



City of
Ada, Oklahoma

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**



THE CITY OF ADA, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Ada, Oklahoma

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit of the Valley View Hospital Authority, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit of the Valley View Hospital Authority, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 87, *Leases* (GASB 87) during the year ended June 30, 2022. The adoption of GASB 87 resulted in the recording of additional receivables and deferred inflows in relation to various leases that the City had in place as of June 30, 2022. Our opinions are not modified with respect to this matter.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' Responsibilities for the Audit of the Financial Statements, Continued

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the combining schedules of the APWA Enterprise Fund accounts, the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 12, 2023

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

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, 2022. 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 \$12,760,810 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2022, by \$180,162,871 (net position). Of this amount, \$42,937,227 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances of \$33,010,347.
- At the end of fiscal year 2022, unassigned fund balance for the General Fund was \$1,691,885 or 11.5% 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 three categories of activities – governmental and business-type, and one discretely-presented component unit. 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 19 & 20, 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, 2022

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 unit – This accounts for the one activity of the City's reporting entity that does not meet the criteria for blending, the Valley View Hospital 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, 2022

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, 2022, net position for the governmental activities and business-type activities increased \$12,760,810. 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)

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Current assets	\$ 39,987	\$ 33,605	19%	\$ 47,319	\$ 45,696	4%	\$ 87,306	\$ 79,301	10%
Non-current assets	1,415	-	100%	1,536	-	100%	2,951	-	100%
Capital assets, net	78,635	74,633	5%	63,017	61,519	2%	141,652	136,152	4%
Total assets	<u>120,037</u>	<u>108,238</u>	11%	<u>111,872</u>	<u>107,215</u>	4%	<u>231,909</u>	<u>215,453</u>	8%
Deferred outflow of resources	2,458	2,886	-15%	104	88	18%	2,562	2,974	-14%
Current liabilities	2,619	1,547	69%	4,092	4,096	0%	6,711	5,643	19%
Non-current liabilities	5,066	9,025	-44%	33,118	35,584	-7%	38,184	44,609	-14%
Total liabilities	<u>7,685</u>	<u>10,572</u>	-27%	<u>37,210</u>	<u>39,680</u>	-6%	<u>44,895</u>	<u>50,252</u>	-11%
Deferred inflows of resources	6,457	739	774%	1,541	33	4570%	7,998	772	936%
Net position									
Net investment in capital assets	77,812	74,171	5%	34,178	29,831	15%	111,990	104,002	8%
Restricted	17,774	17,938	-1%	7,462	6,946	7%	25,236	24,884	1%
Unrestricted	11,352	7,704	47%	31,585	30,812	3%	42,937	38,516	11%
Total net position	<u>\$ 106,938</u>	<u>\$ 99,813</u>	7%	<u>\$ 73,225</u>	<u>\$ 67,589</u>	8%	<u>\$ 180,163</u>	<u>\$ 167,402</u>	8%

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 \$112 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, \$25.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$42.9 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, 2022

Change in Net Position

For the year ended June 30, 2022 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.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Revenues									
Charges for services	\$ 1,013	\$ 1,026	-1%	\$ 16,539	\$ 15,789	5%	\$ 17,552	\$ 16,815	4%
Operating grants and contributions	1,316	2,735	-52%	-	-	-	1,316	2,735	-52%
Capital grants and contributions	788	359	120%	177	-	100%	965	359	169%
Taxes	22,044	20,499	8%	-	-	-	22,044	20,499	8%
Intergovernmental revenue	381	388	-2%	-	50	-100%	381	438	-13%
Investment income	326	116	181%	410	128	220%	736	244	202%
Miscellaneous	1,130	942	20%	588	760	-23%	1,718	1,702	1%
Total revenues	26,998	26,065	4%	17,714	16,727	6%	44,712	42,792	4%
Expenses									
General government	5,680	4,822	18%	-	-	-	5,680	4,822	18%
Streets	3,047	3,039	0%	-	-	-	3,047	3,039	0%
Public safety	6,356	8,515	-25%	-	-	-	6,356	8,515	-25%
Cemetery	218	231	-6%	-	-	-	218	231	-6%
Legal and judicial	97	91	7%	-	-	-	97	91	7%
Culture and recreation	2,983	2,646	13%	-	-	-	2,983	2,646	13%
Community development	367	353	4%	-	-	-	367	353	4%
Airport	759	716	6%	-	-	-	759	716	6%
Interest on long-term debt	12	34	-65%	-	-	-	12	34	-65%
Water	-	-	-	4,038	4,018	0%	4,038	4,018	0%
Sewer	-	-	-	3,136	2,878	9%	3,136	2,878	9%
Sanitation	-	-	-	4,548	4,150	10%	4,548	4,150	10%
Economic development	-	-	-	710	914	-22%	710	914	-22%
Total expenses	19,519	20,447	-5%	12,432	11,960	4%	31,951	32,407	-1%
Excess (deficiency) before transfers	7,479	5,618	33%	5,282	4,767	11%	12,761	10,385	23%
Transfers	(354)	(1,267)	-72%	354	1,267	-72%	-	-	0%
Change in net position	7,125	4,351	64%	5,636	6,034	7%	12,761	10,385	23%
Beginning net position	99,813	95,462	5%	67,589	61,555	10%	167,402	157,017	7%
Ending net position	\$ 106,938	\$ 99,813	7%	\$ 73,225	\$ 67,589	8%	\$ 180,163	\$ 167,402	8%

The City's governmental activities investment income increased \$209,025 or 180%. The operating grants and contributions decrease of \$1,418,905 or 52% was mainly due to a CARES Act grant received in the prior year. Capital grants and contributions increased \$429,333 due to grants from the Federal Aviation Administration received in the current year. The Public safety expenses decreased \$2,159,072 mainly due to a decrease in fire and police retirement expenditures in the prior year. The City's business-type investment income increased \$282,113 or 221%. The business type activities capital grants and contributions increased \$177,138 due to donations received from the Chickasaw Nation for water and sewer mains received 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, 2022

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)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
General government	\$ 5,680	\$ 4,822	18%	(\$5,520)	(\$4,486)	23%
Streets	3,047	3,039	0%	(2,887)	(2,883)	0%
Public Safety	6,356	8,515	-25%	(5,098)	(5,794)	-12%
Cemetery	218	231	-6%	(150)	(166)	-10%
Legal and Judicial	97	91	7%	(97)	(91)	7%
Culture and Recreation	2,983	2,646	13%	(2,430)	(2,149)	13%
Community Development	367	353	4%	(367)	(353)	4%
Airport	759	716	6%	160	(372)	-143%
Interest on long-term debt	12	34	-65%	(12)	(34)	-65%
Total	<u>19,519</u>	<u>\$ 20,447</u>	-5%	<u>(\$16,401)</u>	<u>(\$16,328)</u>	0%

For the year ended June 30, 2022, total expenses for governmental activities amounted to \$19.5 million which is a 4.5% decrease from the prior year.

Business-type Activities

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Water	\$ 4,038	\$ 4,018	0%	\$ 4,665	\$ 4,209	11%
Sewer	3,136	2,878	9%	(268)	(123)	118%
Sanitation	4,548	4,150	10%	597	657	-9%
Economic development	710	914	-22%	(710)	(914)	-22%
Total	<u>\$12,432</u>	<u>\$11,960</u>	4%	<u>\$ 4,284</u>	<u>\$ 3,829</u>	12%

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

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$33 million, or a 5.4% increase from the prior year. The enterprise funds reported combined net position of \$73.7 million, or an 8.8% increase from 2021.

Other fund highlights include:

- For the year ended June 30, 2022, the General Fund's total fund balance increased by \$2,213,081, or 24.7%.
- The Street and Alley Fund's total fund balance increased by \$132,331 or 2.5%.
- The Sales Tax Infrastructure total fund balance increased \$515,514 or 12%.
- The 2016 Sales Tax Capital Improvement Fund's total fund balance decreased by \$625,155 or 6.1%.
- The APWA Enterprise Fund reported a net income before transfers of \$4,829,798.

General Fund Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual budgetary basis revenues below final estimates by \$647,761 or a 3.1% negative variance. General Fund actual expenditures were under final appropriations by \$5,266,831 or a 22.5% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had approximately \$141.6 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 \$5.5 million over last year.

Below are details regarding the City's capital assets for the years ended June 30, 2022 and 2021.¹

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,421	\$ 1,421	\$ 4,514	\$ 3,876	\$ 5,935	\$ 5,297
Buildings and improvements	42,636	43,790	11,333	10,141	53,969	53,931
Machinery, furniture and equipment	3,933	3,726	3,826	4,138	7,759	7,864
Infrastructure	23,991	22,586	13,588	13,546	37,579	36,132
Water rights	-	-	1,280	1,280	1,280	1,280
Construction in progress	6,654	3,110	28,476	28,538	35,130	31,648
Totals	<u>\$ 78,635</u>	<u>\$ 74,633</u>	<u>\$ 63,017</u>	<u>\$ 61,519</u>	<u>\$ 141,653</u>	<u>\$ 136,152</u>

(Unaudited. See accompanying auditor's report.)

¹ For more detailed information on capital asset activity please refer to pages 38-39, Note 4. Capital Assets and Depreciation

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
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This year's more significant capital asset additions include \$112,360 for a dump truck for the water/sewer line maintenance department, 4 new police vehicles in the amount of \$177,735, and IT equipment and software upgrades in the amount of \$149,581.

Long-Term Debt

At year-end, the City had \$37.2 million in long-term debt outstanding, which represents approximately a \$2.6 million decrease from the prior year.²

TABLE 6
Long-Term Debt
(In Thousands)

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accrued Compensation	\$ 807	\$ 856	\$ 429	\$ 467	\$ 1,236	\$ 1,323
Deposits subject to refund	-	-	888	862	888	862
Landfill closure liability	-	-	3,380	3,161	3,380	3,161
Notes payable-direct borrowings and placements	298	429	31,392	33,999	31,690	34,428
Totals	\$ 1,105	\$ 1,285	\$ 36,089	\$ 38,489	\$ 37,194	\$ 39,774

ECONOMIC OUTLOOK

Fiscal Year 2021-2022 was a busy one for the City of Ada. The following report is designed to illustrate some of the city's activities during this time.

City of Ada, OK

We are a progressive, quality-oriented community located in the rolling hills of southern Oklahoma. Imbued with ingenuity, a pioneering spirit, and hospitality, we've been described as a place where the West meets the South! Incorporated in 1901, it now has a population of 17,000. Ada is located within easy driving distances of three major cities and is a Main Street City and a Tree City USA member. Ada is large enough to offer many bigger city amenities, such as a four-year university and a thriving business climate, yet still small enough to provide a safe and fun place to raise a family. Ada is home to a world-class EPA water laboratory and the home of the nation's most progressive tribe, the Chickasaw Nation. Come see us, you're always welcome here!

Propositions 1 and 2

Propositions 1 and 2 continue to generate strong revenues for the City of Ada. These measures combine to make up a penny sales tax dedicated to improvements throughout the city. Prop 1 is a three-quarter cent sales tax earmarked for infrastructure, such as streets, alleys, and water and sewer distribution systems. Prop 2 is a quarter-cent sales tax earmarked for economic development inside Ada city limits. In Fiscal Year 2021-2022, Prop 1 generated close to \$3.5 million in revenue and Prop 2 more than \$1.1 million.

On February 8, 2022, the people voted to make Prop I permanent and to extend Prop 2 an additional 5 years.

City Projects

² For more detailed information on long-term debt activity please refer to pages 39-43, Note 5. Long-Term Debt and Debt Service Requirements

CITY OF ADA, OKLAHOMA
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The city continues to preserve and rehabilitate roads with a strategic focus on three types of surfacing techniques. Those techniques include mill and overlay, micro surfacing, and concrete panel replacement. Other projects include continuation of the sewer pipe bursting program designed to replace a required amount of line annually. With the aid of two Community Development Block Grants, Wintersmith Park's two-mile walking trail was partially replaced and widened during FY21-22, with the remainder to be completed in the upcoming fiscal year. The eight-block Main Street renovation project launched in April 2021 and is well beyond the half-way mark. The project will provide a welcoming, positive experience for visitors and residents. Through the previously awarded CDBG-COVID grant 36,345 free meals were served to our senior population. Also, a separate IT Department was created to better meet the ever-increasing needs of the city. An electric conversion at the water plant was completed. Upgrades continue at the Ada Regional Airport. Various library grants were administered to benefit both children and adults. The City continues to purchase water rights ensuring the future for generations to come.

