

CITY OF  
**ADA, OKLAHOMA**



**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**



# **THE CITY OF ADA, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

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**CITY OF ADA, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Ada, Oklahoma

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

(Continued)

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

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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.

(Continued)

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

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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

(Continued)

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

### **Other Matters, Continued**

#### *Other Information, Continued*

The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the combining schedules of the APWA Enterprise Fund, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Finley + Cook, PLLC*

Shawnee, Oklahoma

January 13, 2021

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2020**

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As management of the City of Ada, we offer readers this narrative overview and analysis of the financial activities of the City of Ada for the fiscal year ended June 30, 2020. 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 \$9,125,598 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2020, by \$157,016,739 (net position). Of this amount, \$34,978,286 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2020, the City's governmental funds reported combined ending fund balances of \$27,977,457.
- At the end of fiscal year 2020, unassigned fund balance for the General Fund was \$1,134,672 or 9.0% 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 units. This discussion and analysis focuses on the primary government, composed of the City of Ada and Ada Public Works Authority.

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

**Reporting the City as a Whole**

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

This discussion and analysis is intended to serve as an introduction to the City of Ada's basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 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, 2020**

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

The Statement of Net Position and the Statement of Activities are divided into three types of activities:

- Governmental activities -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities -- The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, solid waste collections utilities and economic development are reported here.
- Discretely-presented component 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, 2020**

*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, 2020, net position for the governmental activities and business-type activities increased \$9,125,598. 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.)
	2020	2019		2020	2019		2020	2019	
Current assets	\$ 29,756	\$ 29,542	1%	\$ 46,809	\$ 47,307	-1%	\$ 76,565	\$ 76,849	0%
Capital assets, net	72,554	70,467	3%	57,212	52,539	9%	129,766	123,006	5%
<b>Total assets</b>	<u>102,310</u>	<u>100,009</u>	2%	<u>104,021</u>	<u>99,846</u>	4%	<u>206,331</u>	<u>199,855</u>	3%
Deferred outflow of resources	2,306	2,602	-11%	26	2	1200%	2,332	2,604	-10%
Current liabilities	947	827	15%	4,197	3,723	13%	5,144	4,550	13%
Non-current liabilities	6,977	8,067	-14%	38,266	41,041	-7%	45,243	49,108	-8%
<b>Total liabilities</b>	<u>7,924</u>	<u>8,894</u>	-11%	<u>42,463</u>	<u>44,764</u>	-5%	<u>50,387</u>	<u>53,658</u>	-6%
Deferred inflows of resources	1,230	894	38%	30	18	67%	1,260	912	38%
Net position									
Net investment in capital assets	72,554	70,467	3%	20,300	12,845	58%	92,854	83,312	11%
Restricted	16,838	16,902	0%	12,347	15,155	-19%	29,185	32,057	-9%
Unrestricted	6,070	5,455	11%	28,908	27,067	7%	34,978	32,522	8%
<b>Total net position</b>	<u>\$ 95,462</u>	<u>\$ 92,824</u>	3%	<u>\$ 61,555</u>	<u>\$ 55,067</u>	12%	<u>\$ 157,017</u>	<u>\$ 147,891</u>	6%

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 \$92.9 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$29.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$35.0 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, 2020**

