-</u>  | <u>6,237,960</u>     |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>               |   |  |                       |   |                       |                                      |   |                      |
| Interest and investment revenue                        | 1,972                                     | 8,459                                    | 1,108                 | 21,900                                    | 2,192                 | 14,779                               | 480   | 492,814              |
| Miscellaneous revenue                                  | 68,557                                    | -  | -                     | 261,818                                   | -                     | -                                    | -   | 372,130              |
| Gain on capital asset disposal                         | -   | -  | -                     | -   | -                     | -                                    | -   | 17,129               |
| Capital grants   | -   | -  | -                     | -   | -                     | -                                    | -   | 71,807               |
| Interest expense                                       | -   | -  | -                     | -   | -                     | -                                    | -   | (1,020,371)          |
| Total non-operating revenue (expenses)                 | <u>70,529</u>                             | <u>8,459</u>                             | <u>1,108</u>          | <u>283,718</u>                            | <u>2,192</u>          | <u>14,779</u>                        | <u>480</u>                                      | <u>(66,491)</u>      |
| Income before transfers                                | <u>62,989</u>                             | <u>8,459</u>                             | <u>1,108</u>          | <u>283,718</u>                            | <u>61,074</u>         | <u>14,779</u>                        | <u>480</u>                                      | <u>6,171,469</u>     |
| Transfers in   | -   | -  | -                     | 700,000                                   | -                     | 1,140,000                            | 50,000  | 14,023,737           |
| Transfers out  | (32,300)                                  | -  | -                     | (877,884)                                 | (282,361)             | (1,231,763)                          | -   | (15,531,463)         |
| Change in net position                                 | <u>30,689</u>                             | <u>8,459</u>                             | <u>1,108</u>          | <u>105,834</u>                            | <u>(221,287)</u>      | <u>(76,984)</u>                      | <u>50,480</u>                                   | <u>4,663,743</u>     |
| Total net position - beginning, as previously reported | 103,495                                   | 499,453                                  | 66,890                | 1,447,083                                 | 281,753               | 959,755                              | -   | 41,917,529           |
| Prior period adjustment for GASB 75 OPEB liability     | -   | -  | -                     | -   | -                     | -                                    | -   | (13,498)             |
| Total net position - ending                            | <u>\$ 134,184</u>                         | <u>\$ 507,912</u>                        | <u>\$ 67,998</u>      | <u>\$ 1,552,917</u>                       | <u>\$ 60,466</u>      | <u>\$ 882,771</u>                    | <u>\$ 50,480</u>                                | <u>\$ 46,594,770</u> |

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2018**

**Schedules of Expenditures of Federal and State Awards – Year Ended June 30, 2018**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

| Federal/State Grantor/Pass through agency<br>Grantor/Program Title | Federal<br>CFDA<br>Number | Agency or<br>Pass Thru<br>Number | Program or<br>Award<br>Amount | Federal<br>Expenditures |
|--|---------------------------|----------------------------------|-------------------------------|-------------------------|
| <b>FEDERAL ASSISTANCE:</b>   |                           |                                  |                               |                         |
| <b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>                          |                           |                                  |                               |                         |
| Passed through District Attorney's Council:                        |                           |                                  |                               |                         |
| 2017 Justice Assistance Grant                                      | 16.607                    | 2017-BU-BX-1608                  | 4,702                         | 169                     |
| Total U.S. Department of Justice                                   |                           |                                  | 4,702                         | 169                     |
| <b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>                   |                           |                                  |                               |                         |
| Passed through Oklahoma Aeronautics Commission:                    |                           |                                  |                               |                         |
| Airport Improvement Program  | 20.106                    | 3-40-0001-012-2012               | 180,000                       | 18,360                  |
| Airport Improvement Program  | 20.106                    | 3-40-0001-015-2016               | 345,000                       | 182,485                 |
| Sub-total CFDA 20.106  |                           |                                  | 525,000                       | 200,845                 |
| Passed through Oklahoma Highway Safety Office:                     |                           |                                  |                               |                         |
| Ada Traffic Enforcement  | 20.600                    | PT-18-03-01-01                   | 22,460                        | 6,963                   |
| Sub-total CFDA 20.600  |                           |                                  | 22,460                        | 6,963                   |
| Total U.S. Department of Transportation                            |                           |                                  | 547,460                       | 207,808                 |
| <b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u></b>                 |                           |                                  |                               |                         |
| Passed through Oklahoma Department of Emergency Management:        |                           |                                  |                               |                         |
| 16-17 Emergency Management   | 97.042                    | PL-85-606                        | 10,000                        | 2,500                   |
| 17-18 Emergency Management   | 97.042                    | PL-85-606                        | 10,000                        | 7,500                   |
| 17-18 Emergency Management - Special Project Training              | 97.042                    | EMPG-17                          | 489                           | 489                     |
| Sub-total CFDA 97.042  |                           |                                  | 20,489                        | 10,489                  |
| FEMA-Flooding - 2017 (PW-120)                                      | 97.036                    | FEMA-4324-DR-OK                  | 433                           | 433                     |
| FEMA-Flooding - 2017 (PW-120)                                      | 97.036                    | FEMA-4324-DR-OK                  | 634                           | 634                     |
| FEMA-Flooding - 2017 (PW-117)                                      | 97.036                    | FEMA-4324-DR-OK                  | 2,639                         | 2,639                   |
| FEMA-Flooding - 2017 (PW-119)                                      | 97.036                    | FEMA-4324-DR-OK                  | 5,256                         | 5,256                   |
| FEMA-Flooding - 2017 (PW-119)                                      | 97.036                    | FEMA-4324-DR-OK                  | 1,786                         | 1,786                   |
| FEMA-Flooding - 2017 (PW-120)                                      | 97.036                    | FEMA-4324-DR-OK                  | 412                           | 412                     |
| FEMA-Flooding - 2017 (PW-117)                                      | 97.036                    | FEMA-4324-DR-OK                  | 3,868                         | 3,868                   |
| FEMA-Flooding - 2017 (PW-120)                                      | 97.036                    | FEMA-4324-DR-OK                  | 1,230                         | 1,230                   |
| Sub-total CFDA 97.036  |                           |                                  | 16,258                        | 16,258                  |
| Total Federal Emergency Management Agency                          |                           |                                  | 36,747                        | 26,747                  |
| <b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u></b>            |                           |                                  |                               |                         |
| Passed through Oklahoma Department of Libraries:                   |                           |                                  |                               |                         |
| Network Remediation  | 45.310                    | N/A                              | 14,800                        | 1,981                   |
| Continuing Education Grant   | 45.310                    | N/A                              | 55                            | 55                      |
| Health Literacy  | 45.310                    | N/A                              | 195                           | 195                     |
| STEM   | 45.310                    | N/A                              | 1,500                         | 1,500                   |
| Health Literacy  | 45.310                    | N/A                              | 1,000                         | 1,000                   |
| Total Institute of Museum and Library Services                     |                           |                                  | 17,550                        | 4,731                   |
| <b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>    |                           |                                  |                               |                         |
| Passed through Oklahoma Department of Commerce:                    |                           |                                  |                               |                         |
| CDBG - Playground Equipment & Multi-Use Dog Park                   | 14.228                    | 16748 CDBG 16                    | 94,138                        | 94,138                  |
| CDBG - Fire Rescue Truck   | 14.228                    | 17026 CDBG 17                    | 92,024                        | 48,515                  |
| Total U.S. Department of Housing and Urban Development             |                           |                                  | 186,162                       | 142,653                 |
| <b>TOTAL FEDERAL ASSISTANCE</b>                                    |                           |                                  | <b>\$ 792,621</b>             | <b>\$ 382,108</b>       |

