

A scenic sunset over a body of water. The sun is low on the horizon, creating a bright orange and yellow glow. The sky is filled with soft, wispy clouds. In the foreground, a heron stands on a small patch of land near the water's edge. The water reflects the colors of the sunset. In the background, there are silhouettes of trees and a parking lot with a few cars.

City of
Ada, Oklahoma

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**



THE CITY OF ADA, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

TABLE OF CONTENTS

	Page
Independent Auditor’s Report on Financial Statements	5-8
Management’s Discussion and Analysis	9-17
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Governmental Funds Financial Statements:	
Balance Sheet	22
Statement of Revenues, Expenditures and Changes in Fund Balances.....	23
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	24-25
Proprietary Funds Financial Statements:	
Statement of Net Position.....	27
Statement of Revenues, Expenses and Changes in Net Position.....	28
Statement of Cash Flows.....	29
Footnotes to the Basic Financial Statements	30-60
Required Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedules–General Fund and Major Special Revenue Fund.....	62-63
Footnotes to Budgetary Comparison Schedule.....	63
Schedule of City’s Proportionate Share of Net Pension Liability – Firefighter’s Pension System	
Schedule of City Contributions – Firefighter’s Pension System.....	64
Schedule of City’s Proportionate Share of Net Pension Liability (Asset) – Police Pension System	
Schedule of City Contributions – Police Pension System.....	65
Schedule of Changes in OPEB Liability.....	66
Supplementary Information:	
General Fund Accounts Combining Schedules	
Combining Balance Sheet – General Fund Accounts.....	68
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts.....	69
Nonmajor Governmental Combining Statements	
Combining Balance Sheet – Nonmajor Governmental Funds.....	70-71
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.....	72-73

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

APWA Enterprise Fund Accounts Combining Schedules

Combining Schedule of Net Position– APWA Enterprise Fund Accounts.....	74-75
Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund Accounts.....	76-77

Schedules of Expenditures of Federal and State Awards Information

Schedule of Expenditures of Federal Awards.....	78
Schedule of Expenditures of State Awards.....	79
Footnotes to Schedules of Expenditures of Federal and State Awards.....	79

Single Audit and Internal Control and Compliance Information

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	81-82
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	83-85
Schedule of Findings and Questioned Costs	86-87
Summary Schedule of Prior Year Audit Findings	88

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Ada, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit 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, 2023, 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, 2023, 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, 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, the 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 30, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

A handwritten signature in black ink that reads "Finley & Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
January 30, 2024

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

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, 2023. 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 \$13,212,130 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2023, by \$193,375,001 (net position). Of this amount, \$49,249,815 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances of \$34,932,799.
- At the end of fiscal year 2023, unassigned fund balance for the General Fund was \$1,825,165 or 11.6% of General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Ada (the "City"), the Ada Public Works Authority (the "Authority") and one additional discretely presented component unit. Included in this report are governmental-wide statements for each of 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, 2023

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, 2023

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, 2023, net position for the governmental activities and business-type activities increased \$13,212,130. The results indicate the City, as a whole, saw an increase in its financial position from the prior year.

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

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Current assets	\$ 40,730	\$ 38,572	6%	\$ 50,851	\$ 47,319	7%	\$ 91,581	\$ 85,891	7%
Non-current assets	1,340	1,415	-5%	1,477	1,536	-4%	2,817	2,951	-5%
Capital assets, net	82,846	78,635	5%	63,242	63,017	0%	146,088	141,652	3%
Total assets	<u>124,916</u>	<u>118,622</u>	5%	<u>115,570</u>	<u>111,872</u>	3%	<u>240,486</u>	<u>230,494</u>	4%
Deferred outflow of resources	3,263	2,458	33%	82	104	-21%	3,345	2,562	31%
Current liabilities	3,859	2,619	47%	3,990	4,092	-2%	7,849	6,711	17%
Non-current liabilities	8,561	5,066	69%	30,668	33,118	-7%	39,229	38,184	3%
Total liabilities	<u>12,420</u>	<u>7,685</u>	62%	<u>34,658</u>	<u>37,210</u>	-7%	<u>47,078</u>	<u>44,895</u>	5%
Deferred inflows of resources	1,905	6,457	-70%	1,473	1,541	-4%	3,378	7,998	-58%
Net position									
Net investment in capital assets	82,241	77,812	6%	35,426	34,178	4%	117,667	111,990	5%
Restricted	18,518	17,774	4%	7,941	7,462	6%	26,459	25,236	5%
Unrestricted	13,095	11,352	15%	36,154	31,585	14%	49,249	42,937	15%
Total net position	<u>\$ 113,854</u>	<u>\$ 106,938</u>	6%	<u>\$ 79,521</u>	<u>\$ 73,225</u>	9%	<u>\$ 193,375</u>	<u>\$ 180,163</u>	7%

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 \$117.7 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, \$26.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$49.2 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, 2023

Change in Net Position

For the year ended June 30, 2023 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.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for services	\$ 1,007	\$ 1,013	-1%	\$ 16,665	\$ 16,539	1%	\$ 17,672	\$ 17,552	1%
Operating grants and contributions	2,589	1,316	97%	-	-	-	2,589	1,316	97%
Capital grants and contributions	332	788	-58%	65	177	-63%	397	965	-59%
Taxes	22,845	22,044	4%	-	-	-	22,845	22,044	4%
Intergovernmental revenue	699	381	83%	-	-	-	699	381	83%
Investment income	1,572	326	382%	1,973	410	381%	3,545	736	382%
Miscellaneous	1,382	1,130	22%	684	588	16%	2,066	1,718	20%
Total revenues	30,426	26,998	13%	19,387	17,714	9%	49,813	44,712	11%
Expenses									
General government	6,918	5,680	22%	-	-	-	6,918	5,680	22%
Streets	3,310	3,047	9%	-	-	-	3,310	3,047	9%
Public safety	8,119	6,356	28%	-	-	-	8,119	6,356	28%
Cemetery	236	218	8%	-	-	-	236	218	8%
Legal and judicial	94	97	-3%	-	-	-	94	97	-3%
Culture and recreation	3,157	2,983	6%	-	-	-	3,157	2,983	6%
Community development	506	367	38%	-	-	-	506	367	38%
Airport	723	759	-5%	-	-	-	723	759	-5%
Interest on long-term debt	10	12	-17%	-	-	-	10	12	-17%
Water	-	-	-	4,619	4,038	14%	4,619	4,038	14%
Sewer	-	-	-	3,452	3,136	10%	3,452	3,136	10%
Sanitation	-	-	-	4,536	4,548	0%	4,536	4,548	0%
Economic development	-	-	-	921	710	30%	921	710	30%
Total expenses	23,073	19,519	18%	13,528	12,432	9%	36,601	31,951	15%
Excess (deficiency) before transfers	7,353	7,479	-2%	5,859	5,282	11%	13,212	12,761	4%
Transfers	(437)	(354)	23%	437	354	23%	-	-	0%
Change in net position	6,916	7,125	-3%	6,296	5,636	-12%	13,212	12,761	4%
Beginning net position	106,938	99,813	7%	73,225	67,589	8%	180,163	167,402	8%
Ending net position	\$ 113,854	\$ 106,938	6%	\$ 79,521	\$ 73,225	9%	\$ 193,375	\$ 180,163	7%

The City's governmental activities investment income increased approximately \$1,246,897 or 382% due to higher yields on investment interest rates. The operating grants and contributions increase of \$1,272,886 or 97% was mainly due to the Opioid Settlement amount of \$655,035 and various other operating grants of \$548,165 received in the current year. The City's business-type investment income increased \$1,563,851 or 381% due to higher yields on investment interest rates.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

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)

	<u>Total Expense</u>		<u>% Inc.</u>	<u>Net Revenue</u>		<u>% Inc.</u>
	<u>of Services</u>			<u>(Expense)</u>		
	<u>2023</u>	<u>2022</u>		<u>of Services</u>	<u>(Dec.)</u>	
General government	\$ 6,918	\$ 5,680	22%	(\$6,746)	(\$5,520)	22%
Streets	3,310	3,047	9%	(3,158)	(2,887)	9%
Public Safety	8,119	6,356	28%	(6,105)	(5,098)	20%
Cemetery	236	218	8%	(184)	(150)	23%
Legal and Judicial	94	97	-3%	(94)	(97)	-3%
Culture and Recreation	3,157	2,983	6%	(2,109)	(2,430)	-13%
Community Development	506	367	38%	(506)	(367)	38%
Airport	723	759	-5%	(233)	160	-246%
Interest on long-term debt	10	12	-17%	(10)	(12)	-17%
Total	23,073	\$ 19,519	18%	(\$19,145)	(\$16,401)	17%

For the year ended June 30, 2023, total expenses for governmental activities amounted to \$23.1 million which is an 18% increase from the prior year.

Business-type Activities

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

	<u>Total Expense</u>		<u>% Inc.</u>	<u>Net Revenue</u>		<u>% Inc.</u>
	<u>of Services</u>			<u>(Expense)</u>		
	<u>2023</u>	<u>2022</u>		<u>of Services</u>	<u>Dec.</u>	
Water	\$ 4,619	\$ 4,038	14%	\$ 4,071	\$ 4,665	-13%
Sewer	3,452	3,136	10%	(525)	(268)	96%
Sanitation	4,536	4,548	0%	512	597	-14%
Economic development	921	710	30%	(856)	(710)	21%
Total	\$13,528	\$12,432	9%	\$ 3,202	\$ 4,284	-25%

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, 2023

A FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined total fund balance of \$34.9 million, or a 5.8% increase from the prior year. The enterprise funds reported combined total net position of \$79.5 million, or an 8.6% increase from 2022.

Other fund highlights include:

- For the year ended June 30, 2023, the General Fund’s total fund balance decreased by \$386,093, or 3.5%.
- The Street and Alley Fund’s total fund balance increased by \$1,421,698 or 26.1%.
- The Sales Tax Infrastructure total fund balance decreased \$115,441 or 2.4%.
- The 2016 Sales Tax Capital Improvement Fund’s total fund balance increased by \$310,725 or 3.2%.
- The APWA Enterprise Fund reported a net income before transfers of \$5,429,477.

General Fund Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues below final estimates by \$95,198 or a 0.5% negative variance. General Fund actual expenditures were under final appropriations by \$4,086,523 or a 16.7% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had approximately \$146.1 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 \$4.4 million over last year.

Below are details regarding the City’s capital assets for the years ended June 30, 2023 and 2022.¹

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,421	\$ 1,421	\$ 4,514	\$ 4,514	\$ 5,935	\$ 5,935
Buildings and improvements	42,252	42,636	10,901	11,333	53,153	53,969
Machinery, furniture and equipment	3,698	3,933	4,182	3,826	7,880	7,759
Infrastructure	24,687	23,991	13,541	13,588	38,228	37,579
Water rights	-	-	1,280	1,280	1,280	1,280
Construction in progress	10,788	6,654	28,824	28,476	39,612	35,130
Totals	<u>\$ 82,846</u>	<u>\$ 78,635</u>	<u>\$ 63,242</u>	<u>\$ 63,017</u>	<u>\$ 146,088</u>	<u>\$ 141,652</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
As of and for the Year Ended June 30, 2023

This year's more significant capital asset additions include \$3 million in amphitheater improvements, and \$1.1 million in airport improvements.