New/Existing Business

Like many communities, one of the greatest challenges to supporting Ada's industries is addressing workforce supply and talent demand. The Ada Jobs Foundation (AJF) contracts with the city to promote and recommend economic development opportunities.

Since the beginning of the fiscal year, they have convened workforce partners and developed a community workforce development strategy. Through these partnerships, Ada was awarded the Oklahoma Center of Workforce Excellence. This effort is also being led by a community "Talent and Workforce Development Action Team," to implement the strategy. Upon the completion of a year-long Talent Demand Study with local, export employers it was determined there were over 100 open positions and new shifts in this industry within the community. It will be vital that efforts go to filling these positions.

AJF has successfully secured several grants that have created opportunities in the areas of industrial site development and entrepreneurship support programs. These grants will provide for a study and analysis of two industrial parks, support scalable technology programs to serve Southern Oklahoma, and provide renovations to a city owned facility creating an innovation center supporting startups, innovation, and workforce development efforts.

They continue to support the Startup Ada Bootcamp and Big Pitch Ada events which provide education, technical assistance, and support to build entrepreneurship and digital economy programs. Additionally, they have completed their fourth year administering the Business Improvement Grant (BIG) program by committing annually \$75,000 in matching funds to Main Street and Downtown property owners seeking to make capital improvements to commercial buildings. This year 22 projects received funding.

During this year the average wage increased by 4.4%, unemployment decreased to 2.9%.

"Penny For Our City" Sales Tax

In August 2010, the City of Ada began collecting 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. This year marks the completion of all the projects which included new police and fire stations, the first phase of a sports park facility, renovations to City Hall, a raw water line engineering study, and phase 1 of the eight-block Main Street renovation.

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"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 and will cease December 31, 2023. Sales tax collected for this Fiscal Year totaled \$4,637,396.

Specific projects include the construction of two aquatic centers, a new senior citizen's activity center, the creation of a workforce housing program, upgrades to the Wintersmith Amphitheater, expansion of the Sports Complex facility and additional funding for the above-mentioned Main Street renovation project which is currently under construction.

By securing a \$13 million loan, construction of both aquatic centers and the senior citizen's center have been completed.

Community Events

The city strives to make Ada a destination community providing opportunities for families to stay and play here. Some of the community events include:

- Organized family activities in Wintersmith Park with movies and music events; plus, movies and family nights at both aquatic centers during the warmer months.
- East End Eats, provides local organizations an opportunity to host a monthly activity of food and entertainment.
- Efforts among several agencies partnering to grow and support the arts in Ada organize additional events during the year including Ada Fest and Crusin' Main.
- The city hosts family events such as the Daddy-Daughter Dance; Mummy's and Sons Halloween Dance.
- Among the favorites, is "Santa Stroll" at Wintersmith Park allowing the community to join in the celebration of the Christmas Season first with the official lighting of the Christmas tree followed by a stroll around the walking trail to take in the beauty of the "Trail of Lights" and the Christmas displays.
- The city promotes beautification by hosting the annual Ada Trash Pick-Up Day, Household Hazardous Waste Day; plus, recognizes the Yard/Business of the Month during the summer and a Christmas decorating contest in December.
- The Sports Complex continues to attract people of all ages to play softball or flag football. This year the city secured its first State tournament, which helps the local economy as patrons emerge on the community for the weekend. The event was quite successful, and it is anticipated the city will win future bids for these tournaments. This facility will continue to grow in popularity as the city develops the programs and the complex is enlarged with the second phase.

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
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS - STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Net Position– June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority
ASSETS				
Cash and cash equivalents	\$ 32,588,935	\$ 44,264,280	\$ 76,853,215	\$ 290
Investments	74,377	-	74,377	1,219,796
Accounts receivable, net of allowance	-	2,900,058	2,900,058	-
Franchise tax receivable	88,555	-	88,555	-
Court fines receivable, net of allowance	874,519	-	874,519	-
Internal balances	(154,748)	154,748	-	-
Due from other governments	2,854,844	205	2,855,049	-
Other receivables	55,773	-	55,773	-
Inventory	43,780	-	43,780	-
Leases receivable	1,415,263	1,535,614	2,950,877	-
Net pension asset	2,146,009	-	2,146,009	-
Capital Assets:				
Land and construction in progress	8,075,250	34,270,740	42,345,990	-
Other capital assets, net of depreciation	70,559,516	28,746,615	99,306,131	-
Total Assets	118,622,073	111,872,260	230,494,333	1,220,086
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	2,335,656	-	2,335,656	-
Deferred amounts related to OPEB	121,870	103,837	225,707	-
Total deferred outflows of resources	2,457,526	103,837	2,561,363	-
LIABILITIES				
Accounts payable	\$ 540,940	\$ 476,364	\$ 1,017,304	
Accrued payroll liabilities	336,649	139,646	476,295	-
Accrued interest payable	4,431	296,780	301,211	-
Due to other governments	17,437	-	17,437	-
Due to depositors	27,314	-	27,314	-
Deposits subject to refund	-	-	-	-
Due to component unit	-	-	-	-
Unearned revenue	1,505,092	-	1,505,092	-
Long-term liabilities:				
Due within one year	186,968	3,178,752	3,365,720	-
Due in more than one year	5,066,196	33,118,163	38,184,359	-
Total liabilities	\$ 7,685,027	\$ 37,209,705	\$ 44,894,732	-
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	4,970,068	-	4,970,068	-
Deferred amounts related to OPEB	81,827	23,887	105,714	-
Deferred amounts related to leases	1,404,874	1,517,437	2,922,311	-
Total deferred inflows of resources	6,456,769	1,541,324	7,998,093	-
NET POSITION				
Net investment in capital assets	77,811,996	34,177,527	111,989,523	-
Restricted via:				
Expendable Endowment	-	-	-	1,220,086
State statutes, debt indentures and external parties	108,820	1,821,366	1,930,186	-
Enabling legislation	17,665,270	5,640,665	23,305,935	-
Unrestricted	11,351,717	31,585,510	42,937,227	-
Total net position	\$ 106,937,803	\$ 73,225,068	\$ 180,162,871	\$ 1,220,086

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Activities –Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority
Primary government								
Governmental Activities								
General Government	\$ 5,679,654	\$ 159,328	\$ -	\$ -	\$ (5,520,326)	\$ -	\$ (5,520,326)	\$ -
Streets	3,047,382	-	160,528	-	(2,886,854)	-	(2,886,854)	-
Public Safety	6,355,568	148,855	1,109,160	-	(5,097,553)	-	(5,097,553)	-
Cemetery	218,008	67,875	-	-	(150,133)	-	(150,133)	-
Legal and Judicial	96,978	-	-	-	(96,978)	-	(96,978)	-
Culture and Recreation	2,983,044	506,667	46,116	-	(2,430,261)	-	(2,430,261)	-
Community Development	367,016	-	-	-	(367,016)	-	(367,016)	-
Airport	759,073	130,528	-	788,103	159,558	-	159,558	-
Interest on Long-term debt	12,025	-	-	-	(12,025)	-	(12,025)	-
Total governmental activities	19,518,748	1,013,253	1,315,804	788,103	(16,401,588)	-	(16,401,588)	-
Business-Type Activities:								
Water operations	4,038,247	8,525,860	-	177,138	-	4,664,751	4,664,751	-
Sewer operations	3,135,834	2,868,295	-	-	-	(267,539)	(267,539)	-
Sanitation operations	4,548,147	5,145,092	-	-	-	596,945	596,945	-
Economic Development	709,660	-	-	-	-	(709,660)	(709,660)	-
Total business-type activities	12,431,888	16,539,247	-	177,138	-	4,284,497	4,284,497	-
Total primary government	\$ 31,950,636	\$ 17,552,500	\$ 1,315,804	\$ 965,241	\$ (16,401,588)	\$ 4,284,497	\$ (12,117,091)	\$ -
Component Unit:								
Hospital and health care	64,266	-	-	-				(64,266)
Total Component Units	\$ 64,266	\$ -	\$ -	\$ -				\$ (64,266)
General revenues:								
Taxes:								
Sales and use taxes					\$ 20,688,196	\$ -	\$ 20,688,196	\$ -
Property taxes					30,956	-	30,956	-
Franchise taxes and public service taxes					788,413	-	788,413	-
Payment in lieu of tax					78,478	-	78,478	-
E-911 taxes					457,497	-	457,497	-
Intergovernmental revenue not restricted to specific programs					381,169	-	381,169	-
Investment income/change in fair market value of investments					325,394	409,541	734,935	(8,054)
Miscellaneous					1,130,141	588,116	1,718,257	-
Transfers - Internal activity					(353,906)	353,906	-	-
Total general revenues and transfers					23,526,338	1,351,563	24,877,901	(8,054)
Change in net position					7,124,750	5,636,060	12,760,810	(72,320)
Net position - beginning					99,813,053	67,589,008	167,402,061	1,292,406
Net position - ending					\$ 106,937,803	\$ 73,225,068	\$ 180,162,871	\$ 1,220,086

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Balance Sheet - June 30, 2022

		Special Revenue Fund	Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Street and Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facility Fund	Sales Tax 2016 Capital Improvement Fund		
ASSETS							
Cash and cash equivalents	\$ 10,334,498	\$ 5,044,056	\$ 4,362,941	\$ -	\$ 9,294,707	\$ 3,541,301	\$ 32,577,503
Investments	74,377	-	-	-	-	-	74,377
Receivables:							
Due from other funds	-	141,584	-	-	-	13,255	154,839
Due from other governments	1,476,720	259,892	446,534	-	595,379	76,319	2,854,844
Lease receivables	1,349,361	-	-	-	-	65,902	1,415,263
Franchise taxes receivable	88,555	-	-	-	-	-	88,555
Court fines receivable	874,519	-	-	-	-	-	874,519
Other receivables	11,383	-	-	-	-	44,390	55,773
Total assets	<u>\$ 14,209,413</u>	<u>\$ 5,445,532</u>	<u>\$ 4,809,475</u>	<u>\$ -</u>	<u>\$ 9,890,086</u>	<u>\$ 3,741,167</u>	<u>\$ 38,095,673</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 147,168	\$ -	\$ 2,332	\$ -	\$ 231,061	\$ 160,379	\$ 540,940
Accrued payroll liabilities	290,047	-	29,068	-	-	17,534	336,649
Due to other funds	329,968	-	(20,381)	-	-	-	309,587
Due to other governments	17,437	-	-	-	-	-	17,437
Due to depositors	27,314	-	-	-	-	-	27,314
Total liabilities	<u>811,934</u>	<u>-</u>	<u>11,019</u>	<u>-</u>	<u>231,061</u>	<u>177,913</u>	<u>1,231,927</u>
Deferred inflows of resources:							
Unavailable revenue	869,915	-	-	-	-	1,578,610	2,448,525
Deferred amounts related to leases	1,338,687	-	-	-	-	66,187	1,404,874
Total deferred inflows of resources	<u>2,208,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,644,797</u>	<u>3,853,399</u>
Fund balances:							
Restricted	12,518	4,961,071	3,500,825	-	9,196,640	103,036	17,774,090
Committed	1,185,850	-	-	-	-	79,418	1,265,268
Assigned	8,298,624	484,461	1,297,631	-	462,385	1,736,003	12,279,104
Unassigned	1,691,885	-	-	-	-	-	1,691,885
Total fund balances	<u>11,188,877</u>	<u>5,445,532</u>	<u>4,798,456</u>	<u>-</u>	<u>9,659,025</u>	<u>1,918,457</u>	<u>33,010,347</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 14,209,413</u>	<u>\$ 5,445,532</u>	<u>\$ 4,809,475</u>	<u>\$ -</u>	<u>\$ 9,890,086</u>	<u>\$ 3,741,167</u>	<u>\$ 38,095,673</u>