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2018**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

| State Grantor/Pass Through Agency<br>Grantor/Program Title | Grant #                           | Award<br>Amount  | Awards<br>Expended |
|--|-----------------------------------|------------------|--------------------|
| <b>STATE AWARDS:</b>                                       |                                   |                  |                    |
| OKLAHOMA DEPARTMENT OF LIBRARIES:                          |                                   |                  |                    |
| FY 17 State Aid  | N/A                               | 15,190           | 189                |
| FY 16 State Aid  | N/A                               | 16,120           | 109                |
| Total Oklahoma Department of Libraries                     |                                   | 31,310           | 298                |
| OKLAHOMA OFFICE OF CIVIL EMERGENCY MANAGEMENT:             |                                   |                  |                    |
| FEMA-Flooding - 2017 (PW-120)                              | FEMA-4324-DR-OK                   | 72               | 72                 |
| FEMA-Flooding - 2017 (PW-120)                              | FEMA-4324-DR-OK                   | 105              | 105                |
| FEMA-Flooding - 2017 (PW-117)                              | FEMA-4324-DR-OK                   | 440              | 440                |
| FEMA-Flooding - 2017 (PW-119)                              | FEMA-4324-DR-OK                   | 876              | 876                |
| FEMA-Flooding - 2017 (PW-119)                              | FEMA-4324-DR-OK                   | 298              | 298                |
| FEMA-Flooding - 2017 (PW-120)                              | FEMA-4324-DR-OK                   | 69               | 69                 |
| FEMA-Flooding - 2017 (PW-117)                              | FEMA-4324-DR-OK                   | 645              | 645                |
| FEMA-Flooding - 2017 (PW-120)                              | FEMA-4324-DR-OK                   | 205              | 205                |
| Total Oklahoma Office of Civil Emergency Management        |                                   | 2,710            | 2,710              |
| OKLAHOMA DEPARTMENT OF COMMERCE:                           |                                   |                  |                    |
| Right of Way & Utilities Relocation                        | SH-99 Project/State JP 23286 (09) | 218,900          | 55,372             |
| <b>TOTAL STATE AWARDS</b>                                  |                                   | <b>\$252,920</b> | <b>\$58,380</b>    |

**Footnotes to Schedules of Expenditures of Federal and State Awards:**

1. The Schedules of Expenditures of Federal and State Awards are prepared on an accrual basis of accounting.

**CITY OF ADA, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2018**

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**INTERNAL CONTROL AND COMPLIANCE INFORMATION**

**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2018**

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**INDEPENDENT AUDITORS' 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**

Honorable Mayor and City Council  
City of Ada, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 11, 2019. Our report includes an explanatory paragraph to emphasize adoption of Governmental Accounting Standards Board Statement No. 75 by the City. In addition, our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

**Internal Control Over Financial Reporting**

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

(Continued)

**INDEPENDENT AUDITORS' 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**

**Internal Control Over Financial Reporting, Continued**

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
January 11, 2019