Long-Term Debt

At year-end, the City had \$34.7 million in long-term debt outstanding, which represents approximately a \$2.4 million decrease from the prior year.²

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Accrued Compensation	\$ 781	\$ 807	\$ 394	\$ 429	\$ 1,175	\$ 1,236
Deposits subject to refund	-	-	915	888	915	888
Landfill closure liability	-	-	3,693	3,380	3,693	3,380
Notes payable-direct borrowings and placements	191	298	28,767	31,392	28,958	31,690
Totals	\$ 972	\$ 1,105	\$ 33,769	\$ 36,089	\$ 34,741	\$ 37,194

ECONOMIC OUTLOOK

Fiscal Year 2022-23 was extremely busy for the City of Ada. The following section 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 recognized as a Main Street City and a Tree City USA member. Ada is big enough to offer many large scale 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. On February 8, 2022, the citizens of Ada made Prop 1 permanent, and extended Prop 2 an additional 5 years with a sunset date of April 30, 2028. During Fiscal Year 2022-23, Prop 1 generated close to \$3.6 million and Prop 2 nearly \$1.2 million.

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
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

City Projects

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 a partnership with the Chickasaw Nation for new road construction, the continuation of the sewer pipe bursting program designed to replace a required amount of line annually, a grant providing renovations to repurpose the central fire station. The engineering for the second phase to partially replace and widen Wintersmith Park's walking trail was completed and the construction will commence in FY23-24 and is partially funded with a Community Development Block Grant. The eight-block Main Street renovation project launched in April 2021 was completed, providing a welcoming, positive experience for visitors and residents. The previously awarded CDBG-COVID grant that provided our senior population numerous amenities including a walking trail, an outdoor exercise space and 93,398 free meals ended. Several studies were fulfilled which include emergency personnel time and motion, a non-uniform employee compensation plan, and a five-year utility rate plan, all of which will be executed in FY23-24. A "take-home" car program for the police department was implemented to better serve the citizens and staff. The city received its first installments for the opioid class-action lawsuit. These funds will be budgeted and used as specified by the Court in the future. Upgrades continue at the Ada Regional Airport; plus, various library grants and donations 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.

Last fiscal year, they convened workforce partners and developed the Oklahoma Center of Workforce Excellence Strategy and continue to move forward in leading workforce development for our region especially in technology. They sponsored the first Youth Coding League team in Oklahoma, with 5th and 6th graders competing nationally.

Previously AJF successfully secured several grants that created opportunities in the areas of industrial site development and entrepreneurship support programs for scalable technology programs by creating innovation center supporting startups. The engagement which evaluated the C.B. Howard Industrial Park, and the Ada Municipal Airpark was completed producing an updated target industry analysis based on Ada's talent supply and a new industrial site portfolio.

The Business Improvement Grant Program (BIG) has been a successful endeavor incentivizing Main Street and Downtown property owners seeking to make capital improvements to commercial buildings. This year the program committed \$100,000 in matching funds for those interested.

"Penny For Our City" Sales Tax Extension 2

In January 2015, an extension of the one-cent sales tax was approved by voters for an additional eight years. The extension began January 2016 after the first penny expired and will cease December 31, 2023. Sales tax collected for this Fiscal Year totaled \$4,770,849.

By securing a \$13 million loan, construction of both aquatic centers and the senior citizen's center were completed early with the debt to be paid in full by February 2024.

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 Main Street renovation project which as mentioned previously was completed this year. Outstanding projects with this penny initiative are the Sports Complex facility expansion and the workforce housing program.

CITY OF ADA, OKLAHOMA
Management’s Discussion and Analysis
As of and for the Year Ended June 30, 2023

“Penny For Our City” Sales Tax Extension 3

On May 9, 2023, voters renewed the one-cent sales tax, also known as “Penny for Our City”. The sales tax will begin January 2024 with a 15-year sunset. This initiative is focused on quality-of-life amenities to the city’s parks and trails including the third phase of the Sports Complex facility featuring the construction of a multi-purpose building providing basketball, volleyball, pickleball courts and an upstairs walking track. Plus, improvements to Wintersmith Park with the dredging of and rebuilding of the retaining wall around the lake, playground equipment and bridges; providing a restroom facility, playground equipment and pavilion at Glenwood Park; improvements to other various parks and the expansion of walking/biking trails throughout Ada.

In addition, one-eighth of this penny will continue specifically for operation and maintenance expenses for the Sports Complex.

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, 2023**

BASIC FINANCIAL STATEMENTS - STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Net Position– June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority
ASSETS				
Cash and cash equivalents	\$ 35,377,601	\$ 47,906,014	\$ 83,283,615	\$ 290
Investments	46,863	-	46,863	1,249,919
Accounts receivable, net of allowance	-	2,812,198	2,812,198	-
Franchise tax receivable	88,919	-	88,919	-
Court fines receivable, net of allowance	842,017	-	842,017	-
Internal balances	(66,726)	66,726	-	-
Due from other governments	3,300,773	65,514	3,366,287	-
Other receivables	703,051	-	703,051	-
Inventory	40,762	-	40,762	-
Leases receivable	1,340,463	1,476,922	2,817,385	-
Net pension asset	397,074	-	397,074	-
Capital Assets:				
Land and construction in progress	12,209,067	34,618,392	46,827,459	-
Other capital assets, net of depreciation	70,636,619	28,624,065	99,260,684	-
Total Assets	<u>124,916,483</u>	<u>115,569,831</u>	<u>240,486,314</u>	<u>1,250,209</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	3,144,952	-	3,144,952	-
Deferred amounts related to OPEB	118,062	82,191	200,253	-
Total deferred outflows of resources	<u>3,263,014</u>	<u>82,191</u>	<u>3,345,205</u>	<u>-</u>
LIABILITIES				
Accounts payable	\$ 615,104	\$ 310,611	\$ 925,715	-
Accrued payroll liabilities	317,418	150,380	467,798	-
Accrued interest payable	3,009	274,760	277,769	-
Due to other governments	20,278	-	20,278	-
Due to depositors	28,047	-	28,047	-
Deposits subject to refund	-	-	-	-
Due to component unit	-	-	-	-
Unearned revenue	2,688,363	-	2,688,363	-
Long-term liabilities:				
Due within one year	187,307	3,254,344	3,441,651	-
Due in more than one year	8,561,453	30,667,873	39,229,326	-
Total liabilities	<u>\$ 12,420,979</u>	<u>\$ 34,657,968</u>	<u>\$ 47,078,947</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	488,955	-	488,955	-
Deferred amounts related to OPEB	111,898	50,244	162,142	-
Deferred amounts related to leases	1,303,877	1,422,597	2,726,474	-
Total deferred inflows of resources	<u>1,904,730</u>	<u>1,472,841</u>	<u>3,377,571</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	82,240,584	35,425,903	117,666,487	-
Restricted via:				
Expendable Endowment	-	-	-	1,250,209
State statutes, debt indentures and external parties	48,635	1,799,768	1,848,403	-
Enabling legislation	18,469,094	6,141,202	24,610,296	-
Unrestricted	13,095,475	36,154,340	49,249,815	-
Total net position	<u>\$ 113,853,788</u>	<u>\$ 79,521,213</u>	<u>\$ 193,375,001</u>	<u>\$ 1,250,209</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, 2023

Statement of Activities –Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	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	\$ 6,917,636	\$ 171,338	\$ -	\$ -	\$ (6,746,298)	\$ -	\$ (6,746,298)	\$ -
Streets	3,310,194	-	152,660	-	(3,157,534)	-	(3,157,534)	-
Public Safety	8,119,247	136,919	1,877,780	-	(6,104,548)	-	(6,104,548)	-
Cemetery	236,298	51,861	-	-	(184,437)	-	(184,437)	-
Legal and Judicial	94,270	-	-	-	(94,270)	-	(94,270)	-
Culture and Recreation	3,156,521	488,954	558,250	-	(2,109,317)	-	(2,109,317)	-
Community Development	505,578	-	-	-	(505,578)	-	(505,578)	-
Airport	722,757	158,185	-	331,696	(232,876)	-	(232,876)	-
Interest on Long-term debt	10,459	-	-	-	(10,459)	-	(10,459)	-
Total governmental activities	<u>23,072,960</u>	<u>1,007,257</u>	<u>2,588,690</u>	<u>331,696</u>	<u>(19,145,317)</u>	<u>-</u>	<u>(19,145,317)</u>	<u>-</u>
Business-Type Activities:								
Water operations	4,619,233	8,689,974	-	-	-	4,070,741	4,070,741	-
Sewer operations	3,452,137	2,927,328	-	-	-	(524,809)	(524,809)	-
Sanitation operations	4,535,239	5,047,513	-	-	-	512,274	512,274	-
Economic Development	921,157	-	-	65,309	-	(855,848)	(855,848)	-
Total business-type activities	<u>13,527,766</u>	<u>16,664,815</u>	<u>-</u>	<u>65,309</u>	<u>-</u>	<u>3,202,358</u>	<u>3,202,358</u>	<u>-</u>
Total primary government	\$ 36,600,726	\$ 17,672,072	\$ 2,588,690	\$ 397,005	\$ (19,145,317)	\$ 3,202,358	\$ (15,942,959)	\$ -
Component Unit:								
Hospital and health care	63,611	-	-	-	-	-	-	(63,611)
Total Component Units	\$ 63,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (63,611)
General revenues:								
Taxes:								
Sales and use taxes					\$ 21,348,447	\$ -	\$ 21,348,447	\$ -
Property taxes					33,438	-	33,438	-
Franchise taxes and public service taxes					941,042	-	941,042	-
Payment in lieu of tax					56,965	-	56,965	-
E-911 taxes					464,044	-	464,044	-
Intergovernmental revenue not restricted to specific programs					699,110	-	699,110	-
Investment income/change in fair market value of investments					1,572,291	1,973,392	3,545,683	93,734
Miscellaneous					1,382,538	683,822	2,066,360	-
Transfers - Internal activity					(436,573)	436,573	-	-
Total general revenues and transfers					<u>26,061,302</u>	<u>3,093,787</u>	<u>29,155,089</u>	<u>93,734</u>
Change in net position					6,915,985	6,296,145	13,212,130	30,123
Net position - beginning					106,937,803	73,225,068	180,162,871	1,220,086
Net position - ending					<u>\$ 113,853,788</u>	<u>\$ 79,521,213</u>	<u>\$ 193,375,001</u>	<u>\$ 1,250,209</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, 2023**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Governmental Funds Balance Sheet - June 30, 2023