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2022

		Special Revenue Fund	Capital Project Funds				
			Sales Tax Infrastructure Fund	Sales Tax Capital Facility Fund	Sales Tax 2016 Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
	General Fund	Street and Alley Fund					
REVENUES							
Taxes	\$ 11,399,462	\$ 1,970,699	\$ 3,509,531	\$ -	\$ 4,679,374	\$ 505,000	\$ 22,064,066
Intergovernmental	1,411,547	160,528	-	-	10,825	1,070,842	2,653,742
Licenses and permits	155,785	-	-	-	-	-	155,785
Charges for services	299,664	-	-	-	-	344,404	644,068
Fees and fines	120,678	-	-	-	-	-	120,678
Investment earnings	105,408	44,671	46,511	122	100,041	28,641	325,394
Miscellaneous	1,154,653	-	36,100	-	-	85,150	1,275,903
Total revenues	14,647,197	2,175,898	3,592,142	122	4,790,240	2,034,037	27,239,636
EXPENDITURES							
Current:							
General government	5,039,999	-	303,441	-	-	45,000	5,388,440
Public safety	6,365,951	-	-	-	-	780,080	7,146,031
Streets and highways	-	248,809	513,428	-	-	-	762,237
Legal and judicial	96,832	-	-	-	-	-	96,832
Cemetery	203,977	-	-	-	-	-	203,977
Culture and recreation	1,782,027	-	-	-	-	241,449	2,023,476
Community development	348,770	-	-	-	-	-	348,770
Airport	-	-	-	-	-	213,617	213,617
Sewer	-	-	382,729	-	-	-	382,729
Capital outlay	1,093,348	-	1,528,511	79,136	3,609,857	1,202,393	7,513,245
Debt service:							
Principal	28,598	-	-	-	-	77,722	106,320
Interest and other charges	539	-	-	-	-	12,901	13,440
Total expenditures	14,960,041	248,809	2,728,109	79,136	3,609,857	2,573,162	24,199,114
Excess (deficiency) of revenues over expenditures	(312,844)	1,927,089	864,033	(79,014)	1,180,383	(539,125)	3,040,522
OTHER FINANCING SOURCES (USES)							
Transfers in	7,587,172	347,097	224,117	-	2,831,858	195,183	11,185,427
Transfers out	(5,061,247)	(2,141,855)	(572,636)	-	(4,637,396)	(115,003)	(12,528,137)
Total other financing sources and uses	2,525,925	(1,794,758)	(348,519)	-	(1,805,538)	80,180	(1,342,710)
Net change in fund balances	2,213,081	132,331	515,514	(79,014)	(625,155)	(458,945)	1,697,812
Fund balances - beginning	8,975,796	5,313,201	4,282,942	79,014	10,284,180	2,377,402	31,312,535
Fund balances - ending	\$ 11,188,877	\$ 5,445,532	\$ 4,798,456	\$ -	\$ 9,659,025	\$ 1,918,457	\$ 33,010,347

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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	\$ 33,010,347
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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, but are reported in the governmental activities of the Statement of Net Position.	<u>77,933,662</u>
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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:

Net pension asset	2,146,009
Pension related deferred outflows	2,335,656
Court fines receivable, net of allowance for doubtful accounts of \$874,520	865,907
Property taxes receivable	13,805
Grant receivable	63,721
	<u>5,425,098</u>

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	<u>55,212</u>
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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:

Accrued interest payable	(4,431)
Note payable	(117,235)
Net pension liability	(3,762,368)
Pension related deferred inflows	(4,970,068)
Accrued compensated absences	(807,388)
Total OPEB liability and OPEB related deferred inflows and outflows, net	<u>(345,820)</u>
	<u>(10,007,310)</u>

Change due to reclassification of street department	<u>520,794</u>
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Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 106,937,803</u></u>
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See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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:	\$ 1,697,812
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, net	7,314,704
Depreciation expense	<u>(3,551,798)</u>
	<u>3,762,906</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>1,156,420</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue	<u>19,831</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:	
Note payable principal payments	<u>64,857</u>
	<u>64,857</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 interest payable	1,415
Change in accrued compensated absences expenses	48,771
Change in the total OPEB liability	<u>57,037</u>
	<u>107,223</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>9,678</u>
Net change due to reclassification of street department	<u>306,023</u>
Change in net position of governmental activities	<u>\$ 7,124,750</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, 2022

	<u>Enterprise Fund</u>	
	<u>APWA Enterprise Fund</u>	<u>Internal Service Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 39,523,949	\$ 11,432
Restricted:		
Cash and cash equivalents	4,740,331	-
Accounts receivable, net of allowance of \$95,200	2,900,058	-
Leases receivable	1,476,922	-
Inventory	-	43,780
Due from other funds	193,200	-
Due from other governments	205	-
Total current assets	<u>48,834,665</u>	<u>55,212</u>
Non-current assets:		
Leases receivable, noncurrent	58,692	-
Capital assets:		
Land and construction in progress	34,270,740	-
Other capital assets, net of accumulated depreciation	29,447,719	-
Total non-current assets	<u>63,777,151</u>	<u>-</u>
Total assets	<u>\$ 112,611,816</u>	<u>\$ 55,212</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to OPEB	<u>103,837</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 476,364	\$ -
Accrued payroll liabilities	139,646	-
Accrued interest payable	296,780	-
Due to other funds	38,452	-
Due to depositors	88,787	-
Accrued compensated absences	42,903	-
Landfill closure liability	33,062	-
Notes payable	3,082,594	-
Total current liabilities	<u>4,198,588</u>	<u>-</u>
Non-current liabilities:		
Due to depositors	799,085	-
Accrued compensated absences	386,131	-
Landfill closure liability	3,346,866	-
Notes payable	28,489,431	-
Total OPEB liability	<u>208,366</u>	<u>-</u>
Total non-current liabilities	<u>33,229,879</u>	<u>-</u>
Total liabilities	<u>37,428,467</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to OPEB	23,887	-
Deferred amounts related to lease receivables	1,517,437	-
Total deferred inflows of resources	<u>1,541,324</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	\$ 34,177,527	\$ -
Restricted for debt service	1,821,366	-
Restricted for economic development	5,640,665	-
Unrestricted	32,106,304	55,212
Total net position	<u>\$ 73,745,862</u>	<u>\$ 55,212</u>
Reclassification of street department net position in governmental activities at Government-Wide Statement of Net Position	<u>(520,794)</u>	
	<u>\$ 73,225,068</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, 2022

	<u>Enterprise Fund</u> <u>APWA</u> <u>Enterprise Fund</u>	<u>Internal</u> <u>Service Fund</u>
REVENUES		
Water	\$ 8,342,570	\$ -
Sewer	2,806,633	-
Sanitation	4,727,480	-
Solid waste fee	135	-
Recycling center	313,612	-
Lease revenue	33,797	-
Charges for inventory	-	80,727
Miscellaneous	348,817	-
Total operating revenues	<u>16,573,044</u>	<u>80,727</u>
OPERATING EXPENSES		
Administration	2,049,471	-
Billing and collecting	420,957	-
Public works director	383,065	-
Water and sewer line maintenance	1,161,088	-
Water plant	554,365	-
Liquid waste	902,731	-
Solid waste	2,648,782	-
Landfill	218,659	-
Other utility purposes	598,536	-
Street	831,934	-
Economic development	709,660	-
Cost of inventory	-	71,049
Depreciation	1,539,068	-
Total Operating Expenses	<u>12,018,316</u>	<u>71,049</u>
Operating income	<u>4,554,728</u>	<u>9,678</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenue	409,541	-
Miscellaneous revenue	660,029	-
Gain on disposal of capital assets	71,428	-
Interest expense	(865,928)	-
Total non-operating revenue (expenses)	<u>275,070</u>	<u>-</u>
Income before transfers	4,829,798	9,678
Transfers in	15,188,624	-
Transfers out	(14,076,339)	-
Change in net position	<u>5,942,083</u>	<u>9,678</u>
Total net position - beginning	67,803,779	45,534
Total net position - ending	<u>\$ 73,745,862</u>	<u>\$ 55,212</u>
Change in net position above	5,942,083	
Street expense transferred to the governmental activities at Government-Wide Statement of Activities	(520,794)	
	<u>\$ 5,421,289</u>	

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2022

	Enterprise Fund	
	APWA Enterprise Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 16,366,197	\$ 80,727
Payments to suppliers	(5,628,303)	(70,684)
Payments to employees	(4,670,287)	-
Receipts of customer meter deposits	171,150	-
Refunds of customer meter deposits	(145,333)	-
Interfund receipts/payments	81,281	-
Other receipts	660,029	-
Net cash provided by operating activities	6,834,734	10,043
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	15,188,624	-
Transfers to other funds	(14,076,339)	-
Net cash provided by noncapital financing activities	1,112,285	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(3,279,457)	-
Proceeds from sale of capital assets	74,450	-
Proceeds from capital debt	331,214	-
Principal paid on debt	(3,005,046)	-
Interest and fiscal agent fees paid on debt	(961,636)	-
Net cash provided by (used in) capital and related financing activities	(6,840,475)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	409,541	-
Net cash provided by investing activities	409,541	-
Net increase in cash and cash equivalents	1,516,085	10,043
Balances - beginning of year	42,748,195	1,389
Balances - end of year	\$ 44,264,280	\$ 11,432
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 39,523,949	\$ 11,432
Restricted cash and cash equivalents - current	4,740,331	-
Total cash and cash equivalents, end of year	\$ 44,264,280	\$ 11,432
Reconciliation of operating income to net cash provided by Operating Activities:		
Operating income	\$ 4,554,728	\$ 9,678
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,539,068	-
Other non-operating revenues	660,029	-
Change in assets, liabilities and deferrals:		
Due from other funds	7,319	-
Leases receivable	(1,535,614)	-
Due to other funds	73,962	-
Inventory	-	365
Receivables, net	(188,670)	-
Accounts payable	159,094	-
Accrued payroll liabilities	(141,719)	-
Due to depositors	25,817	-
Landfill closure liability	218,659	-
Total OPEB liability and OPEB related deferred inflows and outflows	(17,586)	-
Deferred inflows related to leases	1,517,437	-
Accrued compensated absences	(37,790)	-
Net cash provided by (used in) operating activities	\$ 6,834,734	\$ 10,043

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 one discretely presented component unit 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 ward
- 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 is one component unit that is 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 following component units are inactive and therefore no related balances have been reported in these financial statements.

The Ada Arts & Heritage Authority – that operates The Arts and Heritage Center. (This Authority is currently inactive.)

The Ada Parking Authority – that operates to furnish and supply public off-street parking services and facilities. (This Authority is currently inactive.)

The Ada Youth Academy Authority – that operates to promote, develop, and finance projects or facilities relating to the development of law enforcement and corrections. (This Authority is currently inactive.)

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

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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.

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 and capital 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.
- 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.

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- 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 various grants including 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 and a dedicated county sales tax 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 the residual of money while the Authority was active and insurance money from claims submitted.
- ARPA Fund – accounts for ARPA grant revenue

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.

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

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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
- 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.

2. 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.

At June 30, 2022, the primary government held the following deposits and investments:

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Type	Maturities	Credit Rating	Carrying Value	Fair Value Hierarchy
Deposits:				
Demand deposits			\$ 76,853,215	n/a
			<u>76,853,215</u>	
Investments:				
Purchased judgments	n/a	n/a	74,377	Level 3
			<u>74,377</u>	
Total deposits and investments			<u>\$ 76,927,592</u>	
Reconciliation to Statement of Net Position:				
Cash and cash equivalents			\$ 76,853,215	
Investments			<u>74,377</u>	
			<u>\$ 76,927,592</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, 2022, 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.

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.

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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 \$4,740,331 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.