**Change in Net Position**

For the year ended June 30, 2020 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.)
	2020	2019		2020	2019		2020	2019	
<b>Revenues</b>									
Charges for services	\$ 917	\$ 1,003	-9%	\$ 15,276	\$ 14,706	4%	\$ 16,193	\$ 15,709	3%
Operating grants and contributions	1,327	1,296	2%	-	-	-	1,327	1,296	2%
Capital grants and contributions	249	226	10%	12	328	-96%	261	554	-53%
Taxes	18,865	18,524	2%	-	-	-	18,865	18,524	2%
Intergovernmental revenue	385	328	17%	15	-	-	400	328	22%
Investment income	426	675	-37%	641	983	-35%	1,067	1,658	-36%
Miscellaneous	809	788	3%	482	629	-23%	1,291	1,417	-9%
<b>Total revenues</b>	<b>22,978</b>	<b>22,840</b>	<b>1%</b>	<b>16,426</b>	<b>16,646</b>	<b>-1%</b>	<b>39,404</b>	<b>39,486</b>	<b>0%</b>
<b>Expenses</b>									
General government	5,122	4,575	12%	-	-	-	5,122	4,575	12%
Streets	2,728	2,708	1%	-	-	-	2,728	2,708	1%
Public safety	7,435	6,332	17%	-	-	-	7,435	6,332	17%
Cemetery	219	229	-4%	-	-	-	219	229	-4%
Legal and judicial	101	104	-3%	-	-	-	101	104	-3%
Culture and recreation	2,307	2,219	4%	-	-	-	2,307	2,219	4%
Community development	302	368	-18%	-	-	-	302	368	-18%
Airport	693	666	4%	-	-	-	693	666	4%
Interest on long-term debt	48	60	-20%	-	-	-	48	60	-20%
Water	-	-	-	3,736	3,929	-5%	3,736	3,929	-5%
Sewer	-	-	-	2,705	2,700	0%	2,705	2,700	0%
Sanitation	-	-	-	3,914	3,821	2%	3,914	3,821	2%
Economic development	-	-	-	968	871	11%	968	871	11%
<b>Total expenses</b>	<b>18,955</b>	<b>17,261</b>	<b>10%</b>	<b>11,323</b>	<b>11,321</b>	<b>0%</b>	<b>30,278</b>	<b>28,582</b>	<b>6%</b>
Excess (deficiency) before transfers	4,023	5,579	-28%	5,103	5,325	-4%	9,126	10,904	-16%
Transfers	(1,385)	1,214	-214%	1,385	(1,214)	-214%	-	-	0%
<b>Change in net position</b>	<b>2,638</b>	<b>6,793</b>	<b>-61%</b>	<b>6,488</b>	<b>4,111</b>	<b>-58%</b>	<b>9,126</b>	<b>10,904</b>	<b>-16%</b>
<b>Beginning net position</b>	<b>92,824</b>	<b>86,031</b>	<b>8%</b>	<b>55,067</b>	<b>50,956</b>	<b>8%</b>	<b>147,891</b>	<b>136,987</b>	<b>8%</b>
<b>Ending net position</b>	<b>\$ 95,462</b>	<b>\$ 92,824</b>	<b>3%</b>	<b>\$ 61,555</b>	<b>\$ 55,067</b>	<b>12%</b>	<b>\$ 157,017</b>	<b>\$ 147,891</b>	<b>6%</b>

The City's governmental activities investment income decreased \$249,169 or 37%. The Public safety expenses increased approximately \$1,103,049 mainly due to an increase in fire retirement expenditures in the current year. The City's business-type investment income decreased \$342,235 or 35%. The business type activities capital grants and contributions decreased approximately \$316,000 due to an increase in the ODOT Right of Way grant in the prior year, and a new grant for the Water Reuse Feasibility Study received in the prior year.

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2020**

**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>(Dec.)</u>	<u>Net Revenue</u>		<u>% Inc.</u> <u>(Dec.)</u>
	<u>of Services</u>			<u>(Expense)</u>		
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
General government	\$ 5,122	\$ 4,575	12%	(\$4,945)	(\$4,450)	11%
Streets	2,728	2,708	1%	(2,578)	(2,554)	1%
Public Safety	7,435	6,332	17%	(5,859)	(4,805)	22%
Cemetery	219	229	-4%	(157)	(165)	-5%
Legal and Judicial	101	104	-3%	(101)	(104)	-3%
Culture and Recreation	2,307	2,219	4%	(1,960)	(1,841)	6%
Community Development	302	368	-18%	(302)	(368)	-18%
Airport	693	666	4%	(512)	(389)	32%
Interest on long-term debt	48	60	-20%	(48)	(60)	-20%
<b>Total</b>	<u>18,955</u>	<u>\$ 17,261</u>	10%	<u>(\$16,462)</u>	<u>(\$14,736)</u>	12%

For the year ended June 30, 2020, total expenses for governmental activities amounted to \$19.0 million which is a 10% 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>Dec.</u>	<u>Net Revenue</u>		<u>% Inc.</u> <u>Dec.</u>
	<u>of Services</u>			<u>(Expense)</u>		
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
Water	\$ 3,736	\$ 3,929	-5%	\$ 4,347	\$ 4,344	0%
Sewer	2,705	2,700	0%	(8)	(195)	-96%
Sanitation	3,914	3,821	2%	594	435	37%
Economic development	968	871	11%	(968)	(871)	11%
<b>Total</b>	<u>\$11,323</u>	<u>\$11,321</u>	0%	<u>\$ 3,965</u>	<u>\$ 3,713</u>	7%

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, 2020**

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

As the City completed its 2020 fiscal year, the governmental funds reported a combined fund balance of \$28 million, or a 1% increase from the prior year. The enterprise funds reported combined net position of \$61.6 million, or a 12% increase from 2019.

**Other fund highlights include:**

- For the year ended June 30, 2020, the General Fund's total fund balance decreased by \$10,578, or 0.2%.
- The Street and Alley Fund's total fund balance increased by \$258,205 or 6%.
- The Sales Tax Infrastructure total fund balance decreased \$1,556,789 or 55%
- The 2016 Sales Tax Capital Improvement Fund's total fund balance increased by \$1,157,922 or 17%.
- The APWA Enterprise Fund reported a net income before contributions and transfers of \$6,394,355.

**General Fund Budgetary Highlights**

For the year ended June 30, 2020, the General Fund reported actual budgetary basis revenues below final estimates by \$976,163 or a 5% negative variance. General Fund actual expenditures were under final appropriations by \$3,580,452 or a 17% positive variance.