	Special Revenue Fund						Total Governmental Funds
	General Fund	Street and Alley Fund	Capital Project Funds		Other Governmental Funds	Total Governmental Funds	
			Sales Tax Infrastructure Fund	Sales Tax 2016 Capital Improvement Fund			
ASSETS							
Cash and cash equivalents	\$ 9,642,513	\$ 6,478,014	\$ 4,290,938	\$ 9,382,732	\$ 5,565,571	\$ 35,359,768	
Investments	46,863	-	-	-	-	46,863	
Receivables:							
Due from other funds	68,813	68,171	-	-	22	137,006	
Due from other governments	1,860,841	321,045	465,916	621,222	31,749	3,300,773	
Lease receivables	1,279,542	-	-	-	60,921	1,340,463	
Franchise taxes receivable	88,919	-	-	-	-	88,919	
Court fines receivable	842,017	-	-	-	-	842,017	
Other receivables	662,839	-	-	-	40,212	703,051	
Total assets	<u>\$ 14,492,347</u>	<u>\$ 6,867,230</u>	<u>\$ 4,756,854</u>	<u>\$ 10,003,954</u>	<u>\$ 5,698,475</u>	<u>\$ 41,818,860</u>	
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 264,781	\$ -	\$ 33,384	\$ 34,204	\$ 282,735	\$ 615,104	
Accrued payroll liabilities	272,358	-	27,407	-	17,653	317,418	
Due to other funds	182,829	-	13,048	-	7,855	203,732	
Due to other governments	20,278	-	-	-	-	20,278	
Due to depositors	28,047	-	-	-	-	28,047	
Total liabilities	<u>768,293</u>	<u>-</u>	<u>73,839</u>	<u>34,204</u>	<u>308,243</u>	<u>1,184,579</u>	
Deferred inflows of resources:							
Unavailable revenue	1,678,205	-	-	-	2,719,400	4,397,605	
Deferred amounts related to leases	1,243,065	-	-	-	60,812	1,303,877	
Total deferred inflows of resources	<u>2,921,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,780,212</u>	<u>5,701,482</u>	
Fund balances:							
Restricted	13,032	6,140,478	3,178,986	9,118,941	156,906	18,608,343	
Committed	1,438,400	-	-	-	95,661	1,534,061	
Assigned	7,526,187	726,752	1,504,029	850,809	2,357,453	12,965,230	
Unassigned	1,825,165	-	-	-	-	1,825,165	
Total fund balances	<u>10,802,784</u>	<u>6,867,230</u>	<u>4,683,015</u>	<u>9,969,750</u>	<u>2,610,020</u>	<u>34,932,799</u>	
Total liabilities, deferred inflows and fund balances	<u>\$ 14,492,347</u>	<u>\$ 6,867,230</u>	<u>\$ 4,756,854</u>	<u>\$ 10,003,954</u>	<u>\$ 5,698,475</u>	<u>\$ 41,818,860</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, 2023**

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2023

	Special Revenue Fund		Capital Project Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Street and Alley Fund	Sales Tax 2016			
			Sales Tax Infrastructure Fund	Capital Improvement Fund		
REVENUES						
Taxes	\$ 11,783,890	\$ 2,161,678	\$ 3,597,519	\$ 4,796,693	\$ 503,569	\$ 22,843,349
Intergovernmental	1,548,156	152,660	-	-	1,156,838	2,857,654
Licenses and permits	168,169	-	-	-	-	168,169
Charges for services	313,952	-	-	-	358,077	672,029
Fees and fines	188,644	-	-	-	-	188,644
Investment earnings	503,832	242,291	206,398	388,424	231,346	1,572,291
Miscellaneous	1,245,440	-	-	-	201,746	1,447,186
Total revenues	<u>15,752,083</u>	<u>2,556,629</u>	<u>3,803,917</u>	<u>5,185,117</u>	<u>2,451,576</u>	<u>29,749,322</u>
EXPENDITURES						
Current:						
General government	6,928,672	-	321,411	-	-	7,250,083
Public safety	6,030,558	-	-	-	758,172	6,788,730
Streets and highways	-	290,920	602,680	-	-	893,600
Legal and judicial	94,124	-	-	-	-	94,124
Cemetery	208,747	-	-	-	-	208,747
Culture and recreation	1,940,706	-	-	-	223,792	2,164,498
Community development	499,317	-	-	-	-	499,317
Airport	-	-	-	-	180,873	180,873
Sewer	-	-	388,960	-	-	388,960
Capital outlay	1,663,826	-	2,366,328	3,070,673	1,326,814	8,427,641
Debt service:						
Principal	-	-	-	-	78,243	78,243
Interest and other charges	-	-	-	-	11,881	11,881
Total expenditures	<u>17,365,950</u>	<u>290,920</u>	<u>3,679,379</u>	<u>3,070,673</u>	<u>2,579,775</u>	<u>26,986,697</u>
Excess (deficiency) of revenues over expenditures	<u>(1,613,867)</u>	<u>2,265,709</u>	<u>124,538</u>	<u>2,114,444</u>	<u>(128,199)</u>	<u>2,762,625</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	6,405,251	2,389	219,085	2,967,131	1,202,260	10,796,116
Transfers out	(5,177,477)	(846,400)	(459,064)	(4,770,850)	(382,498)	(11,636,289)
Total other financing sources and uses	<u>1,227,774</u>	<u>(844,011)</u>	<u>(239,979)</u>	<u>(1,803,719)</u>	<u>819,762</u>	<u>(840,173)</u>
Net change in fund balances	(386,093)	1,421,698	(115,441)	310,725	691,563	1,922,452
Fund balances - beginning	11,188,877	5,445,532	4,798,456	9,659,025	1,918,457	33,010,347
Fund balances - ending	<u>\$ 10,802,784</u>	<u>\$ 6,867,230</u>	<u>\$ 4,683,015</u>	<u>\$ 9,969,750</u>	<u>\$ 2,610,020</u>	<u>\$ 34,932,799</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, 2023**

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	\$ 34,932,799
--	---------------

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.	82,323,193
---	------------

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	397,074
Pension related deferred outflows	3,144,952
Opioid Settlement receivable	655,035
Court fines receivable, net of allowance for doubtful accounts of \$842,017	812,979
Grant receivable	221,840
Other receivables	19,388
	5,251,268

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	58,595
---	--------

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	(3,009)
Note payable	(79,600)
Net pension liability	(7,460,123)
Pension related deferred inflows	(488,955)
Accrued compensated absences	(780,654)
Total OPEB liability and OPEB related deferred inflows and outflows, net	(310,503)
	(9,122,844)

Change due to reclassification of street department	410,777
---	---------

Net Position of Governmental Activities in the Statement of Net Position	\$ 113,853,788
--	----------------

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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:	\$	1,922,452
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		8,040,242
Depreciation expense		(3,650,710)
		4,389,532
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.		
		(156,281)
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		765,809
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		37,634
		37,634
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		1,422
Change in accrued compensated absences expenses		26,734
Change in the total OPEB liability		35,317
		63,473
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		3,383
Net change due to reclassification of street department		(110,017)
Change in net position of governmental activities	\$	6,915,985

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Net Position - June 30, 2023

	<u>Enterprise Fund</u>	
	<u>APWA</u>	<u>Internal</u>
	<u>Enterprise Fund</u>	<u>Service Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 44,651,565	\$ 17,833
Restricted:		
Cash and cash equivalents	3,254,449	-
Accounts receivable, net of allowance of \$95,200	2,812,198	-
Leases receivable	1,414,237	-
Inventory	-	40,762
Due from other funds	174,534	-
Due from other governments	65,514	-
Total current assets	<u>52,372,497</u>	<u>58,595</u>
Non-current assets:		
Leases receivable, noncurrent	62,685	-
Capital assets:		
Land and construction in progress	34,618,392	-
Other capital assets, net of accumulated depreciation	29,146,558	-
Total non-current assets	<u>63,827,635</u>	<u>-</u>
Total assets	<u>\$ 116,200,132</u>	<u>\$ 58,595</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to OPEB	<u>82,191</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 310,611	\$ -
Accrued payroll liabilities	150,380	-
Accrued interest payable	274,760	-
Due to other funds	107,808	-
Due to depositors	91,516	-
Accrued compensated absences	39,354	-
Landfill closure liability	28,474	-
Notes payable	3,165,182	-
Total current liabilities	<u>4,168,085</u>	<u>-</u>
Non-current liabilities:		
Due to depositors	823,641	-
Accrued compensated absences	354,190	-
Landfill closure liability	3,664,557	-
Notes payable	25,713,389	-
Total OPEB liability	<u>153,630</u>	<u>-</u>
Total non-current liabilities	<u>30,709,407</u>	<u>-</u>
Total liabilities	<u>34,877,492</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to OPEB	50,244	-
Deferred amounts related to lease receivables	1,422,597	-
Total deferred inflows of resources	<u>1,472,841</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	\$ 35,425,903	\$ -
Restricted for debt service	1,799,768	-
Restricted for economic development	6,141,202	-
Unrestricted	<u>36,565,117</u>	<u>58,595</u>
Total net position	<u>\$ 79,931,990</u>	<u>\$ 58,595</u>

Reclassification of street department net position in
governmental activities at Government-Wide Statement of
Net Position

(410,777)
\$ 79,521,213

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2023

	<u>Enterprise Fund</u>	
	APWA	Internal
	<u>Enterprise Fund</u>	<u>Service Fund</u>
REVENUES		
Water	\$ 8,523,309	\$ -
Sewer	2,871,185	-
Sanitation	4,805,768	-
Solid waste fee	60	-
Recycling center	147,713	-
Lease revenue	34,039	-
Charges for inventory	-	69,025
Miscellaneous	316,780	-
Total operating revenues	<u>16,698,854</u>	<u>69,025</u>
OPERATING EXPENSES		
Administration	2,402,869	-
Billing and collecting	446,397	-
Public works director	443,704	-
Water and sewer line maintenance	1,285,774	-
Water plant	710,871	-
Liquid waste	962,089	-
Solid waste	2,491,898	-
Landfill	309,588	-
Other utility purposes	606,465	-
Street	850,128	-
Economic development	821,157	-
Cost of inventory	-	65,642
Depreciation	1,582,310	-
Total Operating Expenses	<u>12,913,250</u>	<u>65,642</u>
Operating income	<u>3,785,604</u>	<u>3,383</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenue	1,973,392	-
Miscellaneous revenue	492,559	-
Gain on disposal of capital assets	57,223	-
Interest expense	(879,301)	-
Total non-operating revenue (expenses)	<u>1,643,873</u>	<u>-</u>
Income before contributions and transfers	5,429,477	3,383
Capital contributions	65,309	-
Transfers in	14,819,638	-
Transfers out	(14,128,296)	-
Change in net position	<u>6,186,128</u>	<u>3,383</u>
Total net position - beginning	73,745,862	55,212
Total net position - ending	<u>\$ 79,931,990</u>	<u>\$ 58,595</u>
Change in net position above	6,186,128	
Street expense transferred to the governmental activities at Government-Wide Statement of Activities	110,017	
	<u>\$ 6,296,145</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, 2023