APWA	
<u>Enterprise Fund</u>	
Restricted Cash and Cash Equivalents:	
Meter Deposit Cash	\$ 887,872
Debt Service Account	815,777
2015A Interest Cash	18,132
2015A Principal Cash	216,709
2015B Interest Cash	24,194
2015B Principal Cash	576,768
2018 Interest Cash	54,770
2018 Principal Cash	115,016
2018 Project Cash	2,031,093
	<u>\$ 4,740,331</u>

Component Unit:

Valley View Hospital Authority

Deposits

At June 30, 2022, 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.

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At June 30, 2022, the Authority has a \$1,219,716 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, 2022, 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.

3. Leases Receivables

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

Governmental Activities

The City is a party as lessor for five noncancellable long-term leases of land, a building, and infrastructure. The corresponding leases receivable are recorded in an amount equal to the present value of the expected future minimum lease payments received, discounted by an applicable interest rate. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$100,997.

Business-type Activities

The Authority as a lessor, has entered into a lease agreement involving an infrastructure. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$94,840.

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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 acquisition 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, 2022, capital assets balances changed as follows:

	Balance at July 1, 2021	Additions	Disposals	Street Reclassification	Interfund Transfers	Balance at June 30, 2022
<i>Governmental activities:</i>						
Capital assets not being depreciated:						
Land	\$ 1,421,275	\$ -	\$ -	\$ -	\$ -	\$ 1,421,275
Construction in progress	3,109,921	6,618,088	3,074,033	-	-	6,653,976
Total capital assets not being depreciated	4,531,196	6,618,088	3,074,033	-	-	8,075,251
Other capital assets:						
Buildings and Improvements	56,235,052	385,361	-	-	-	56,620,413
Machinery, furniture and equipment	12,396,461	707,648	180,236	312,616	50,491	13,286,980
Infrastructure	68,858,565	2,662,313	-	-	-	71,520,878
Total other capital assets at historical cost	137,490,078	3,755,322	180,236	312,616	50,491	141,428,271
Less accumulated depreciation for:						
Buildings and Improvements	12,445,372	1,539,067	-	-	-	13,984,439
Machinery, furniture and equipment	8,670,898	754,507	179,704	73,639	34,633	9,353,973
Infrastructure	46,272,119	1,258,225	-	-	-	47,530,344
Total accumulated depreciation	67,388,389	3,551,799	179,704	73,639	34,633	70,868,756
Other capital assets, net	70,101,689	203,523	532	238,977	15,858	70,559,515
Governmental activities capital assets, net	\$ 74,632,885	\$ 6,821,611	\$ 3,074,565	\$ 238,977	\$ 15,858	\$ 78,634,766
<i>Business-type activities:</i>						
Capital assets not being depreciated:						
Land	\$ 1,739,030	\$ 637,729	\$ -	\$ -	\$ -	\$ 2,376,759
Land-water development	2,137,167	-	-	-	-	2,137,167
Water rights	1,280,406	-	-	-	-	1,280,406
Construction in progress	28,537,806	1,972,485	2,033,884	-	-	28,476,407
Total capital assets not being depreciated	33,694,409	2,610,214	2,033,884	-	-	34,270,739
Other capital assets:						
Buildings and Improvements	23,000,721	1,571,195	-	-	-	24,571,916
Machinery, furniture and equipment	10,130,383	717,073	291,416	(312,616)	(50,491)	10,192,933
Utility property improvements	55,788,610	430,716	-	-	-	56,219,326
Total other capital assets at historical cost	88,919,714	2,718,984	291,416	(312,616)	(50,491)	90,984,175
Less accumulated depreciation for:						
Buildings and Improvements	12,859,870	378,775	-	-	-	13,238,645
Machinery, furniture and equipment	5,992,257	771,789	288,398	(73,639)	(34,633)	6,367,376
Utility property improvements	42,243,033	388,505	-	-	-	42,631,538
Total accumulated depreciation	61,095,160	1,539,069	288,398	(73,639)	(34,633)	62,237,559
Other capital assets, net	27,824,554	1,179,915	3,018	(238,977)	(15,858)	28,746,616
Business-type activities capital assets, net	\$ 61,518,963	\$ 3,790,129	\$ 2,036,902	\$ (238,977)	\$ (15,858)	\$ 63,017,355

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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:

Governmental Activities:

General Government	\$ 211,527
Streets and Highways	1,462,625
Public Safety	520,562
Cemetery	23,391
Legal and Judicial	146
Culture and Recreation	766,302
Airport	538,132
Community Development	29,114
Total	<u>\$ 3,551,799</u>

Business-Type Activities:

Water	\$ 634,422
Sewer	509,666
Sanitation	394,981
Total	<u>\$ 1,539,069</u>

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

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Type of Debt	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Notes payable from direct borrowings and direct placements	\$ 429,447	-	\$ 131,904	\$ 297,543	\$ 106,229
Accrued compensated absences	856,160	-	48,771	807,389	80,739
Total Governmental Activities	<u>\$ 1,285,607</u>	<u>\$ -</u>	<u>\$ 180,675</u>	<u>\$ 1,104,932</u>	<u>\$ 186,968</u>
Business-Type Activities:					
Notes payable from direct borrowings and direct placements	\$ 33,998,502	\$ 331,214	\$ 2,938,000	\$ 31,391,716	\$ 3,014,000
Accrued compensated absences	466,823	-	37,789	429,034	42,903
Deposits subject to refund	862,054	171,150	145,333	887,871	88,787
Landfill closure liability	3,161,269	218,659	-	3,379,928	33,062
Total Business-Type Activities	<u>38,488,648</u>	<u>721,023</u>	<u>3,121,122</u>	<u>36,088,549</u>	<u>3,178,752</u>
Total Long-Term Debt	<u>\$ 39,774,255</u>	<u>\$ 721,023</u>	<u>\$ 3,301,797</u>	<u>37,193,481</u>	<u>\$ 3,365,720</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 186,968
Due in more than one year	5,066,196
Less:	
Total OPEB liability	(385,863)
Net pension liability	(3,762,369)
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,104,932</u>

Business-Type Activities:

Due within one year	\$ 3,178,752
Due in more than one year	33,118,163
Less:	
Total OPEB liability	(208,366)
Total Business-Type Activities Long-Term Liabilities	<u>\$ 36,088,549</u>

Governmental activities long-term debt:

Notes Payable from direct borrowings and direct placements:

\$275,000 note payable for the purchase of an excavator, matures January 2025 with a stated interest rate of 2.253% \$ 180,310

\$264,165 note payable for the purchase of a 911 Motorola Equipment, matures May 2025 with a stated interest rate of 3.79% 117,234

Current portion	\$ 106,229
Noncurrent portion	<u>191,314</u>
Total Notes Payable (direct borrowings and direct placements)	<u>\$ 297,543</u>

Accrued Compensated Absences:

Current portion	\$ 80,739
Noncurrent portion	<u>726,650</u>
Total Accrued Compensated Absences	<u>\$ 807,389</u>

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Business-type activities long-term debt:

Notes Payable from direct borrowings and direct placements:

Sales Tax Revenue Note Series 2015B payable to Bank of Oklahoma dated September 25, 2015, original amount of \$13,000,000, secured and payable from 1.5% pledge sales tax revenue, with an annual interest rate of 2.05%, final payment due March 1, 2024. Proceeds will be used for constructing and equipping two swimming pools and also senior citizens center. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be performed: 2) requirement for sales tax to be deposited directly with trustee bank; 3) accelerate the payment of principal and interest accrued on the note: or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture or Sales Tax Agreement.

Current portion	1,745,000
Noncurrent portion	<u>1,795,000</u>
	<u>3,540,000</u>

Utility Systems Revenue Note Series 2015A to Bank of Oklahoma dated August 28, 2015, original amount \$5,000,000, secured and payable from water, sanitary sewer, and solid waste disposal system revenues, 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. Proceeds will be used for improvements to the Authority's drinking water system. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be performed: 2) accelerate the payment of principal and interest accrued on the note: 3) appoint temporary trustees to take over, operate, maintain the system or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note indenture.

Current portion	525,000
Noncurrent portion	<u>1,375,000</u>
	<u>1,900,000</u>

2015C Promissory Note payable to Oklahoma Water Resources Board, original amount of \$23,290,000 dated September 22, 2015, secured by and payable from water, sanitary sewer, and solid waste disposal system revenues, 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. Proceeds will be used for improvements to the Authority's drinking water system. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) requirement for sales tax to be deposited directly with trustee bank; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note indenture.

Current portion	509,000
Noncurrent portion	<u>21,987,716</u>
	<u>22,496,716</u>

2018 Utility Systems Revenue Note payable to Bank of Oklahoma, original amount of \$4,000,000 dated December 17, 2018, secured by and payable from water, sanitary sewer, and solid waste disposal system revenues, payable in semi-annual principal installments ranging from \$105,000 to \$175,000 with an annual interest rate of 3.17%, final payment due January 1, 2034. Proceeds will be used for improvements to the Authority's drinking water system. In the

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event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the system on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

Current portion	235,000
Noncurrent portion	<u>3,220,000</u>
	<u>3,455,000</u>

Total Notes Payable (direct borrowings and direct placements)	<u>\$31,391,716</u>
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Accrued Compensated Absences:

Current portion	\$ 42,903
Noncurrent portion	<u>386,131</u>
Total Accrued Compensated Absences	<u>\$ 429,034</u>

Deposits Subject to Refund:

Current portion	\$ 88,787
Noncurrent portion	<u>799,084</u>
Total Deposits Subject to Refund	<u>\$ 887,871</u>

Landfill Closure Liability:

Current portion	\$ 33,062
Noncurrent portion	<u>3,346,866</u>
Total Landfill Closure Liability	<u>\$ 3,379,928</u>

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

<u>Year Ending June 30,</u>	<u>Business-Type Debt</u>	
	<u>Notes Payable -</u>	
	<u>direct borrowings and direct placements</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,014,000	\$ 908,914
2024	3,095,000	839,480
2025	1,340,000	773,729
2026	1,379,000	736,440
2027	1,372,000	744,792
2028-2032	7,365,000	3,252,403
2033-2037	7,669,000	1,900,917
2038-2041	6,548,000	537,416
Totals	<u>\$ 31,782,000</u>	<u>\$ 9,694,091</u>
Less: Amount yet to be drawn:	<u>(390,284)</u>	
	<u>\$ 31,391,716</u>	

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<u>Year Ending June 30,</u>	<u>Governmental Debt</u>	
	<u>Notes Payable -</u>	
	<u>direct borrowings and direct placements</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 106,229	\$ 7,848
2024	109,242	4,834
2025	82,072	1,852
Totals	<u>\$ 297,543</u>	<u>\$ 14,534</u>

6. Landfill Closure and Post Closure Requirements

A \$3,379,928 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 94.46% of the estimated capacity of the landfill. It is estimated that an additional \$198,373 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 72 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.

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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.
- 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:

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	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	12,518	-	-	-	-	8,376	20,894
Streets	-	4,961,071	-	-	-	-	4,961,071
Capital Improvements	-	-	3,500,825	-	9,196,640	-	12,697,465
D.A.R.E	-	-	-	-	-	4,950	4,950
Library	-	-	-	-	-	8,679	8,679
Police	-	-	-	-	-	3,336	3,336
Parks	-	-	-	-	-	6,734	6,734
Arts	-	-	-	-	-	15,318	15,318
Cemetery	-	-	-	-	-	40,943	40,943
Debt Service	-	-	-	-	-	14,700	14,700
Sub-total Restricted	12,518	4,961,071	3,500,825	-	9,196,640	103,036	17,774,090
Committed to:							
Future Reserves	1,185,850	-	-	-	-	-	1,185,850
Library	-	-	-	-	-	79,418	79,418
Sub-total Committed	1,185,850	-	-	-	-	79,418	1,265,268
Assigned to:							
D.A.R.E	-	-	-	-	-	158	158
Cemetery	-	-	-	-	-	218,951	218,951
Airport	-	-	-	-	-	738,727	738,727
E911	-	-	-	-	-	30,161	30,161
Police	-	-	-	-	-	1,954	1,954
Library	-	-	-	-	-	15,807	15,807
Capital Improvements	-	-	1,297,631	-	462,385	110,479	1,870,495
Streets	-	484,461	-	-	-	-	484,461
Parks	-	-	-	-	-	619,766	619,766
Health Insurance	273,560	-	-	-	-	-	273,560
Self Insurance	922,891	-	-	-	-	-	922,891
Advance Travel	2,000	-	-	-	-	-	2,000
Unemployment	192,489	-	-	-	-	-	192,489
Workers' Comp	859,303	-	-	-	-	-	859,303
Budget balancing purposes	6,048,381	-	-	-	-	-	6,048,381
Sub-total Assigned	8,298,624	484,461	1,297,631	-	462,385	1,736,003	12,279,104
Unassigned	1,691,885	-	-	-	-	-	1,691,885
Total Fund Balance	\$ 11,188,877	\$ 5,445,532	\$ 4,798,456	\$ -	\$ 9,659,025	\$ 1,918,457	\$ 33,010,347

Enterprise Funds:

Restricted for Debt Service	\$ 1,821,366
Restricted for Economic Development	5,640,665
Total Enterprise Fund Restrictions	<u>\$ 7,462,031</u>

Net investment in capital assets	<u>\$ 34,177,527</u>
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Restricted Net Position – Governmental Activities:

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

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Fund	Restricted By	Amount
Drug Forfeiture Fund	Statutory requirements	\$ 3,286
Drug Forfeiture Federal Fund	Statutory requirements	50
Cemetery Care Fund	Statutory requirements	40,943
Sinking Fund	Statutory requirements	14,700
Sudden/Severe Economic Dislocation Fund	Other contracts - Contributors	1,104
CDBG Home Grant Fund	Other contracts - Contributors	11,414
D.A.R.E Fund	Other contracts - Contributors	4,950
Library State Aid Fund	Other contracts - Contributors	8,679
ARPA Grant Fund	Other contracts - Contributors	8,376
Ada Arts & Heritage Fund	Other contracts - Contributors	15,318
		<u>108,820</u>
Street and Alley Fund	Enabling legislation	\$ 4,961,071
Sales Tax Infrastructure Fund	Enabling legislation	3,500,825
Sales Tax 2016 Capital Improvement Fund	Enabling legislation	9,196,640
Sports Complex Park Fund	Enabling legislation	6,734
		<u>17,665,270</u>
Component Unit:		
Valley View Regional Hospital Authority	Expendable Endowment	<u>\$ 1,220,086</u>

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.

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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 unearned revenue.

For the year ended June 30, 2022, the City's net assessed valuation of taxable property was \$122,586,552. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2022 was \$0.310 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.

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2022, were as follows:

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Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Utility Enterprise Fund	\$ 1,159,349	Sales tax transfer
General Fund	Utility Enterprise Fund	147,203	Sales tax-2012 revenue bond
General Fund	E911 Fund	101,400	Operating subsidy
General Fund	Utility Enterprise Fund (Solid Waste Dev. Acct.)	5,729	Interest expense on interfund loan
General Fund	Street & Alley Fund	1,411	Interest expense on interfund loan
General Fund	E911 Fund	367	Reclassification of grant revenues
General Fund	Utility Enterprise Fund	2,318,698	2015B revenue note
General Fund	General Fund (Health Insurance Account)	1,120,215	Health insurance premiums
General Fund	Unemployment Insurance Fund	10,000	Operating subsidy
General Fund	Liability Self Insurance Fund	75,000	Operating subsidy
General Fund	Workers Comp Fund	100,000	Operating subsidy
General Fund	Sports Complex Park & Recreation Fund	15,200	Operating subsidy
General Fund	Utility Enterprise Fund	6,675	Honey Well Project principal and interest
General Fund	Utility Enterprise Fund	3,899	Purchase of capital assets
E911 Fund	General Fund (Health Insurance Account)	103,390	Health insurance premiums
Street & Alley Fund	Utility Enterprise Fund	341,855	Use tax-2012 revenue bond
Sales Tax Infrastructure Fund	Utility Enterprise Fund	400,391	Purchase of capital assets
Sales Tax Infrastructure Fund	General Fund (Health Insurance Account)	172,245	Health insurance premiums
Airport/Agriculture Fund	General Fund (Health Insurance Account)	9,230	Health insurance premiums
Sales Tax 2016 Capital Improvement Fund	Utility Enterprise Fund	4,637,396	2015B principal and interest
Utility Enterprise Fund	Airport/Agriculture Fund	78,400	Operating subsidy
Utility Enterprise Fund	Liability Self Insurance Fund	75,000	Operating subsidy
Utility Enterprise Fund	Unemployment Insurance Fund	10,000	Operating subsidy
Utility Enterprise Fund	Workers Comp Fund	100,000	Operating subsidy
Utility Enterprise Fund	General Fund	147,203	Sales tax-2012 revenue bond
Utility Enterprise Fund	General Fund	842,400	Subsidy, annual lease of assets, and shared cost
Utility Enterprise Fund	General Fund	9,712	Reclassification of debt service payments
Utility Enterprise Fund	Street & Alley Fund	3,831	Interest expense on interfund loan
Street & Alley Fund	General Fund	1,800,000	Operating subsidy
Utility Enterprise Fund	Economic Development Fund	1,159,349	Sales tax transfer
Utility Enterprise Fund	Street & Alley Fund	341,855	Use tax-2012 revenue bond
Utility Enterprise Fund	Sales Tax Infrastructure Fund	223,750	Operating subsidy
Utility Enterprise Fund	Sales Tax 2016 Capital Improvement Fund	2,831,858	Sales tax for 2015B revenue note
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Dev. Acct.)	5,554	Interest on loans
Utility Enterprise Fund	Utility Enterprise Fund (Debt Service Account)	2,040,000	2015A and 2015C revenue notes
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Dev. Acct.)	146,846	Portion of landfill collections
Utility Enterprise Fund	Utility Enterprise Fund (Capital Imp. Acct.)	50,000	Operating subsidy
Utility Enterprise Fund	General Fund (Health Insurance Account)	691,879	Health insurance premiums
Utility Enterprise Fund	General Fund	2,318,698	2015B revenue note
E911 Fund	State Aid Grants Fund	183	Transfer of grant revenues
State Aid Grants Fund	General Fund	2,200	Transfer of grant revenues
Utility Enterprise Fund (Debt Service Account)	Utility Enterprise Fund	1,965,551	2015A and 2015C revenue notes
Utility Enterprise Fund (Water Dev. Account)	Utility Enterprise Fund	637,729	Purchase of capital assets
Utility Enterprise Fund (Solid Waste Dev. Account)	Utility Enterprise Fund	140,000	Purchase of capital assets
Environmental Projects Fund	Utility Enterprise Fund	22,400	Purchase of capital assets
Total		<u>\$ 26,374,051</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 11,185,427	\$ (12,528,137)	\$ (1,342,710)
Proprietary Funds	15,188,624	(14,076,339)	1,112,285
	<u>\$ 26,374,051</u>	<u>\$ (26,604,476)</u>	<u>\$ (230,425)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (1,342,710)
Transfer capital asset from business-type activities to governmental activities	230,425
Transfer water/sewer expenses to business-type activities	(379,578)
Transfer Street expenses to governmental activities	1,137,957
Transfers - internal activity	<u>\$ (353,906)</u>

Balances:

Interfund receivables and payables at June 30, 2022, were as follows:

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Due From	Due To	Amount	Nature of Balance
General Fund	APWA (Solid Waste Development Account)	\$ 193,200	Interfund loan
General Fund	Street & Alley Fund	6,758	Interfund loan
APWA	Street & Alley Fund	134,826	Interfund loan
General Fund	E-911	11,404	Payroll liabilities
General Fund	Airport/Ag Fund	1,561	Payroll liabilities
General Fund	Sports Complex Fund	290	Payroll liabilities
Total		<u>\$ 348,039</u>	
Reconciliation to Financial Statements:			
	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 154,839	\$ (309,587)	\$ (154,748)
Proprietary Funds	193,200	(38,452)	154,748
Total	<u>\$ 348,039</u>	<u>\$ (348,039)</u>	<u>\$ -</u>

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 \$80,000 with no limit.
- Cyber Risk- Self insured with Travelers Casualty and Surety Company of America ranging from \$100,000 to \$1,000,000 limit depending on the cyber risk.

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.

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

Federal and State Award Programs:

The City of Ada participates in various federal or state grant/loan programs from year to year. In 2022, 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.

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.

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 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

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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 \$264,565. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$564,730 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 \$416,612. 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, 2022, the City reported a liability of \$3,762,368 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was 0.571297%.

For the year ended June 30, 2022, the City recognized pension expense of \$96,291. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,364,526	\$ 66,073
Changes of assumptions	-	83,449
Net difference between projected and actual earnings on pension plan investments	-	2,990,921
Changes in proportion and differences between City contributions and proportionate share of contributions	388,969	159,794
City contributions during measurement date	6,059	546
City contributions subsequent to the measurement date	264,565	-
Total	<u>\$ 2,024,119</u>	<u>\$ 3,300,783</u>

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\$264,565 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, 2023. 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:		
	2023	\$ (161,745)
	2024	(288,073)
	2025	(393,762)
	2026	(697,649)
		<u>\$ (1,541,229)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2021, 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%	3.53%
Domestic equity	47%	5.73%
International equity	15%	8.50%
Real estate	10%	7.97%
Other assets	8%	4.73%

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

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pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability	\$ 5,879,479	\$ 3,762,368	\$ 1,989,913

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.

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.

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

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

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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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 \$230,569. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$197,307 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 \$126,904. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported an asset of \$2,146,009 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 0.44735%.

For the year ended June 30, 2022, the City recognized pension expense of (\$214,031). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,812	\$ 84,703
Changes of assumptions	32,634	-
Net difference between projected and actual earnings on pension plan investments	-	1,565,439
Changes in proportion and differences between City contributions and proportionate share of contributions	15,148	15,955
City contributions during measurement date	2,374	3,188
City contributions subsequent to the measurement date	230,569	-
Total	<u>\$ 311,537</u>	<u>\$ 1,669,285</u>

The \$230,569 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 or an addition to

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the net pension liability (asset) in the year ended June 30, 2023. 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:		
	2023	\$ (357,331)
	2024	(313,733)
	2025	(397,227)
	2026	(524,558)
	2027	4,532
	<u>\$</u>	<u>(1,588,317)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.
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, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private equity	9.36%

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 (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease <u>6.5%</u>	Current Discount <u>Rate 7.5%</u>	1% Increase <u>8.5%</u>
Employers' net pension liability (asset)	\$ (804,818)	\$ (2,146,009)	\$ (3,280,086)

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.

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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 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 given back to the City. The authority to establish and amend the provisions of the plan rests with the City Council.

Summary of Contributions:

Oklahoma Municipal Retirement Fund		
<u>Fiscal Year</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>
2020	366,238	931,631
2021	397,130	891,521
2022	410,641	965,446

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 if the retiree satisfies the rule of 90, which is satisfied using the combination of age and years of service. 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. Coverage for the retiree and dependents stops once the retiree reaches age 65 (subject to dependent age limit). Certain grandfathered retirees and spouses have lifetime benefits. The amount of benefit payments during the fiscal year ended June 30, 2022 were \$45,156.

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Employees Covered by Benefit Terms

Active Employees	201
Inactive or beneficiaries receiving benefits	<u>36</u>
Total	<u>237</u>

Total OPEB Liability. The total OPEB liability was determined based on an actuarial valuation performed as of June 30, 2022. The measurement date used was June 30, 2021.