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023

	<u>Enterprise Fund</u>	
	<u>APWA</u>	<u>Internal</u>
	<u>Enterprise Fund</u>	<u>Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 16,750,566	\$ 69,025
Payments to suppliers	(6,406,204)	(62,624)
Payments to employees	(4,808,875)	-
Receipts of customer meter deposits	159,200	-
Refunds of customer meter deposits	(131,915)	-
Interfund receipts/payments	88,022	-
Other receipts	492,559	-
Net cash provided by operating activities	<u>6,143,353</u>	<u>6,401</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	14,819,638	-
Transfers to other funds	(14,128,296)	-
Net cash provided by noncapital financing activities	<u>691,342</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(1,628,801)	-
Proceeds from sale of capital assets	57,223	-
Proceeds from capital debt	389,140	-
Principal paid on debt	(3,082,594)	-
Interest and fiscal agent fees paid on debt	(901,321)	-
Net cash provided by (used in) capital and related financing activities	<u>(5,166,353)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	1,973,392	-
Net cash provided by investing activities	<u>1,973,392</u>	<u>-</u>
Net increase in cash and cash equivalents	3,641,734	6,401
Balances - beginning of year	<u>44,264,280</u>	<u>11,432</u>
Balances - end of year	<u>\$ 47,906,014</u>	<u>\$ 17,833</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 44,651,565	\$ 17,833
Restricted cash and cash equivalents - current	3,254,449	-
Total cash and cash equivalents, end of year	<u>\$ 47,906,014</u>	<u>\$ 17,833</u>
Reconciliation of operating income to net cash provided by Operating Activities:		
Operating income	\$ 3,785,604	\$ 3,383
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,582,310	-
Other non-operating revenues	492,559	-
Change in assets, liabilities and deferrals:		
Due from other funds	18,666	-
Leases receivable	58,692	-
Due to other funds	69,356	-
Inventory	-	3,018
Receivables, net	87,860	-
Accounts payable	(165,753)	-
Accrued payroll liabilities	10,734	-
Due to depositors	27,285	-
Landfill closure liability	313,103	-
Total OPEB liability and OPEB related deferred inflows and outflows	(6,733)	-
Deferred inflows related to leases	(94,840)	-
Accrued compensated absences	(35,490)	-
Net cash provided by operating activities	<u>\$ 6,143,353</u>	<u>\$ 6,401</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, 2023**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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 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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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 2016 Capital Improvement Fund - accounts for dedicated sales tax to be used for capital improvements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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 and the Sales Tax 2016 Capital Improvement Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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, 2023, the primary government held the following deposits and investments:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>	<u>Fair Value Hierarchy</u>
Deposits:				
Demand deposits			\$ 83,283,615	n/a
			<u>83,283,615</u>	
Investments:				
Purchased judgments	n/a	n/a	46,863	Level 3
			<u>46,863</u>	
Total deposits and investments			<u>\$ 83,330,478</u>	
Reconciliation to Statement of Net Position:				
Cash and cash equivalents			\$ 83,283,615	
Investments			<u>46,863</u>	
			<u>\$ 83,330,478</u>	

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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, 2023, 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 counterparty 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.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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 \$3,254,449 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	\$ 915,157
Debt Service Account	487,218
2015A Interest Cash	12,679
2015A Principal Cash	217,357
2015B Interest Cash	12,468
2015B Principal Cash	596,674
2015 C Principal/Interest Cash	301,112
2018 Interest Cash	51,403
2018 Principal Cash	120,857
2018 Project Cash	539,524
	<u>\$ 3,254,449</u>

Component Unit:

Valley View Hospital Authority

Deposits

At June 30, 2023, 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.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

At June 30, 2023, the Authority has a \$1,249,919 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, 2023, 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 \$119,513.

Business-type Activities

The Authority as a lessor, has entered into a lease agreement involving infrastructure. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$115,878.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

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, 2023, capital assets balances changed as follows:

	Balance at July 1, 2022	Additions	Disposals	Street Reclassification	Interfund Transfers	Balance at June 30, 2023
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 1,421,275	\$ -	\$ -	\$ -	\$ -	\$ 1,421,275
Construction in progress	6,653,976	7,383,831	3,250,015	-	-	10,787,792
Total capital assets not being depreciated	8,075,251	7,383,831	3,250,015	-	-	12,209,067
Other capital assets:						
Buildings and Improvements	56,620,413	1,170,962	-	-	-	57,791,375
Machinery, furniture and equipment	13,286,980	600,542	247,943	(39,292)	140,901	13,741,188
Infrastructure	71,520,878	2,069,421	-	-	-	73,590,299
Total other capital assets at historical cost	141,428,271	3,840,925	247,943	(39,292)	140,901	145,122,862
Less accumulated depreciation for:						
Buildings and Improvements	13,984,439	1,555,126	-	-	-	15,539,565
Machinery, furniture and equipment	9,353,973	722,384	247,544	139,319	75,002	10,043,134
Infrastructure	47,530,344	1,373,200	-	-	-	48,903,544
Total accumulated depreciation	70,868,756	3,650,710	247,544	139,319	75,002	74,486,243
Other capital assets, net	70,559,515	190,215	399	(178,611)	65,899	70,636,619
Governmental activities capital assets, net	\$ 78,634,766	\$ 7,574,046	\$ 3,250,414	\$ (178,611)	\$ 65,899	\$ 82,845,686

	Balance at July 1, 2022	Additions	Disposals	Street Reclassification	Interfund Transfers	Balance at June 30, 2023
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 2,376,759	\$ -	\$ -	\$ -	\$ -	\$ 2,376,759
Land-water development	2,137,167	-	-	-	-	2,137,167
Water rights	1,280,406	-	-	-	-	1,280,406
Construction in progress	28,476,408	762,871	415,219	-	-	28,824,060
Total capital assets not being depreciated	34,270,740	762,871	415,219	-	-	34,618,392
Other capital assets:						
Buildings and Improvements	24,571,916	-	-	-	-	24,571,916
Machinery, furniture and equipment	10,192,933	996,884	343,865	39,292	(140,901)	10,744,343
Utility property improvements	56,219,325	350,164	-	-	-	56,569,489
Total other capital assets at historical cost	90,984,174	1,347,048	343,865	39,292	(140,901)	91,885,748
Less accumulated depreciation for:						
Buildings and Improvements	13,238,645	432,155	-	-	-	13,670,800
Machinery, furniture and equipment	6,367,376	753,036	343,865	(139,319)	(75,002)	6,562,226
Utility property improvements	42,631,538	397,119	-	-	-	43,028,657
Total accumulated depreciation	62,237,559	1,582,310	343,865	(139,319)	(75,002)	63,261,683
Other capital assets, net	28,746,615	(235,262)	-	178,611	(65,899)	28,624,065
Business-type activities capital assets, net	\$ 63,017,355	\$ 527,609	\$ 415,219	\$ 178,611	\$ (65,899)	\$ 63,242,457

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

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	\$ 243,341
Streets and Highways	1,564,523
Public Safety	538,540
Cemetery	26,957
Legal and Judicial	146
Culture and Recreation	733,735
Airport	538,782
Community Development	4,686
Total	\$ 3,650,710
 Business-Type Activities:	
Water	\$ 751,277
Sewer	514,880
Sanitation	316,153
Total	\$ 1,582,310

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2023, the reporting entity's long-term debt changed as follows:

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Type of Debt	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
Notes payable from direct borrowings and direct placements	\$ 297,543	-	\$ 106,227	\$ 191,316	\$ 109,242
Accrued compensated absences	807,389	-	26,735	780,654	78,065
Total Governmental Activities	<u>\$ 1,104,932</u>	<u>\$ -</u>	<u>\$ 132,962</u>	<u>\$ 971,970</u>	<u>\$ 187,307</u>
Business-Type Activities:					
Notes payable from direct borrowings and direct placements	\$ 31,391,716	\$ 389,140	\$ 3,014,000	\$ 28,766,856	\$ 3,095,000
Accrued compensated absences	429,034	-	35,490	393,544	39,354
Deposits subject to refund	887,871	159,200	131,915	915,156	91,516
Landfill closure liability	3,379,928	313,103	-	3,693,031	28,474
Total Business-Type Activities	<u>36,088,549</u>	<u>861,443</u>	<u>3,181,405</u>	<u>33,768,587</u>	<u>3,254,344</u>
Total Long-Term Debt	<u>\$ 37,193,481</u>	<u>\$ 861,443</u>	<u>\$ 3,314,367</u>	<u>34,740,557</u>	<u>\$ 3,441,651</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 187,307
Due in more than one year	8,561,453
Less:	
Total OPEB liability	(316,667)
Net pension liability	(7,460,123)
Total Governmental Activities Long-Term Liabilities	<u>\$ 971,970</u>

Business-Type Activities:

Due within one year	\$ 3,254,344
Due in more than one year	30,667,873
Less:	
Total OPEB liability	(153,630)
Total Business-Type Activities Long-Term Liabilities	<u>\$ 33,768,587</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% \$ 111,716

\$264,165 note payable for the purchase of a 911 Motorola Equipment, matures May 2025 with a stated interest rate of 3.79% 79,600

Current portion	\$ 109,242
Noncurrent portion	<u>82,074</u>
Total Notes Payable (direct borrowings and direct placements)	<u>\$ 191,316</u>

Accrued Compensated Absences:

Current portion	\$ 78,065
Noncurrent portion	<u>702,589</u>
Total Accrued Compensated Absences	<u>\$ 780,654</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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	\$ 1,795,000
Noncurrent portion	<u>-</u>
	<u>1,795,000</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	540,000
Noncurrent portion	<u>835,000</u>
	<u>1,375,000</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	520,000
Noncurrent portion	<u>21,856,856</u>
	<u>22,376,856</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 event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

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		240,000
Noncurrent portion		<u>2,980,000</u>
		<u>3,220,000</u>
Total Notes Payable (direct borrowings and direct placements)		<u>\$28,766,856</u>
 Accrued Compensated Absences:		
Current portion		\$ 39,354
Noncurrent portion		<u>354,190</u>
Total Accrued Compensated Absences		<u>\$ 393,544</u>
 Deposits Subject to Refund:		
Current portion		\$ 91,516
Noncurrent portion		<u>823,640</u>
Total Deposits Subject to Refund		<u>\$ 915,156</u>
 Landfill Closure Liability:		
Current portion		\$ 28,474
Noncurrent portion		<u>3,664,557</u>
Total Landfill Closure Liability		<u>\$ 3,693,031</u>

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

<u>Year Ending June 30,</u>	Business-Type Debt	
	Notes Payable -	
	direct borrowings and direct placements	
	Principal	Interest
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	1,367,000	751,582
2029-2033	7,633,000	2,991,500
2034-2038	7,585,000	1,630,337
2039-2041	4,997,000	317,317
Totals	\$ 28,768,000	\$ 8,785,177
Less: Amount yet to be drawn:	(1,144)	
	\$ 28,766,856	

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

<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>
2024	\$ 109,242	\$ 4,834
2025	82,074	1,852
Totals	<u>\$ 191,316</u>	<u>\$ 6,686</u>

6. Landfill Closure and Post Closure Requirements

A \$3,693,031 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 96.29% of the estimated capacity of the landfill. It is estimated that an additional \$142,371 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 60 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.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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:

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

	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	13,032	-	-	-	-	8,376	21,408
Streets	-	6,140,478	-	-	-	-	6,140,478
Capital Improvements	-	-	3,178,986	-	9,118,941	-	12,297,927
D.A.R.E	-	-	-	-	-	4,950	4,950
Library	-	-	-	-	-	49,778	49,778
Police	-	-	-	-	-	3,722	3,722
Parks	-	-	-	-	-	71,934	71,934
Arts	-	-	-	-	-	11,968	11,968
Cemetery	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	6,178	6,178
Sub-total Restricted	13,032	6,140,478	3,178,986	-	9,118,941	156,906	18,608,343
Committed to:							
Future Reserves	1,438,400	-	-	-	-	-	1,438,400
Library	-	-	-	-	-	95,661	95,661
Sub-total Committed	1,438,400	-	-	-	-	95,661	1,534,061
Assigned to:							
D.A.R.E	-	-	-	-	-	388	388
Cemetery	-	-	-	-	-	216,125	216,125
Airport	-	-	-	-	-	974,178	974,178
E911	-	-	-	-	-	257,424	257,424
Police	-	-	-	-	-	2,181	2,181
Library	-	-	-	-	-	22,876	22,876
Capital Improvements	-	-	1,504,029	-	850,809	114,821	2,469,659
Streets	-	726,752	-	-	-	-	726,752
Arts	-	-	-	-	-	658	658
Grant purposes	-	-	-	-	-	117,306	117,306
Parks	-	-	-	-	-	651,496	651,496
Health Insurance	365,463	-	-	-	-	-	365,463
Self Insurance	1,019,785	-	-	-	-	-	1,019,785
Advance Travel	2,000	-	-	-	-	-	2,000
Unemployment	33,844	-	-	-	-	-	33,844
Workers' Comp	237,910	-	-	-	-	-	237,910
Budget balancing purposes	5,867,185	-	-	-	-	-	5,867,185
Sub-total Assigned	7,526,187	726,752	1,504,029	-	850,809	2,357,453	12,965,230
Unassigned	1,825,165	-	-	-	-	-	1,825,165
Total Fund Balance	\$ 10,802,784	\$ 6,867,230	\$ 4,683,015	\$ -	\$ 9,969,750	\$ 2,610,020	\$ 34,932,799

Enterprise Funds:

Restricted for Debt Service	\$ 1,799,768
Restricted for Economic Development	<u>6,141,202</u>
Total Enterprise Fund Restrictions	<u>\$ 7,940,970</u>

Net investment in capital assets \$ 35,425,903

Restricted Net Position – Governmental Activities:

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Fund	Restricted By	Amount
Drug Forfeiture Fund	Statutory requirements	\$ 3,672
Drug Forfeiture Federal Fund	Statutory requirements	50
Sinking Fund	Statutory requirements	6,178
Sudden/Severe Economic Dislocation Fund	Other contracts - Contributors	1,104
CDBG Home Grant Fund	Other contracts - Contributors	11,928
D.A.R.E Fund	Other contracts - Contributors	4,950
Library State Aid Fund	Other contracts - Contributors	409
ARPA Grant Fund	Other contracts - Contributors	8,376
Ada Arts & Heritage Fund	Other contracts - Contributors	11,968
		<u>48,635</u>
Street and Alley Fund	Enabling legislation	\$ 6,140,478
Sales Tax Infrastructure Fund	Enabling legislation	3,178,986
Sales Tax 2016 Capital Improvement Fund	Enabling legislation	9,118,941
Sports Complex Park Fund	Enabling legislation	30,689
		<u>18,469,094</u>
Component Unit:		
Valley View Regional Hospital Authority	Expendable Endowment	<u>\$ 1,250,209</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.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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, 2023, the City's net assessed valuation of taxable property was \$130,145,978. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023 was \$0.135 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, 2023, were as follows:

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Utility Enterprise Fund	\$ 1,192,712	Sales tax transfer
General Fund	E911 Fund	209,900	Operating subsidy
General Fund	Utility Enterprise Fund (Solid Waste Dev. Acct.)	4,275	Interest expense on interfund loan
General Fund	Street & Alley Fund	40	Interest expense on interfund loan
General Fund	Utility Enterprise Fund	2,385,425	2015B revenue note
General Fund	General Fund (Health Insurance Account)	1,184,375	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	15,750	Operating subsidy
E911 Fund	General Fund (Health Insurance Account)	84,508	Health insurance premiums
Sales Tax Infrastructure Fund	Utility Enterprise Fund	307,584	Purchase of capital assets
Sales Tax Infrastructure Fund	General Fund (Health Insurance Account)	151,480	Health insurance premiums
Airport/Agriculture Fund	General Fund (Health Insurance Account)	14,400	Health insurance premiums
Sales Tax 2016 Capital Improvement Fund	Utility Enterprise Fund	4,770,850	2015B principal and interest
ARPA Fund	General Fund	130,240	Operating subsidy
ARPA Fund	E911 Fund	12,670	Operating subsidy
ARPA Fund	Airport/Agriculture Fund	1,205	Operating subsidy
ARPA Fund	Sports Complex Park & Recreation Fund	3,360	Operating subsidy
ARPA Fund	Sales Tax Infrastructure Fund	33,785	Operating subsidy
ARPA Fund	Utility Enterprise Fund	102,330	Operating subsidy
Utility Enterprise Fund	Airport/Agriculture Fund	959,375	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	518,000	Subsidy, annual lease of assets, and shared cost
Utility Enterprise Fund	Street & Alley Fund	2,349	Interest expense on interfund loan
Street & Alley Fund	General Fund	846,400	Operating subsidy
Utility Enterprise Fund	Economic Development Fund	1,192,712	Sales tax transfer
Utility Enterprise Fund	Sales Tax Infrastructure Fund	185,300	Operating subsidy
Utility Enterprise Fund	Sales Tax 2016 Capital Improvement Fund	2,967,131	Sales tax for 2015B revenue note
Utility Enterprise Fund	Utility Enterprise Fund (Sewer System Acct.)	2,658	Interest expense on interfund loan
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.)	151,827	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)	720,423	Health insurance premiums
Utility Enterprise Fund	General Fund	2,385,425	2015B revenue note
Sales Tax Economic Development Fund	Utility Enterprise Fund	91,494	Purchase of capital assets
Utility Enterprise Fund (Debt Service Account)	Utility Enterprise Fund	2,394,853	2015A and 2015C revenue notes
Utility Enterprise Fund (RSD #5 Acct.)	Utility Enterprise Fund	126,846	Purchase of capital assets
Utility Enterprise Fund (Sewer System Acct.)	Utility Enterprise Fund	6,072	Purchase of capital assets
Total		<u>\$ 25,615,754</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 10,796,116	\$ (11,636,289)	\$ (840,173)
Proprietary Funds	14,819,638	(14,128,296)	691,342
	<u>\$ 25,615,754</u>	<u>\$ (25,764,585)</u>	<u>\$ (148,831)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (840,173)
Transfer capital asset from business-type activities to governmental activities	148,831
Transfer water/sewer expenses to business-type activities	(485,342)
Transfer Street expenses to governmental activities	740,111
Transfers - internal activity	<u>\$ (436,573)</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Balances:

Interfund receivables and payables at June 30, 2023, were as follows:

Due From	Due To	Amount	Nature of Balance
General Fund	APWA (Solid Waste Development Account)	\$ 165,176	Interfund loan
APWA	Street & Alley Fund	68,171	Interfund loan
APWA	General Fund	39,637	Payroll liabilities
Sales Tax Infrastructure	General Fund	13,048	Payroll liabilities
E-911 Fund	General Fund	6,701	Payroll liabilities
Airport/Ag Fund	General Fund	1,154	Payroll liabilities
APWA	General Fund	8,273	Payroll liabilities
General Fund	Sports Complex Fund	22	Payroll liabilities
General Fund	APWA	9,358	Payroll liabilities
Total		\$ 311,540	

Reconciliation to Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 137,006	\$ (203,732)	\$ (66,726)
Proprietary Funds	174,534	(107,808)	66,726
Total	\$ 311,540	\$ (311,540)	\$ -

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.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

12. Commitments and Contingencies

Litigation:

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or 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 2023, 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.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$266,002. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$651,990 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 \$584,393. 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, 2023, the City reported a liability of \$7,460,123 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was 0.570462%.

For the year ended June 30, 2023, the City recognized pension expense of \$1,092,591. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 957,679	\$ 37,661
Changes of assumptions	-	47,564
Net difference between projected and actual earnings on pension plan investments	866,947	-
Changes in proportion and differences between City contributions and proportionate share of contributions	200,894	92,087
City contributions during measurement date	2,940	205,279
City contributions subsequent to the measurement date	<u>266,002</u>	<u>-</u>
Total	<u>\$ 2,294,462</u>	<u>\$ 382,591</u>

\$266,002 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$	467,144
2025		361,583
2026		58,260
2027		758,882
	<u>\$</u>	<u>1,645,869</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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, 2022, 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, 2022, are summarized in the following table:

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.64%
Other assets	8%	5.08%

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

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

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employers' net pension liability	\$ 9,612,950	\$ 7,460,123	\$ 5,659,397

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate 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 \$241,120. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$219,155 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 \$197,309. 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, 2023, the City reported an asset of \$397,074 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was 0.4951543%.

For the year ended June 30, 2023, the City recognized pension expense of \$85,490. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 194,770	\$ 43,252	
Changes of assumptions	13,824	-	
Net difference between projected and actual earnings on pension plan investments	387,464	-	
Changes in proportion and differences between City contributions and proportionate share of contributions	9,663	61,054	
City contributions during measurement date	3,649	2,058	
City contributions subsequent to the measurement date	241,120	-	
Total	\$ 850,490	\$ 106,364	

The \$241,120 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 the net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$	114,581
2025		22,212
2026		(118,465)
2027		466,759
2028		17,919
	\$	503,006

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Mortality rates:

Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.34%
Domestic equity	4.69%
International equity	8.34%
Real estate	7.64%
Private equity	9.66%

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.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 1,150,442	\$ (397,074)	\$ (1,705,104)

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

OkMRF Defined 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 bank 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	
Fiscal Year	Employee Contribution	Employer Contribution
2021	397,130	891,521
2022	410,641	965,446
2023	425,124	995,815

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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, 2023 were \$50,147.

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, 2023. The measurement date used was June 30, 2022.

Actuarial Assumptions. The total OPEB liability in the June 30, 2023 valuation was determined using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Discount Rate – 2.16% for fiscal year 2022, and 3.54% for fiscal year 2023, 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%

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at Beginning of Year	\$ 594,229
Changes For the Year:	
Service cost	14,896
Interest expense	13,157
Change in assumptions	(101,838)
Difference between expected and actual experience	-
Benefit payments	(50,147)
Other adjustments	-
Net Changes	(123,932)
Balances at End of Year	\$ 470,297

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2023, the City recognized OPEB expense of \$11,918. At June 30, 2023, 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	\$ 25,314	\$ 10,451
Changes of assumptions	79,550	89,346
Changes in proportion	39,280	39,280
City contributions during measurement date	2,141	23,065
City contributions subsequent to the measurement date	53,968	-
Total	\$ 200,253	\$ 162,142

\$53,968 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, 2024. 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:	
2024	(5,911)
2025	(1,839)
2026	882
2027	5,516
2028	(9,657)
Thereafter	(4,848)
	\$ (15,857)

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Sensitivity of the City's total OPEB liability to changes in the discount rate. The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
OPEB Liability	\$ 539,926	\$ 470,297	\$ 413,808

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 (4.90%) or 1-percentage-point higher (6.90%) than the current healthcare cost trend rate:

	1% Decrease 4.90% Grading to 3.87%	Healthcare Cost Trend Rates 5.90% Grading to 4.87%	1% Increase 6.90% Grading to 5.87%
OPEB Liability	\$ 414,840	\$ 470,297	\$ 539,300

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.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Budgetary Comparison Schedule – Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,048,381	\$ 6,048,381	\$ 11,176,359	\$ 5,127,978
Resources (Inflows):				
Taxes	9,044,600	11,536,900	11,783,890	246,990
Intergovernmental	1,617,900	967,150	1,548,156	581,006
Licenses and permits	154,800	154,800	168,169	13,369
Charges for services	406,200	406,200	313,952	(92,248)
Fees and fines	139,600	139,600	188,644	49,044
Investment income	38,400	38,400	503,318	464,918
Miscellaneous	2,918,300	3,123,042	1,245,440	(1,877,602)
Other financing sources	3,597,500	3,730,740	4,250,065	519,325
Total Resources (Inflows):	<u>17,917,300</u>	<u>20,096,832</u>	<u>20,001,634</u>	<u>(95,198)</u>
Amounts available for appropriation	<u>\$23,965,681</u>	<u>\$26,145,213</u>	<u>\$31,177,993</u>	<u>\$5,032,780</u>
Charges to Appropriations (Outflows):				
General government	7,855,481	7,955,590	7,015,617	939,973
Public safety	7,584,600	7,400,518	6,662,554	737,964
Legal and judicial	119,850	120,660	94,124	26,536
Cemetery	267,250	266,080	208,747	57,333
Culture and recreation	4,006,900	4,098,854	2,885,591	1,213,263
Community development	629,350	624,587	499,317	125,270
Other financing uses	3,177,650	4,008,475	3,022,291	986,184
Total Charges to Appropriations	<u>23,641,081</u>	<u>24,474,764</u>	<u>20,388,241</u>	<u>4,086,523</u>
Ending Budgetary Fund Balance	<u>\$ 324,600</u>	<u>\$ 1,670,449</u>	<u>\$ 10,789,752</u>	<u>\$ 9,119,303</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			11,928	
Total General Fund Fund Balance			<u>\$10,802,784</u>	

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

	STREET AND ALLEY FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Beginning Budgetary Fund Balance:	2,744,650	2,744,650	5,445,532	2,700,882
Resources (Inflows):				
Taxes	-	-	2,161,678	2,161,678
Intergovernmental	2,694,500	2,694,500	152,660	(2,541,840)
Investment income	15,000	15,000	242,291	227,291
Miscellaneous	60,000	60,000	-	(60,000)
Other financing sources	75,850	75,850	2,389	(73,461)
Total Resources (Inflows):	<u>2,845,350</u>	<u>2,845,350</u>	<u>2,559,018</u>	<u>(286,332)</u>
Amounts available for appropriation	<u>\$5,590,000</u>	<u>\$5,590,000</u>	<u>\$8,004,550</u>	<u>\$2,414,550</u>
Charges to Appropriations (Outflows):				
Streets and highways	4,675,000	4,675,000	290,920	4,384,080
Other financing uses	915,000	915,000	846,400	68,600
Total Charges to Appropriations	<u>5,590,000</u>	<u>5,590,000</u>	<u>1,137,320</u>	<u>4,452,680</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,867,230</u>	<u>6,867,230</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, 2023**

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	2023
City's proportion of the net pension liability	0.517189%	0.510539%	0.527016%	0.520592%	0.569511%	0.535652%	0.560939%	0.571297%	0.570462%
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	\$ 7,460,123
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	\$ 1,889,750
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%	395%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

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

Notes to Schedule:

Only the last nine 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	2023
Statutorially required contribution	\$ 191,999	\$ 206,384	\$ 207,160	\$ 237,137	\$ 241,260	\$ 253,298	\$ 260,511	\$ 264,565	\$ 266,002
Contributions in relation to the statutorially required contribution	191,999	206,384	207,160	237,137	241,260	253,298	260,511	264,565	266,002
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	\$ 1,900,014
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

*Only the last nine 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, 2023**

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	2023
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%	0.4952%
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)	\$ (397,074)
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	\$ 1,773,608
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%)	(22.39%)
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%

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

Notes to Schedule:

Only the last nine 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	2023
Statutorially required contribution	\$ 195,639	\$ 203,257	\$ 217,596	\$ 215,105	\$ 209,692	\$ 235,441	\$ 201,247	\$ 230,569	\$ 241,120
Contributions in relation to the statutorially required contribution	195,639	203,257	217,596	215,105	209,692	235,441	201,247	230,569	241,120
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	\$ 1,854,769
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

Only the last nine 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, 2023

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	2023
Total OPEB Liability						
Service Cost	\$ 50,954	\$ 45,130	\$ 42,531	\$ 42,531	\$ 8,884	\$ 14,896
Interest	22,155	29,919	33,696	10,920	17,017	13,157
Changes in benefit terms	-	-	(392,001)	-	-	-
Changes in assumptions	(67,150)	-	38,882	121,042	99,076	(101,838)
Experience Gain/(Loss)	-	(26,358)	(34,067)	-	37,088	-
Benefit Payments	(14,163)	(11,120)	(23,103)	(43,006)	(45,156)	(50,147)
Other adjustments	-	-	-	-	(148,273) *	-
Net change in total OPEB liability	\$ (8,204)	\$ 37,571	\$ (334,062)	\$ 131,487	\$ (31,364)	\$ (123,932)
Balances - Beginning of Year	\$ 798,801	\$ 790,597	\$ 828,168	\$ 494,106	\$ 625,593	\$ 594,229
Balances - End of Year	\$ 790,597	\$ 828,168	\$ 494,106	\$ 625,593	\$ 594,229	\$ 470,297
Covered employee payroll	\$ 8,760,000	\$ 8,760,000	\$ 9,029,000	\$ 9,029,000	\$ 9,668,000	\$ 9,668,000
Total OPEB liability as a percentage of covered employee payroll	9.03%	9.45%	5.47%	6.93%	6.15%	4.86%

Notes to Schedule:

Only six 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, 2023**

SUPPLEMENTARY INFORMATION

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Balance Sheet – General Fund Accounts - June 30, 2023

	<u>General Fund</u>	<u>Sudden and Severe Economic Dislocation Account</u>	<u>CDBG Home Grant Account</u>	<u>Total General Fund</u>
ASSETS				
Cash and cash equivalents	\$ 9,629,481	\$ 1,104	\$ 11,928	\$ 9,642,513
Investments	46,863	-	-	46,863
Receivable from other governments	1,860,841	-	-	1,860,841
Due from other funds	68,813	-	-	68,813
Taxes receivable, net	88,919	-	-	88,919
Court fines receivable, net	842,017	-	-	842,017
Lease receivables	1,279,542	-	-	1,279,542
Other receivables	662,839	-	-	662,839
Total assets	<u>\$ 14,479,315</u>	<u>\$ 1,104</u>	<u>\$ 11,928</u>	<u>\$ 14,492,347</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 264,781	\$ -	\$ -	\$ 264,781
Accrued payroll liabilities	272,358	-	-	272,358
Due to other funds	182,829	-	-	182,829
Due to depositors	28,047	-	-	28,047
Payable to other governments	20,278	-	-	20,278
Total liabilities	<u>768,293</u>	<u>-</u>	<u>-</u>	<u>768,293</u>
Deferred inflows of resources:				
Unavailable revenue	1,678,205	-	-	1,678,205
Deferred amounts related to leases	1,243,065	-	-	1,243,065
Total deferred inflows of resources	<u>2,921,270</u>	<u>-</u>	<u>-</u>	<u>2,921,270</u>
Fund balances:				
Restricted	-	1,104	11,928	13,032
Committed	1,438,400	-	-	1,438,400
Assigned	7,526,187	-	-	7,526,187
Unassigned	1,825,165	-	-	1,825,165
Total fund balances	<u>10,789,752</u>	<u>1,104</u>	<u>11,928</u>	<u>10,802,784</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 14,479,315</u>	<u>\$ 1,104</u>	<u>\$ 11,928</u>	<u>\$ 14,492,347</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2023

	General Fund	Sudden and Severe Economic Dislocation Account	CDBG Home Grant Account	Total General Fund
REVENUES				
Taxes	\$ 11,783,890	\$ -	\$ -	\$ 11,783,890
Fees and fines	188,644	-	-	188,644
Licenses and permits	168,169	-	-	168,169
Intergovernmental	1,548,156	-	-	1,548,156
Charges for services	313,952	-	-	313,952
Investment income	503,318	-	514	503,832
Miscellaneous	1,245,440	-	-	1,245,440
Total revenues	<u>15,751,569</u>	<u>-</u>	<u>514</u>	<u>15,752,083</u>
EXPENDITURES				
Current:				
General government	6,928,672	-	-	6,928,672
Public safety	6,030,558	-	-	6,030,558
Legal and judicial	94,124	-	-	94,124
Cemetery	208,747	-	-	208,747
Culture and recreation	1,940,706	-	-	1,940,706
Community development	499,317	-	-	499,317
Capital outlay	1,663,826	-	-	1,663,826
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>17,365,950</u>	<u>-</u>	<u>-</u>	<u>17,365,950</u>
Excess (deficiency) of revenues over expenditures	<u>(1,614,381)</u>	<u>-</u>	<u>514</u>	<u>(1,613,867)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,405,251	-	-	6,405,251
Transfers out	<u>(5,177,477)</u>	<u>-</u>	<u>-</u>	<u>(5,177,477)</u>
Total other financing sources and uses	<u>1,227,774</u>	<u>-</u>	<u>-</u>	<u>1,227,774</u>
Net change in fund balances	(386,607)	-	514	(386,093)
Fund balances - beginning	11,176,359	1,104	11,414	11,188,877
Fund balances - ending	<u>\$ 10,789,752</u>	<u>\$ 1,104</u>	<u>\$ 11,928</u>	<u>\$ 10,802,784</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2023

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	\$ 5,338	\$ 166,144	\$ 2,171	\$ 5,853	\$ 50	\$ 239,179	\$ 399,509	\$ 324,831
Due from other funds	-	-	-	-	-	22	-	-
Due from other governments	-	-	-	-	-	713	-	-
Lease receivables	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	40,212	-	-
Total Assets	<u>\$ 5,338</u>	<u>\$ 166,144</u>	<u>\$ 2,171</u>	<u>\$ 5,853</u>	<u>\$ 50</u>	<u>\$ 280,104</u>	<u>399,531</u>	<u>\$ 324,831</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 746	59	\$ -
Accrued payroll liabilities	-	-	-	-	-	14,520	873	-
Due to other funds	-	-	-	-	-	6,701	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,967</u>	<u>932</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	49,369	409	3,672	50	-	30,689	41,245
Committed	-	95,661	-	-	-	-	-	-
Assigned	388	21,114	1,762	2,181	-	257,424	367,910	283,586
Total Fund Equity	<u>5,338</u>	<u>166,144</u>	<u>2,171</u>	<u>5,853</u>	<u>50</u>	<u>257,424</u>	<u>398,599</u>	<u>324,831</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 5,338</u>	<u>\$ 166,144</u>	<u>\$ 2,171</u>	<u>\$ 5,853</u>	<u>\$ 50</u>	<u>\$ 280,104</u>	<u>\$ 399,531</u>	<u>\$ 324,831</u>

(Continued)

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2023, (Continued)