Actuarial Assumptions. The total OPEB liability in the June 30, 2022 valuation was determined using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Discount Rate – 2.21% for fiscal year 2021, and 2.16% for fiscal year 2022, 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:
 - 2013 4.62%
 - 2014 7.35%
 - 2015 5.01%
 - 2016 6.12%
 - 2017 6.09%
 - 2018 6.05%
 - 2019 6.02%
 - 2020 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>\$ 625,593</u>
Changes For the Year:	
Service cost	8,884
Interest expense	17,017
Change in assumptions	99,076
Difference between expected and actual experience	37,088
Benefit payments	(45,156)
Other adjustments	<u>(148,273)</u>
Net Changes	<u>(31,364)</u>
Balances at End of Year	<u>\$ 594,229</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, 2022, the City recognized OPEB expense of \$24,477. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,201	\$ 16,355
Changes of assumptions	102,015	17,570
Changes in proportion	40,929	40,929
City contributions during measurement date	1,415	30,860
City contributions subsequent to the measurement date	50,147	-
Total	<u>\$ 225,707</u>	<u>\$ 105,714</u>

\$50,147 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 the OPEB liability in the year ended June 30, 2023. 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:	
2023	30
2024	10,254
2025	14,326
2026	17,047
2027	21,681
2028	6,508
	<u>\$ 69,846</u>

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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
OPEB Liability	\$ 692,366	\$ 594,229	\$ 515,526

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 (4.942%) or 1-percentage-point higher (6.94%) than the current healthcare cost trend rate:

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		Healthcare Cost	
	1% Decrease	Trend Rates	1% Increase
	4.94%	5.94%	6.94%
	Grading to	Grading to	Grading to
	<u>3.87%</u>	<u>4.87%</u>	<u>5.87%</u>
OPEB Liability	\$ 515,666	\$ 594,229	\$ 693,527

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.

For associated lease agreements the City generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that the lessor/vendor charges is known.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$4,212,586	\$4,212,586	\$8,963,395	\$4,750,809
Resources (Inflows):				
Taxes	8,704,000	11,096,900	11,399,462	302,562
Intergovernmental	766,300	1,243,777	1,411,547	167,770
Licenses and permits	155,100	155,100	155,785	685
Charges for services	321,800	321,800	299,664	(22,136)
Fees and fines	102,400	102,400	120,678	18,278
Investment income	45,400	45,400	105,291	59,891
Miscellaneous	2,686,150	2,811,777	1,154,653	(1,657,124)
Other financing sources	5,005,700	5,007,900	5,490,213	482,313
Total Resources (Inflows):	<u>17,786,850</u>	<u>20,785,054</u>	<u>20,137,293</u>	<u>(647,761)</u>
Amounts available for appropriation	<u>\$21,999,436</u>	<u>\$24,997,640</u>	<u>\$29,100,688</u>	<u>\$4,103,048</u>
Charges to Appropriations (Outflows):				
General government	7,394,556	7,047,393	5,284,013	1,763,380
Public safety	6,759,550	7,087,225	6,737,756	349,469
Legal and judicial	122,150	123,950	96,832	27,118
Cemetery	254,250	264,250	203,977	60,273
Culture and recreation	3,344,080	4,084,492	2,288,693	1,795,799
Community development	638,100	591,700	348,770	242,930
Other financing uses	3,194,500	3,992,150	2,964,288	1,027,862
Total Charges to Appropriations	<u>21,707,186</u>	<u>23,191,160</u>	<u>17,924,329</u>	<u>5,266,831</u>
Ending Budgetary Fund Balance	<u>\$292,250</u>	<u>\$1,806,480</u>	<u>\$11,176,359</u>	<u>\$9,369,879</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			11,414	
Total General Fund Fund Balance			<u>\$11,188,877</u>	

(Unaudited. See accompanying auditor's report.)

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	STREET AND ALLEY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$3,715,800	\$3,715,800	\$5,313,201	\$1,597,401
Resources (Inflows):				
Taxes	154,500	154,500	1,970,699	1,816,199
Intergovernmental	2,540,000	2,540,000	160,528	(2,379,472)
Investment income	15,000	15,000	44,671	29,671
Miscellaneous	60,000	60,000	-	(60,000)
Other financing sources	720,700	720,700	347,097	(373,603)
Total Resources (Inflows):	3,490,200	3,490,200	2,522,995	(967,205)
Amounts available for appropriation	<u>\$7,206,000</u>	<u>\$7,206,000</u>	<u>\$7,836,196</u>	<u>\$630,196</u>
Charges to Appropriations (Outflows):				
Streets and highways	4,675,000	4,675,000	248,809	4,426,191
Other financing uses	2,531,000	2,531,000	2,141,855	389,145
Total Charges to Appropriations	<u>7,206,000</u>	<u>7,206,000</u>	<u>2,390,664</u>	<u>4,815,336</u>
Ending Budgetary Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$5,445,532</u>	<u>\$5,445,532</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.)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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	2019	2020	2021	2022
City's proportion of the net pension liability	0.517189%	0.510539%	0.527016%	0.520592%	0.569511%	0.535652%	0.560939%	0.571297%
City's proportionate share of the net pension liability	\$ 5,318,504	\$ 5,418,913	\$ 6,438,640	\$ 6,547,606	\$ 6,410,694	\$ 5,660,053	\$ 6,910,273	\$ 3,762,368
City's covered-employee payroll	\$ 1,439,349	\$ 1,371,422	\$ 1,474,173	\$ 1,479,714	\$ 1,693,836	\$ 1,723,286	\$ 1,809,271	\$ 1,860,793
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	370%	395%	437%	442%	378%	328%	382%	202%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%

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

Notes to Schedule:

Only the last eight 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	2019	2020	2021	2022
Statutorially required contribution	\$ 191,999	\$ 206,384	\$ 207,160	\$ 237,137	\$ 241,260	\$ 253,298	\$ 260,511	\$ 264,565
Contributions in relation to the statutorially required contribution	191,999	206,384	207,160	237,137	241,260	253,298	260,511	264,565
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,371,422	\$ 1,474,173	\$ 1,479,714	\$ 1,693,836	\$ 1,723,286	\$ 1,809,271	\$ 1,860,793	\$ 1,889,750
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability (asset)	0.5352%	0.5324%	0.5302%	0.5612%	0.5417%	0.4964%	0.5408%	0.4474%
City's proportionate share of the net pension liability (asset)	\$ (180,196)	\$ 21,709	\$ 811,923	\$ 43,169	\$ (258,055)	\$ (31,688)	\$ 621,031	\$ (2,146,009)
City's covered-employee payroll	\$1,497,274	\$1,504,919	\$1,563,515	\$1,673,815	\$1,654,659	\$1,613,015	\$1,811,085	\$ 1,548,054
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%	(15.60%)	(1.96%)	34.29%	(138.63%)
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

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

Notes to Schedule:

Only the last eight 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	2019	2020	2021	2022
Statutorially required contribution	\$ 195,639	\$ 203,257	\$ 217,596	\$ 215,105	\$ 209,692	\$ 235,441	\$ 201,247	\$ 230,569
Contributions in relation to the statutorially required contribution	195,639	203,257	217,596	215,105	209,692	235,441	201,247	230,569
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,504,919	\$ 1,563,515	\$ 1,673,815	\$ 1,654,659	\$ 1,613,015	\$ 1,811,085	\$ 1,548,054	\$ 1,773,608
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service Cost	\$ 50,954	\$ 45,130	\$ 42,531	\$ 42,531	\$ 8,884
Interest	22,155	29,919	33,696	10,920	17,017
Changes in benefit terms	-	-	(392,001)	-	-
Changes in assumptions	(67,150)	-	38,882	121,042	99,076
Experience Gain/(Loss)	-	(26,358)	(34,067)	-	37,088
Benefit Payments	(14,163)	(11,120)	(23,103)	(43,006)	(45,156)
Other adjustments	-	-	-	-	(148,273) *
Net change in total OPEB liability	\$ (8,204)	\$ 37,571	\$ (334,062)	\$ 131,487	\$ (31,364)
Balances - Beginning of Year	\$ 798,801	\$ 790,597	\$ 828,168	\$ 494,106	\$ 625,593
Balances - End of Year	\$ 790,597	\$ 828,168	\$ 494,106	\$ 625,593	\$ 594,229
Covered employee payroll	\$ 8,760,000	\$ 8,760,000	\$ 9,029,000	\$ 9,029,000	\$ 9,668,000
Total OPEB liability as a percentage of covered employee payroll	9.03%	9.45%	5.47%	6.93%	6.15%

Notes to Schedule:

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

* Fiscal year 2021 information is based on roll forward procedures and an updated valuation was used for fiscal year 2022.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

SUPPLEMENTARY INFORMATION

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – General Fund Accounts - June 30, 2022

	General Fund	Sudden and Severe Economic Dislocation Account	CDBG Home Grant Account	Total General Fund
ASSETS				
Cash and cash equivalents	\$ 10,321,980	\$ 1,104	\$ 11,414	\$ 10,334,498
Investments	74,377	-	-	74,377
Receivable from other governments	1,476,720	-	-	1,476,720
Taxes receivable, net	88,555	-	-	88,555
Court fines receivable, net	874,519	-	-	874,519
Lease receivables	1,349,361	-	-	1,349,361
Other receivables	11,383	-	-	11,383
Total assets	<u>\$ 14,196,895</u>	<u>\$ 1,104</u>	<u>\$ 11,414</u>	<u>\$ 14,209,413</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 147,168	\$ -	\$ -	\$ 147,168
Accrued payroll liabilities	290,047	-	-	290,047
Due to other funds	329,968	-	-	329,968
Due to depositors	27,314	-	-	27,314
Payable to other governments	17,437	-	-	17,437
Total liabilities	<u>811,934</u>	<u>-</u>	<u>-</u>	<u>811,934</u>
Deferred inflows of resources:				
Unavailable revenue	869,915	-	-	869,915
Deferred amounts related to leases	1,338,687	-	-	1,338,687
Total deferred inflows of resources	<u>2,208,602</u>	<u>-</u>	<u>-</u>	<u>2,208,602</u>
Fund balances:				
Restricted	-	1,104	11,414	12,518
Committed	1,185,850	-	-	1,185,850
Assigned	8,298,624	-	-	8,298,624
Unassigned	1,691,885	-	-	1,691,885
Total fund balances	<u>11,176,359</u>	<u>1,104</u>	<u>11,414</u>	<u>11,188,877</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 14,196,895</u>	<u>\$ 1,104</u>	<u>\$ 11,414</u>	<u>\$ 14,209,413</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2022

	General Fund	Sudden and Severe Economic Dislocation Account	CDBG Home Grant Account	Total General Fund
REVENUES				
Taxes	\$ 11,399,462	\$ -	\$ -	\$ 11,399,462
Fees and fines	120,678	-	-	120,678
Licenses and permits	155,785	-	-	155,785
Intergovernmental	1,411,547	-	-	1,411,547
Charges for services	299,664	-	-	299,664
Investment income	105,291	-	117	105,408
Miscellaneous	1,154,653	-	-	1,154,653
Total revenues	<u>14,647,080</u>	<u>-</u>	<u>117</u>	<u>14,647,197</u>
EXPENDITURES				
Current:				
General government	5,039,999	-	-	5,039,999
Public safety	6,365,951	-	-	6,365,951
Legal and judicial	96,832	-	-	96,832
Cemetery	203,977	-	-	203,977
Culture and recreation	1,782,027	-	-	1,782,027
Community development	348,770	-	-	348,770
Capital outlay	1,093,348	-	-	1,093,348
Debt service:				
Principal	28,598	-	-	28,598
Interest and other charges	539	-	-	539
Total expenditures	<u>14,960,041</u>	<u>-</u>	<u>-</u>	<u>14,960,041</u>
Excess (deficiency) of revenues over expenditures	<u>(312,961)</u>	<u>-</u>	<u>117</u>	<u>(312,844)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,587,172	-	-	7,587,172
Transfers out	(5,061,247)	-	-	(5,061,247)
Total other financing sources and uses	<u>2,525,925</u>	<u>-</u>	<u>-</u>	<u>2,525,925</u>
Net change in fund balances	2,212,964	-	117	2,213,081
Fund balances - beginning	8,963,395	1,104	11,297	8,975,796
Fund balances - ending	<u>\$ 11,176,359</u>	<u>\$ 1,104</u>	<u>\$ 11,414</u>	<u>\$ 11,188,877</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2022

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
ASSETS								
Cash and cash equivalents	\$ 5,108	\$ 94,093	\$ 9,886	\$ 5,240	\$ 50	\$ (10,472)	\$ 356,742	\$ 270,966
Due from other funds	-	-	-	-	-	11,404	290	-
Due from other governments	-	-	-	-	-	713	-	-
Lease receivables	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	44,390	-	-
Total Assets	<u>\$ 5,108</u>	<u>\$ 94,093</u>	<u>\$ 9,886</u>	<u>\$ 5,240</u>	<u>\$ 50</u>	<u>\$ 46,035</u>	<u>357,032</u>	<u>\$ 270,966</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 75	\$ -	\$ -	\$ 446	211	\$ -
Accrued payroll liabilities	-	-	-	-	-	14,715	1,287	-
Due to other funds	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>15,161</u>	<u>1,498</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue	-	-	-	-	-	713	-	-
Leases receivable	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>713</u>	<u>-</u>	<u>-</u>
FUND EQUITY								
Fund balances:								
Restricted	4,950	-	8,679	3,286	50	-	6,734	-
Committed	-	79,418	-	-	-	-	-	-
Assigned	158	14,675	1,132	1,954	-	30,161	348,800	270,966
Total Fund Equity	<u>5,108</u>	<u>94,093</u>	<u>9,811</u>	<u>5,240</u>	<u>50</u>	<u>30,161</u>	<u>355,534</u>	<u>270,966</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 5,108</u>	<u>\$ 94,093</u>	<u>\$ 9,886</u>	<u>\$ 5,240</u>	<u>\$ 50</u>	<u>\$ 46,035</u>	<u>\$ 357,032</u>	<u>\$ 270,966</u>

(Continued)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2022, (Continued)

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS			DEBT SERVICE	
	Ada Arts & Heritage Fund	ARPA Grant Fund	Cemetery Care Fund	Property Owners Part.	Airport AG/Cash Fund	Sinking Fund	TOTALS
ASSETS							
Cash and cash equivalents	\$ 15,318	\$ 1,513,468	\$ 259,894	\$ 110,479	\$ 898,630	\$ 11,899	\$ 3,541,301
Due from other funds	-	-	-	-	1,561	-	13,255
Due from other governments	-	-	-	-	59,000	16,606	76,319
Other receivables	-	-	-	-	65,902	-	65,902
Other receivables	-	-	-	-	-	-	44,390
Total Assets	<u>\$ 15,318</u>	<u>\$ 1,513,468</u>	<u>\$ 259,894</u>	<u>\$ 110,479</u>	<u>\$ 1,025,093</u>	<u>\$ 28,505</u>	<u>\$ 3,741,167</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 159,647	\$ -	\$ 160,379
Accrued payroll liabilities	-	-	-	-	1,532	-	17,534
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,179</u>	<u>-</u>	<u>177,913</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue	-	1,505,092	-	-	59,000	13,805	1,578,610
Leases receivable	-	-	-	-	66,187	-	66,187
Total Liabilities	<u>-</u>	<u>1,505,092</u>	<u>-</u>	<u>-</u>	<u>125,187</u>	<u>13,805</u>	<u>1,644,797</u>
FUND EQUITY							
Fund balances:							
Restricted	15,318	8,376	40,943	-	-	14,700	103,036
Committed	-	-	-	-	-	-	79,418
Assigned	-	-	218,951	110,479	738,727	-	1,736,003
Total Fund Equity	<u>15,318</u>	<u>8,376</u>	<u>259,894</u>	<u>110,479</u>	<u>738,727</u>	<u>14,700</u>	<u>1,918,457</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 15,318</u>	<u>\$ 1,513,468</u>	<u>\$ 259,894</u>	<u>\$ 110,479</u>	<u>\$ 1,025,093</u>	<u>\$ 28,505</u>	<u>\$ 3,741,167</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2022

	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
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,497	\$ -	\$ -
Intergovernmental	-	-	46,116	2,520	-	293,103	-	-
Charges for services	-	8,491	-	-	-	-	188,966	-
Investment earnings	53	1,079	189	53	-	362	3,745	2,754
Miscellaneous	-	4,440	-	70	-	316	200	25,479
Total revenues	53	14,010	46,305	2,643	-	751,278	192,911	28,233
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	2,848	-	777,232	-	-
Culture and recreation	-	23,426	-	-	-	-	199,591	18,432
Airport	-	-	-	-	-	-	-	-
Capital Outlay	-	-	37,434	-	-	34,592	4,383	-
Debt Service:								
Principal	-	-	-	-	-	36,259	-	-
Interest and other charges	-	-	-	-	-	5,817	-	-
Total Expenditures	-	23,426	37,434	2,848	-	853,900	203,974	18,432
Excess (deficiency) of revenues over expenditures	53	(9,416)	8,871	(205)	-	(102,622)	(11,063)	9,801
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	183	-	-	101,400	15,200	-
Transfers out	-	-	(2,200)	-	-	(103,573)	-	-
Total other financing sources and uses	-	-	(2,017)	-	-	(2,173)	15,200	-
Net change in fund balances	53	(9,416)	6,854	(205)	-	(104,795)	4,137	9,801
Fund balances - beginning	5,055	103,509	2,957	5,445	50	134,956	351,397	261,165
Fund balances - ending	\$ 5,108	\$ 94,093	\$ 9,811	\$ 5,240	\$ 50	\$ 30,161	\$ 355,534	\$ 270,966

(Continued)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2022 (Continued)

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS			DEBT SERVICE FUND	
	Ada Arts & Heritage Fund	ARPA Grant Fund	Cemetery Care Fund	Property Owners Part.	Airport AG/Cash Fund	Sinking Fund	TOTALS
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,503	\$ 505,000
Intergovernmental	-	-	-	-	729,103	-	1,070,842
Charges for services	-	-	16,419	-	130,528	-	344,404
Investment earnings	147	8,376	-	1,154	10,729	-	28,641
Miscellaneous	3,380	-	-	-	6,265	45,000	85,150
Total revenues	<u>3,527</u>	<u>8,376</u>	<u>16,419</u>	<u>1,154</u>	<u>876,625</u>	<u>92,503</u>	<u>2,034,037</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	45,000	45,000
Public safety	-	-	-	-	-	-	780,080
Culture and recreation	-	-	-	-	-	-	241,449
Airport	-	-	-	-	213,617	-	213,617
Capital Outlay	-	-	1,354	2,577	1,122,053	-	1,202,393
Debt Service:							
Principal	-	-	-	-	-	41,463	77,722
Interest and other charges	-	-	-	-	-	7,084	12,901
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,354</u>	<u>2,577</u>	<u>1,335,670</u>	<u>93,547</u>	<u>2,573,162</u>
Excess (deficiency) of revenues over expenditures	<u>3,527</u>	<u>8,376</u>	<u>15,065</u>	<u>(1,423)</u>	<u>(459,045)</u>	<u>(1,044)</u>	<u>(539,125)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	78,400	-	195,183
Transfers out	-	-	-	-	(9,230)	-	(115,003)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,170</u>	<u>-</u>	<u>80,180</u>
Net change in fund balances	3,527	8,376	15,065	(1,423)	(389,875)	(1,044)	(458,945)
Fund balances - beginning	11,791	-	244,829	111,902	1,128,602	15,744	2,377,402
Fund balances - ending	<u>\$ 15,318</u>	<u>\$ 8,376</u>	<u>\$ 259,894</u>	<u>\$ 110,479</u>	<u>\$ 738,727</u>	<u>\$ 14,700</u>	<u>\$ 1,918,457</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2022

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account	Overhead Water Storage Account
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 5,447,431	\$ 6,854,433	\$ -	\$ 757,076	\$ 11,033,311	\$ 5,466,739	\$ 331,139	\$ 426,440
Restricted cash and cash equivalents	3,036,682	-	887,872	-	-	-	-	-
Due from other funds	-	193,200	-	-	-	-	-	-
Due from other funds - interaccount	-	-	-	-	-	156,401	-	-
Due from other governments	205	-	-	-	-	-	-	-
Accounts Receivable, net	2,621,504	154	-	-	175,841	58,636	-	-
Leases Receivable	-	-	-	-	-	-	-	1,476,922
Total current assets	11,105,822	7,047,787	887,872	757,076	11,209,152	5,681,776	331,139	1,903,362
Non-current assets:								
Leases Receivable, noncurrent	-	-	-	-	-	-	-	58,692
Capital Assets:								
Land and construction in progress	30,853,166	-	-	-	3,417,574	-	-	-
Other capital assets, net of accumulated depreciation	29,447,719	-	-	-	-	-	-	-
Total non-current assets	60,300,885	-	-	-	3,417,574	-	-	58,692
Total assets	71,406,707	7,047,787	887,872	757,076	14,626,726	5,681,776	331,139	1,962,054
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amounts related to OPEB	103,837	-	-	-	-	-	-	-
LIABILITIES								
Current Liabilities:								
Accounts payable	418,399	-	-	-	-	-	-	-
Accrued payroll liabilities	139,646	-	-	-	-	-	-	-
Accrued interest payable	296,780	-	-	-	-	-	-	-
Due to other funds - interaccount	156,401	-	-	-	-	-	-	-
Due to other funds	38,452	-	-	-	-	-	-	-
Other liabilities	57,965	-	-	-	-	-	-	-
Due to depositors	-	-	88,787	-	-	-	-	-
Accrued compensated absences	42,903	-	-	-	-	-	-	-
Landfill closure liability	33,062	-	-	-	-	-	-	-
Notes payable	3,082,594	-	-	-	-	-	-	-
Total current liabilities	4,266,202	-	88,787	-	-	-	-	-
Non-current liabilities:								
Due to depositors	-	-	799,085	-	-	-	-	-
Accrued compensated absences	386,131	-	-	-	-	-	-	-
Landfill closure liability	3,346,866	-	-	-	-	-	-	-
Notes payable	28,489,431	-	-	-	-	-	-	-
Total OPEB liability	208,366	-	-	-	-	-	-	-
Total non-current liabilities	32,430,794	-	799,085	-	-	-	-	-
Total liabilities	36,696,996	-	887,872	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES								
Deferred amounts related to OPEB	23,887	-	-	-	-	-	-	-
Deferred amounts related lease receivables	-	-	-	-	-	-	-	1,517,437
Total deferred in flows of resources	23,887	-	-	-	-	-	-	1,517,437
NET POSITION								
Net investment in capital assets	30,759,953	-	-	-	3,417,574	-	-	-
Restricted for debt service	1,005,589	-	-	-	-	-	-	-
Restricted for economic development	-	-	-	-	-	-	-	-
Unrestricted	3,024,119	7,047,787	-	757,076	11,209,152	5,681,776	331,139	444,617
Total net position	\$ 34,789,661	\$ 7,047,787	\$ -	\$ 757,076	\$ 14,626,726	\$ 5,681,776	\$ 331,139	\$ 444,617

(Continued)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2022, (Continued)