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS			DEBT SERVICE	TOTALS
	Ada Arts & Heritage Fund	ARPA Grant Fund	Cemetery Care Fund	Property Owners Part.	Airport AG/Cash Fund	Sinking Fund	
ASSETS							
Cash and cash equivalents	\$ 12,626	\$ 2,814,045	\$ 216,125	\$ 114,821	\$ 1,259,413	\$ 5,466	\$ 5,565,571
Due from other funds	-	-	-	-	-	-	22
Due from other governments	-	-	-	-	22,606	8,430	31,749
Other receivables	-	-	-	-	60,921	-	60,921
Other receivables	-	-	-	-	-	-	40,212
Total Assets	<u>\$ 12,626</u>	<u>\$ 2,814,045</u>	<u>\$ 216,125</u>	<u>\$ 114,821</u>	<u>\$ 1,342,940</u>	<u>\$ 13,896</u>	<u>\$ 5,698,475</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 281,930	\$ -	\$ 282,735
Accrued payroll liabilities	-	-	-	-	2,260	-	17,653
Due to other funds	-	-	-	-	1,154	-	7,855
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,344</u>	<u>-</u>	<u>308,243</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue	-	2,688,363	-	-	22,606	7,718	2,719,400
Leases receivable	-	-	-	-	60,812	-	60,812
Total Liabilities	<u>-</u>	<u>2,688,363</u>	<u>-</u>	<u>-</u>	<u>83,418</u>	<u>7,718</u>	<u>2,780,212</u>
FUND EQUITY							
Fund balances:							
Restricted	11,968	8,376	-	-	-	6,178	156,906
Committed	-	-	-	-	-	-	95,661
Assigned	658	117,306	216,125	114,821	974,178	-	2,357,453
Total Fund Equity	<u>12,626</u>	<u>125,682</u>	<u>216,125</u>	<u>114,821</u>	<u>974,178</u>	<u>6,178</u>	<u>2,610,020</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 12,626</u>	<u>\$ 2,814,045</u>	<u>\$ 216,125</u>	<u>\$ 114,821</u>	<u>\$ 1,342,940</u>	<u>\$ 13,896</u>	<u>\$ 5,698,475</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2023

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,044	\$ -	\$ -
Intergovernmental	-	-	36,125	3,433	-	413,100	-	-
Charges for services	-	16,243	-	-	-	-	170,436	-
Investment earnings	230	6,439	630	227	-	8,916	16,990	12,620
Miscellaneous	-	74,643	-	-	-	343	25,000	57,315
Total revenues	<u>230</u>	<u>97,325</u>	<u>36,755</u>	<u>3,660</u>	<u>-</u>	<u>886,403</u>	<u>212,426</u>	<u>69,935</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	3,047	-	755,125	-	-
Culture and recreation	-	19,326	-	-	-	-	188,471	15,995
Airport	-	-	-	-	-	-	-	-
Capital Outlay	-	5,948	44,395	-	-	-	-	75
Debt Service:								
Principal	-	-	-	-	-	37,634	-	-
Interest and other charges	-	-	-	-	-	4,443	-	-
Total Expenditures	<u>-</u>	<u>25,274</u>	<u>44,395</u>	<u>3,047</u>	<u>-</u>	<u>797,202</u>	<u>188,471</u>	<u>16,070</u>
Excess (deficiency) of revenues over expenditures	<u>230</u>	<u>72,051</u>	<u>(7,640)</u>	<u>613</u>	<u>-</u>	<u>89,201</u>	<u>23,955</u>	<u>53,865</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	222,570	19,110	-
Transfers out	-	-	-	-	-	(84,508)	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,062</u>	<u>19,110</u>	<u>-</u>
Net change in fund balances	230	72,051	(7,640)	613	-	227,263	43,065	53,865
Fund balances - beginning	5,108	94,093	9,811	5,240	50	30,161	355,534	270,966
Fund balances - ending	<u>\$ 5,338</u>	<u>\$ 166,144</u>	<u>\$ 2,171</u>	<u>\$ 5,853</u>	<u>\$ 50</u>	<u>\$ 257,424</u>	<u>\$ 398,599</u>	<u>\$ 324,831</u>

(Continued)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2023 (Continued)

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS			DEBT SERVICE FUND	TOTALS
	Ada Arts & Heritage Fund	ARPA Grant Fund	Cemetery Care Fund	Property Owners Part.	Airport AG/Cash Fund	Sinking Fund	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,525	\$ 503,569
Intergovernmental	-	336,090	-	-	368,090	-	1,156,838
Charges for services	-	-	13,213	-	158,185	-	358,077
Investment earnings	658	117,306	-	4,949	62,381	-	231,346
Miscellaneous	-	-	6,213	-	38,232	-	201,746
Total revenues	<u>658</u>	<u>453,396</u>	<u>19,426</u>	<u>4,949</u>	<u>626,888</u>	<u>39,525</u>	<u>2,451,576</u>
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	758,172
Culture and recreation	-	-	-	-	-	-	223,792
Airport	-	-	-	-	180,873	-	180,873
Capital Outlay	3,350	52,500	63,195	607	1,156,744	-	1,326,814
Debt Service:							
Principal	-	-	-	-	-	40,609	78,243
Interest and other charges	-	-	-	-	-	7,438	11,881
Total Expenditures	<u>3,350</u>	<u>52,500</u>	<u>63,195</u>	<u>607</u>	<u>1,337,617</u>	<u>48,047</u>	<u>2,579,775</u>
Excess (deficiency) of revenues over expenditures	<u>(2,692)</u>	<u>400,896</u>	<u>(43,769)</u>	<u>4,342</u>	<u>(710,729)</u>	<u>(8,522)</u>	<u>(128,199)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	960,580	-	1,202,260
Transfers out	-	(283,590)	-	-	(14,400)	-	(382,498)
Total other financing sources and uses	<u>-</u>	<u>(283,590)</u>	<u>-</u>	<u>-</u>	<u>946,180</u>	<u>-</u>	<u>819,762</u>
Net change in fund balances	(2,692)	117,306	(43,769)	4,342	235,451	(8,522)	691,563
Fund balances - beginning	15,318	8,376	259,894	110,479	738,727	14,700	1,918,457
Fund balances - ending	<u>\$ 12,626</u>	<u>\$ 125,682</u>	<u>\$ 216,125</u>	<u>\$ 114,821</u>	<u>\$ 974,178</u>	<u>\$ 6,178</u>	<u>\$ 2,610,020</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2023

	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	\$ 6,800,857	\$ 7,343,993	\$ -	\$ 836,071	\$ 12,625,046	\$ 6,159,617	\$ 345,705	\$ 515,808
Restricted cash and cash equivalents	1,852,074	-	915,157	-	-	-	-	-
Due from other funds	9,358	165,176	-	-	-	-	-	-
Due from other funds - interaccount	-	-	-	-	-	68,171	-	-
Due from other governments	205	-	-	-	-	-	-	-
Accounts Receivable, net	2,519,536	154	-	-	184,250	61,890	-	-
Leases Receivable	-	-	-	-	-	-	-	1,414,237
Total current assets	11,182,030	7,509,323	915,157	836,071	12,809,296	6,289,678	345,705	1,930,045
Non-current assets:								
Leases Receivable, noncurrent	-	-	-	-	-	-	-	62,685
Capital Assets:								
Land and construction in progress	31,200,818	-	-	-	3,417,574	-	-	-
Other capital assets, net of accumulated depreciation	29,146,558	-	-	-	-	-	-	-
Total non-current assets	60,347,376	-	-	-	3,417,574	-	-	62,685
Total assets	71,529,406	7,509,323	915,157	836,071	16,226,870	6,289,678	345,705	1,992,730
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amounts related to OPEB	82,191	-	-	-	-	-	-	-
LIABILITIES								
Current Liabilities:								
Accounts payable	237,098	-	-	-	1,075	-	-	-
Accrued payroll liabilities	150,380	-	-	-	-	-	-	-
Accrued interest payable	274,760	-	-	-	-	-	-	-
Due to other funds - interaccount	68,171	-	-	-	-	-	-	-
Due to other funds	107,808	-	-	-	-	-	-	-
Other liabilities	68,438	-	-	-	-	-	-	-
Due to depositors	-	-	91,516	-	-	-	-	-
Accrued compensated absences	39,354	-	-	-	-	-	-	-
Landfill closure liability	28,474	-	-	-	-	-	-	-
Notes payable	3,165,182	-	-	-	-	-	-	-
Total current liabilities	4,139,665	-	91,516	-	1,075	-	-	-
Non-current liabilities:								
Due to depositors	-	-	823,641	-	-	-	-	-
Accrued compensated absences	354,190	-	-	-	-	-	-	-
Landfill closure liability	3,664,557	-	-	-	-	-	-	-
Notes payable	25,713,389	-	-	-	-	-	-	-
Total OPEB liability	153,630	-	-	-	-	-	-	-
Total non-current liabilities	29,885,766	-	823,641	-	-	-	-	-
Total liabilities	34,025,431	-	915,157	-	1,075	-	-	-
DEFERRED INFLOWS OF RESOURCES								
Deferred amounts related to OPEB	50,244	-	-	-	-	-	-	-
Deferred amounts related lease receivables	-	-	-	-	-	-	-	1,422,597
Total deferred in flows of resources	50,244	-	-	-	-	-	-	1,422,597
NET POSITION								
Net investment in capital assets	32,008,329	-	-	-	3,417,574	-	-	-
Restricted for debt service	1,312,550	-	-	-	-	-	-	-
Restricted for economic development	-	-	-	-	-	-	-	-
Unrestricted	4,215,043	7,509,323	-	836,071	12,808,221	6,289,678	345,705	570,133
Total net position	\$ 37,535,922	\$ 7,509,323	\$ -	\$ 836,071	\$ 16,225,795	\$ 6,289,678	\$ 345,705	\$ 570,133

(Continued)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2023, (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	\$ 6,079,893	\$ 559,523	\$ 74,865	\$ 2,780,432	\$ 208,008	\$ -	\$ 321,747	\$ 44,651,565
Restricted cash and cash equivalents	-	-	-	-	-	487,218	-	3,254,449
Due from other funds	-	-	-	-	-	-	-	174,534
Due from other funds - interaccount	-	-	-	-	-	-	-	68,171
Due from other governments	65,309	-	-	-	-	-	-	65,514
Accounts Receivable, net	-	-	-	46,368	-	-	-	2,812,198
Leases Receivable	-	-	-	-	-	-	-	1,414,237
Total current assets	6,145,202	559,523	74,865	2,826,800	208,008	487,218	321,747	52,440,668
Non-current assets:								
Leases Receivable, noncurrent	-	-	-	-	-	-	-	62,685
Capital Assets:								
Land and construction in progress	-	-	-	-	-	-	-	34,618,392
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-	-	29,146,558
Total non-current assets	-	-	-	-	-	-	-	63,827,635
Total assets	6,145,202	559,523	74,865	2,826,800	208,008	487,218	321,747	116,268,303
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amounts related to OPEB	-	-	-	-	-	-	-	82,191
LIABILITIES								
Current Liabilities:								
Accounts payable	4,000	-	-	-	-	-	-	242,173
Accrued payroll liabilities	-	-	-	-	-	-	-	150,380
Accrued interest payable	-	-	-	-	-	-	-	274,760
Due to other funds	-	-	-	-	-	-	-	68,171
Due to other funds - interaccount	-	-	-	-	-	-	-	107,808
Other liabilities	-	-	-	-	-	-	-	68,438
Due to depositors	-	-	-	-	-	-	-	91,516
Accrued compensated absences	-	-	-	-	-	-	-	39,354
Landfill closure liability	-	-	-	-	-	-	-	28,474
Notes payable	-	-	-	-	-	-	-	3,165,182
Total current liabilities	4,000	-	-	-	-	-	-	4,236,256
Non-current liabilities:								
Due to depositors	-	-	-	-	-	-	-	823,641
Accrued compensated absences	-	-	-	-	-	-	-	354,190
Landfill closure liability	-	-	-	-	-	-	-	3,664,557
Notes payable	-	-	-	-	-	-	-	25,713,389
Total OPEB liability	-	-	-	-	-	-	-	153,630
Total non-current liabilities	-	-	-	-	-	-	-	30,709,407
Total liabilities	4,000	-	-	-	-	-	-	34,945,663
DEFERRED INFLOWS OF RESOURCES								
Deferred amounts related to OPEB	-	-	-	-	-	-	-	50,244
Deferred amounts related lease receivables	-	-	-	-	-	-	-	1,422,597
Total liabilities	-	-	-	-	-	-	-	1,472,841
NET POSITION								
Net investment in capital assets	-	-	-	-	-	-	-	35,425,903
Restricted for debt service	-	-	-	-	-	487,218	-	1,799,768
Restricted for economic development	6,141,202	-	-	-	-	-	-	6,141,202
Unrestricted	-	559,523	74,865	2,826,800	208,008	-	321,747	36,565,117
Total net position	\$ 6,141,202	\$ 559,523	\$ 74,865	\$ 2,826,800	\$ 208,008	\$ 487,218	\$ 321,747	\$ 79,931,990

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund Accounts -Year Ended June 30, 2023

	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	\$ 7,412,176	\$ -	\$ -	\$ 44,519	\$ 1,066,614	\$ -	\$ -	\$ -
Sewer	2,446,678	-	-	-	-	359,058	-	-
Sanitation	4,805,768	-	-	-	-	-	-	-
Solid waste fee	-	60	-	-	-	-	-	-
Recycling income	147,713	-	-	-	-	-	-	-
Lease revenue	2,400	-	-	-	31,639	-	-	-
Miscellaneous	316,780	-	-	-	-	-	-	-
Total operating revenues	<u>15,131,515</u>	<u>60</u>	<u>-</u>	<u>44,519</u>	<u>1,098,253</u>	<u>359,058</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES								
Public works director	443,704	-	-	-	-	-	-	-
Billing and collecting	446,397	-	-	-	-	-	-	-
Water plant	658,080	-	-	-	13,063	-	-	9,878
Liquid waste	949,829	-	-	-	-	-	-	-
Administration	2,402,869	-	-	-	-	-	-	-
Water and sewer line maintenance	1,285,774	-	-	-	-	-	-	-
Solid waste	2,491,898	-	-	-	-	-	-	-
Landfill operations	309,588	-	-	-	-	-	-	-
Construction	606,465	-	-	-	-	-	-	-
Street	850,128	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Depreciation	1,582,310	-	-	-	-	-	-	-
Total operating expenses	<u>12,027,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,063</u>	<u>-</u>	<u>-</u>	<u>9,878</u>
Operating income (loss)	<u>3,104,473</u>	<u>60</u>	<u>-</u>	<u>44,519</u>	<u>1,085,190</u>	<u>359,058</u>	<u>-</u>	<u>(9,878)</u>
NON-OPERATING REVENUES (EXPENSES)								
Interest and investment revenue	387,267	305,379	-	34,476	513,879	252,253	14,566	19,516
Miscellaneous revenue	207,463	-	-	-	-	-	-	115,878
Gain on capital asset disposal	57,223	-	-	-	-	-	-	-
Interest expense	(879,300)	-	-	-	-	-	-	-
Total non-operating revenue (expenses)	<u>(227,347)</u>	<u>305,379</u>	<u>-</u>	<u>34,476</u>	<u>513,879</u>	<u>252,253</u>	<u>14,566</u>	<u>135,394</u>
Income (loss) before contributions and transfers	<u>2,877,126</u>	<u>305,439</u>	<u>-</u>	<u>78,995</u>	<u>1,599,069</u>	<u>611,311</u>	<u>14,566</u>	<u>125,516</u>
Capital contributions	-	-	-	-	-	-	-	-
Transfers in	11,378,166	156,097	-	-	-	2,663	-	-
Transfers out	(11,509,031)	-	-	-	-	(6,072)	-	-
Change in net position	<u>2,746,261</u>	<u>461,536</u>	<u>-</u>	<u>78,995</u>	<u>1,599,069</u>	<u>607,902</u>	<u>14,566</u>	<u>125,516</u>
Total net position - beginning	34,789,661	7,047,787	-	757,076	14,626,726	5,681,776	331,139	444,617
Total net position - ending	<u>\$ 37,535,922</u>	<u>\$ 7,509,323</u>	<u>\$ -</u>	<u>\$ 836,071</u>	<u>\$ 16,225,795</u>	<u>\$ 6,289,678</u>	<u>\$ 345,705</u>	<u>\$ 570,133</u>

(Continued)

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund Accounts -Year Ended June 30, 2023,
(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,523,309
Sewer	-	-	-	-	65,449	-	-	2,871,185
Sanitation	-	-	-	-	-	-	-	4,805,768
Solid waste fee	-	-	-	-	-	-	-	60
Recycling income	-	-	-	-	-	-	-	147,713
Lease revenue	-	-	-	-	-	-	-	34,039
Miscellaneous	-	-	-	-	-	-	-	316,780
Total operating revenues	-	-	-	-	65,449	-	-	16,698,854
OPERATING EXPENSES								
Public works director	-	-	-	-	-	-	-	443,704
Billing and collecting	-	-	-	-	-	-	-	446,397
Water plant	-	-	-	29,850	-	-	-	710,871
Liquid waste	-	-	-	-	12,260	-	-	962,089
Administration	-	-	-	-	-	-	-	2,402,869
Water and sewer line maintenance	-	-	-	-	-	-	-	1,285,774
Solid waste	-	-	-	-	-	-	-	2,491,898
Landfill operations	-	-	-	-	-	-	-	309,588
Construction	-	-	-	-	-	-	-	606,465
Street	-	-	-	-	-	-	-	850,128
Economic Development	821,157	-	-	-	-	-	-	821,157
Depreciation	-	-	-	-	-	-	-	1,582,310
Total operating expenses	821,157	-	-	29,850	12,260	-	-	12,913,250
Operating income (loss)	(821,157)	-	-	(29,850)	53,189	-	-	3,785,604
NON-OPERATING REVENUES (EXPENSES)								
Interest and investment revenue	255,167	23,576	3,154	113,043	11,264	26,295	13,557	1,973,392
Miscellaneous revenue	(100,000)	-	-	269,218	-	-	-	492,559
Gain on capital asset disposal	-	-	-	-	-	-	-	57,223
Interest expense	-	-	-	-	-	(1)	-	(879,301)
Total non-operating revenue (expenses)	155,167	23,576	3,154	382,261	11,264	26,294	13,557	1,643,873
Income (loss) before contributions and transfers	(665,990)	23,576	3,154	352,411	64,453	26,294	13,557	5,429,477
Capital contributions	65,309	-	-	-	-	-	-	65,309
Transfers in	1,192,712	-	-	-	-	2,040,000	50,000	14,819,638
Transfers out	(91,494)	-	-	-	(126,846)	(2,394,853)	-	(14,128,296)
Change in net position	500,537	23,576	3,154	352,411	(62,393)	(328,559)	63,557	6,186,128
Total net position, beginning	5,640,665	535,947	71,711	2,474,389	270,401	815,777	258,190	73,745,862
Total net position - ending	\$ 6,141,202	\$ 559,523	\$ 74,865	\$ 2,826,800	\$ 208,008	\$ 487,218	\$ 321,747	\$ 79,931,990

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Schedules of Expenditures of Federal and State Awards – Year Ended June 30, 2023

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	-
2022 Justice Assistance Grant - Bulletproof Vest Partnership	16.607	2022-BU-BX-2203	9,405	4,313
Total U.S. Department of Justice			11,622	4,313
<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	52,624
Federal Aviation Administration - Terminal Apron Construction Phase 2	20.106	3-40-0001-022-2022	295,000	279,072
Federal Aviation Administration - Coronavirus Response and Relief Supplement A	20.106	3-40-0001-019-2021	59,000	-
Total U.S. Department of Transportation			1,126,915	331,696
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>				
Passed through Oklahoma Department of Libraries:				
Citizenship Project 22	45.310	N/A	4,000	2,077
Citizenship Project 23	45.310	N/A	3,425	3,425
E Rate Category 2 Grant	45.310	N/A	4,000	4,000
Ready 2 Read	45.310	N/A	2,000	2,000
ARPA Grant 22	45.310	N/A	15,628	4,234
ARPA Grant - Targeted Reimbursement Grant	45.310	N/A	17,398	17,398
ARPA Printer Grant	45.310	N/A	1,000	1,000
Health Literacy 21	45.310	N/A	5,725	763
Health Literacy 22	45.310	N/A	11,500	2,132
Health Literacy 23	45.310	N/A	9,000	9,000
Total Institute of Museum and Library Services			73,676	46,029
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>				
Rural Innovation Stronger Economy Grant	10.755	N/A	467,742	65,309
Total U.S. Department of Agriculture			467,742	65,309
<u>U.S. DEPARTMENT OF TREASURY:</u>				
American Rescue Plan Act - Trauch #1, #2, #3	21.027	FA-011793	3,024,453	336,090
Total U.S. Department of Treasury			3,024,453	336,090
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Office of Homeland Security:				
Rope Rescue Equipment	97.073	1106.030	17,728	17,728
Total U.S. Department of Homeland Security			17,728	17,728
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce:				
CDBG - Wintersmith Park Sidewalks Phase 2	14.228	18604 CDBG 22	195,715	16,169
CDBG - COVID Response Project	14.228	18109 CDBGCR 20	639,430	486,655
Total U.S. Department of Housing and Urban Development			835,145	502,824
TOTAL FEDERAL ASSISTANCE			\$ 5,557,281	\$ 1,303,989

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

SCHEDULE OF EXPENDITURES OF STATE AWARDS

State Grantor/Pass Through Agency		Award	Awards
Grantor/Program Title	Grant #	Amount	Expended
STATE AWARDS:			
OKLAHOMA DEPARTMENT OF LIBRARIES:			
Smart Start Program Grant	N/A	1,250	43
FY21 State Aid	N/A	12,988	132
FY23 State Aid	N/A	12,700	12,700
Let's Talk About It, OK	Y22.011	1,000	8
Let's Talk About It, OK	Y22.047	1,000	1,000
Let's Talk About It, OK	Y23.010	1,500	1,500
Total Oklahoma Department of Libraries		30,438	15,383
OKLAHOMA OFFICE OF HOMELAND SECURITY:			
State Carryover Program FY 22	OK22015	5,901	5,901
TOTAL STATE AWARDS		\$36,339	\$21,284

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, 2023.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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, 2023, 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 30, 2024. Our report 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.

A handwritten signature in black ink that reads "Finley & Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
January 30, 2024

**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, 2023. 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, 2023.

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.

A handwritten signature in black ink that reads "Finley & Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
January 30, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

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, 2023

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, 2023

There were no prior year audit findings.