	Economic Development Enterprise Account	Water Wells and Trans Account	RWD #4 Account	Environmental Projects Account	RSD #5 Account	APWA Debt Service Account	APWA Capital Improvement Account	Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 5,640,665	\$ 535,947	\$ 71,711	\$ 2,430,466	\$ 270,401	\$ -	\$ 258,190	\$ 39,523,949
Restricted cash and cash equivalents	-	-	-	-	-	815,777	-	4,740,331
Due from other funds	-	-	-	-	-	-	-	193,200
Due from other funds - interaccount	-	-	-	-	-	-	-	156,401
Due from other governments	-	-	-	-	-	-	-	205
Accounts Receivable, net	-	-	-	43,923	-	-	-	2,900,058
Leases Receivable	-	-	-	-	-	-	-	1,476,922
Total current assets	5,640,665	535,947	71,711	2,474,389	270,401	815,777	258,190	48,991,066
Non-current assets:								
Leases Receivable, noncurrent	-	-	-	-	-	-	-	58,692
Capital Assets:								
Land and construction in progress	-	-	-	-	-	-	-	34,270,740
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-	-	29,447,719
Total non-current assets	-	-	-	-	-	-	-	63,777,151
Total assets	5,640,665	535,947	71,711	2,474,389	270,401	815,777	258,190	112,768,217
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amounts related to OPEB	-	-	-	-	-	-	-	103,837
LIABILITIES								
Current Liabilities:								
Accounts payable	-	-	-	-	-	-	-	418,399
Accrued payroll liabilities	-	-	-	-	-	-	-	139,646
Accrued interest payable	-	-	-	-	-	-	-	296,780
Due to other funds	-	-	-	-	-	-	-	156,401
Due to other funds - interaccount	-	-	-	-	-	-	-	38,452
Other liabilities	-	-	-	-	-	-	-	57,965
Due to depositors	-	-	-	-	-	-	-	88,787
Accrued compensated absences	-	-	-	-	-	-	-	42,903
Landfill closure liability	-	-	-	-	-	-	-	33,062
Notes payable	-	-	-	-	-	-	-	3,082,594
Total current liabilities	-	-	-	-	-	-	-	4,354,989
Non-current liabilities:								
Due to depositors	-	-	-	-	-	-	-	799,085
Accrued compensated absences	-	-	-	-	-	-	-	386,131
Landfill closure liability	-	-	-	-	-	-	-	3,346,866
Notes payable	-	-	-	-	-	-	-	28,489,431
Total OPEB liability	-	-	-	-	-	-	-	208,366
Total non-current liabilities	-	-	-	-	-	-	-	33,229,879
Total liabilities	-	-	-	-	-	-	-	37,584,868
DEFERRED INFLOWS OF RESOURCES								
Deferred amounts related to OPEB	-	-	-	-	-	-	-	23,887
Deferred amounts related lease receivables	-	-	-	-	-	-	-	1,517,437
Total liabilities	-	-	-	-	-	-	-	1,541,324
NET POSITION								
Net investment in capital assets	-	-	-	-	-	-	-	34,177,527
Restricted for debt service	-	-	-	-	-	815,777	-	1,821,366
Restricted for economic development	5,640,665	-	-	-	-	-	-	5,640,665
Unrestricted	-	535,947	71,711	2,474,389	270,401	-	258,190	32,106,304
Total net position	\$ 5,640,665	\$ 535,947	\$ 71,711	\$ 2,474,389	\$ 270,401	\$ 815,777	\$ 258,190	\$ 73,745,862

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund Accounts -Year Ended June 30, 2022

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account	Overhead Water Storage Account
REVENUES								
Charges for services:								
Water	\$ 7,250,023	\$ -	\$ -	\$ 44,145	\$ 1,048,402	\$ -	\$ -	\$ -
Sewer	2,387,129	-	-	-	-	354,792	-	-
Sanitation	4,727,480	-	-	-	-	-	-	-
Solid waste fee	-	135	-	-	-	-	-	-
Recycling income	313,612	-	-	-	-	-	-	-
Lease revenue	2,234	-	-	-	31,563	-	-	-
Miscellaneous	348,817	-	-	-	-	-	-	-
Total operating revenues	<u>15,029,295</u>	<u>135</u>	<u>-</u>	<u>44,145</u>	<u>1,079,965</u>	<u>354,792</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES								
Public works director	383,065	-	-	-	-	-	-	-
Billing and collecting	420,957	-	-	-	-	-	-	-
Water plant	553,547	-	-	-	818	-	-	-
Liquid waste	870,176	-	-	-	-	1	-	-
Administration	2,049,471	-	-	-	-	-	-	-
Water and sewer line maintenance	1,161,088	-	-	-	-	-	-	-
Solid waste	2,648,781	1	-	-	-	-	-	-
Landfill operations	218,659	-	-	-	-	-	-	-
Construction	598,536	-	-	-	-	-	-	-
Street	831,934	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Depreciation	1,539,068	-	-	-	-	-	-	-
Total operating expenses	<u>11,275,282</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>818</u>	<u>1</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>3,754,013</u>	<u>134</u>	<u>-</u>	<u>44,145</u>	<u>1,079,147</u>	<u>354,791</u>	<u>-</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)								
Interest and investment revenue	69,484	68,535	-	7,369	108,270	53,419	3,354	3,546
Miscellaneous revenue	299,248	-	-	-	-	-	-	94,840
Gain on capital asset disposal	71,428	-	-	-	-	-	-	-
Interest expense	(865,928)	-	-	-	-	-	-	-
Total non-operating revenue (expenses)	<u>(425,768)</u>	<u>68,535</u>	<u>-</u>	<u>7,369</u>	<u>108,270</u>	<u>53,419</u>	<u>3,354</u>	<u>98,386</u>
Income (loss) before transfers	<u>3,328,245</u>	<u>68,669</u>	<u>-</u>	<u>51,514</u>	<u>1,187,417</u>	<u>408,210</u>	<u>3,354</u>	<u>98,386</u>
Transfers in	11,781,146	152,575	-	-	-	5,554	-	-
Transfers out	(11,310,659)	-	-	-	(637,729)	(140,000)	-	-
Change in net position	<u>3,798,732</u>	<u>221,244</u>	<u>-</u>	<u>51,514</u>	<u>549,688</u>	<u>273,764</u>	<u>3,354</u>	<u>98,386</u>
Total net position - beginning	30,990,929	6,826,543	-	705,562	14,077,038	5,408,012	327,785	346,231
Total net position - ending	<u>\$ 34,789,661</u>	<u>\$ 7,047,787</u>	<u>\$ -</u>	<u>\$ 757,076</u>	<u>\$ 14,626,726</u>	<u>\$ 5,681,776</u>	<u>\$ 331,139</u>	<u>\$ 444,617</u>

(Continued)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund Accounts -Year Ended June 30, 2022,
(Continued)

	Economic Development Enterprise Account	Water Wells and Trans Account	RWD #4 Account	Environmental Projects Account	RSD #5 Account	APWA Debt Service Account	APWA Capital Improvement Account	Total
REVENUES								
Charges for services:								
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,342,570
Sewer	-	-	-	-	64,712	-	-	2,806,633
Sanitation	-	-	-	-	-	-	-	4,727,480
Solid waste fee	-	-	-	-	-	-	-	135
Recycling income	-	-	-	-	-	-	-	313,612
Lease revenue	-	-	-	-	-	-	-	33,797
Miscellaneous	-	-	-	-	-	-	-	348,817
Total operating revenues	-	-	-	-	64,712	-	-	16,573,044
OPERATING EXPENSES								
Public works director	-	-	-	-	-	-	-	383,065
Billing and collecting	-	-	-	-	-	-	-	420,957
Water plant	-	-	-	-	-	-	-	554,365
Liquid waste	-	-	-	-	32,554	-	-	902,731
Administration	-	-	-	-	-	-	-	2,049,471
Water and sewer line maintenance	-	-	-	-	-	-	-	1,161,088
Solid waste	-	-	-	-	-	-	-	2,648,782
Landfill operations	-	-	-	-	-	-	-	218,659
Construction	-	-	-	-	-	-	-	598,536
Street	-	-	-	-	-	-	-	831,934
Economic Development	709,660	-	-	-	-	-	-	709,660
Depreciation	-	-	-	-	-	-	-	1,539,068
Total operating expenses	709,660	-	-	-	32,554	-	-	12,018,316
Operating income (loss)	(709,660)	-	-	-	32,158	-	-	4,554,728
NON-OPERATING REVENUES (EXPENSES)								
Interest and investment revenue	54,028	5,432	727	22,968	2,546	7,421	2,442	409,541
Miscellaneous revenue	-	-	-	265,941	-	-	-	660,029
Gain on capital asset disposal	-	-	-	-	-	-	-	71,428
Interest expense	-	-	-	-	-	-	-	(865,928)
Total non-operating revenue (expenses)	54,028	5,432	727	288,909	2,546	7,421	2,442	275,070
Income (loss) before transfers	(655,632)	5,432	727	288,909	34,704	7,421	2,442	4,829,798
Transfers in	1,159,349	-	-	-	-	2,040,000	50,000	15,188,624
Transfers out	-	-	-	(22,400)	-	(1,965,551)	-	(14,076,339)
Change in net position	503,717	5,432	727	266,509	34,704	81,870	52,442	5,942,083
Total net position, beginning	5,136,948	530,515	70,984	2,207,880	235,697	733,907	205,748	67,803,779
Total net position - ending	\$ 5,640,665	\$ 535,947	\$ 71,711	\$ 2,474,389	\$ 270,401	\$ 815,777	\$ 258,190	\$ 73,745,862

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Schedules of Expenditures of Federal and State Awards – Year Ended June 30, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal AL Number	Agency or Pass Thru Number	Program or Award Amount	Federal Expenditures
FEDERAL ASSISTANCE:				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through District Attorney's Council:				
2020 Justice Assistance Grant	16.607	2020-BU-BX-2002-4294	2,217	1,836
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Federal Aviation Administration - Terminal Apron Construction Phase 1	20.106	3-40-0001-019-2021	772,915	706,103
Federal Aviation Administration - Airport Coronavirus Response Grant	20.106	3-40-0001-020-2021	23,000	23,000
Federal Aviation Administration - Coronavirus Response and Relief Supplement	20.106	3-40-0001-019-2021	59,000	59,000
Total U.S. Department of Transportation			854,915	788,103
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>				
Passed through Oklahoma Department of Libraries:				
Citizenship Project 22	45.310	N/A	4,000	1,923
ARPA Grant 22	45.310	N/A	15,628	11,394
Health Literacy 21	45.310	N/A	5,725	894
Health Literacy 22	45.310	N/A	11,500	9,368
Total Institute of Museum and Library Services			36,853	23,579
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce:				
CDBG - Wintersmith Park Sidewalks	14.228	17977 CDBG 20	152,222	141,060
CDBG - COVID Response Project	14.228	18109 CDBGCR 20	639,430	130,662
Total U.S. Department of Housing and Urban Development			791,652	271,722
TOTAL FEDERAL ASSISTANCE			\$ 1,685,637	\$ 1,085,240

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

SCHEDULE OF EXPENDITURES OF STATE AWARDS

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
OKLAHOMA DEPARTMENT OF LIBRARIES:			
Smart Start Program Grant	N/A	1,250	1,207
FY21 State Aid	N/A	12,988	12,856
Let's Talk About It, OK	Y21.044	1,000	1,000
Let's Talk About It, OK	Y22.011	1,000	992
Total Oklahoma Department of Libraries		<u>16,238</u>	<u>16,055</u>
OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT:			
911 Mgmt Authority-911 Radio Equipment	FEMA DR 911-2020 PW 182114	<u>28,074</u>	<u>25,038</u>
Total U.S Department of Homeland Security		<u>28,074</u>	<u>25,038</u>
TOTAL STATE AWARDS		<u><u>\$44,312</u></u>	<u><u>\$41,093</u></u>

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.
2. Of the federal expenditures presented in the Schedule, the City of Ada had no subrecipients that were provided federal awards.
3. The City of Ada does not have an indirect cost rate and has elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance during the year ended June 30, 2022.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION



**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 discretely presented component unit of the Valley View Hospital Authority, 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, 2022, 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 12, 2023. Our report includes an explanatory paragraph to emphasize the impact on the financial statements of the adoptions of GASB 87. Our report also includes an explanatory paragraph disclaiming an opinion on required supplementary information.

Report on 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") as a basis for designing 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.

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.

(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**

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 12, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and City Council
City of Ada, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Ada, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Finley + Cook, PLLC

Shawnee, Oklahoma
January 12, 2023

CITY OF ADA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

SECTION I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(ies) identified?

☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(ies) identified?

☐ Yes ☒ None Reported

Type of auditors' report issued on compliance for the major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.561(a)?

☐ Yes ☒ No

Identification of major federal programs:

Federal AL Number	Name of Federal Program or Cluster
20.106	U.S. Department of Transportation Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

CITY OF ADA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

Year Ended June 30, 2022

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF ADA, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2022

There were no prior year audit findings.