***CAPITAL ASSETS & DEBT ADMINISTRATION***

**Capital Assets**

At the end of June 30, 2020, the City had approximately \$129.8 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 \$6.8 million over last year.

Below are details regarding the City's capital assets for the years ended June 30, 2020 and 2019.<sup>1</sup>

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,421	\$ 1,300	\$ 3,265	\$ 3,261	\$ 4,686	\$ 4,561
Buildings and improvements	42,367	38,523	10,284	10,114	52,651	48,637
Machinery, furniture and equipment	2,591	2,194	3,240	2,399	5,831	4,593
Infrastructure	22,325	22,994	13,699	13,599	36,024	36,593
Water rights	-	-	1,280	1,280	1,280	1,280
Construction in progress	3,850	5,456	25,444	21,886	29,294	27,342
<b>Totals</b>	<b>\$ 72,554</b>	<b>\$ 70,467</b>	<b>\$ 57,212</b>	<b>\$ 52,539</b>	<b>\$ 129,766</b>	<b>\$ 123,006</b>

(Unaudited. See accompanying auditor's report.)

<sup>1</sup> For more detailed information on capital asset activity please refer to pages 37-39, Note 4. Capital Assets and Depreciation

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This year's more significant capital asset additions include Senior Citizen Center totaling approximately \$4.9 million.

**Long-Term Debt**

At year-end, the City had \$42 million in long-term debt outstanding, which represents approximately a \$2.5 million decrease from the prior year.<sup>2</sup>

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accrued Compensation	\$ 861	\$ 846	\$ 409	\$ 409	\$ 1,270	\$ 1,255
Deposits subject to refund	-	-	841	818	841	818
Landfill closure liability	-	-	3,051	2,834	3,051	2,834
Capital leases	247	310	-	-	247	310
Notes payable	-	-	36,913	39,695	36,913	39,695
<b>Totals</b>	<u>\$ 1,108</u>	<u>\$ 1,156</u>	<u>\$ 41,214</u>	<u>\$ 43,756</u>	<u>\$ 42,322</u>	<u>\$ 44,912</u>

***ECONOMIC OUTLOOK***

Fiscal Year 2019-2020 was a busy year for the City of Ada and also included a different working dynamic with the onset of COVID-19. In March, 2020, several city departments found ways to continue the level and quality of service while changing operating hours to provide social distancing and protect city workers and residents alike. The following is designed to illustrate some of the city's activities during this period of time.

**Propositions 1 and 2**

Propositions 1 and 2 continue to generate strong revenues for the City of Ada. These temporary measures combine to make up a penny sales tax dedicated to improvements throughout the City. Prop 1 is a three-quarter cent sales tax earmarked for infrastructure, such as streets, alleys, water and sewer distribution systems. Prop 2 is a quarter-cent sales tax earmarked for economic development inside Ada city limits.

In Fiscal Year 2019-20, Prop 1 and 2 generated revenues of more than \$2.9 million and \$971,000, respectively. Both of these are high water marks for the past ten years.

**City Projects**

There were many projects during this Fiscal Year, including: the ongoing street preservation and rehabilitation programs to replace storm drainage, add asphalt sealing and provide mill and overlay; the continuation of the sewer pipe bursting program, designed to replace a required amount of line annually.

(Unaudited. See accompanying auditor's report.)

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

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In addition, a new housing development called for laying water and sewer lines to provide services; drilling water wells #4 and #5 began mid-year; gas trenches were added at the landfill; new fencing installation at the water plant reservoir; completion of the Senior Citizens' Center and the start of City Hall renovations in late fall. Also, to continue the quality of service to our residents the City has been actively seeking to purchase water rights. During this Fiscal Year the City was able to secure purchasing contracts that will be completed in FY 20-21.

**New / Existing Business**

Led by the Ada Jobs Foundation, in partnership with the City of Ada and Oklahoma Gas and Electric, the Ada Strategic Initiative was created. The initiative will update Ada's Community Economic Development Plan from 2014, and is intended to build capacity for community as well as economic development efforts. The process utilized a consultant to help manage the effort and facilitate engagement, and was able to successfully move to an online format in the wake of restrictions during the pandemic. The initiative is set to conclude the fall of 2020 providing a series of "Action Teams" to carry out strategic work in the early months of 2021, identified by stakeholders and the public.

To incentivize and encourage youth to present innovative ideas, the entrepreneurial pitch competition was formed last year. Not only was this effort considered a success with five entrepreneurs completing the course, an expansion of that idea was introduced with the Wednesday Morning Community Entrepreneurship Hour, which is a new monthly event modeled on the 1 Million Cups program.

In January, 2020, Ada was selected as one of ten communities to participate in the Rural Innovation Initiative, which is designed to provide technical assistance and strategic support to rural communities building entrepreneurship and digital economy programs.

The Ada Business Improvement Grant (BIG) program, which provides matching grant funds to Main Street and Downtown property owners seeking to make capital improvements to commercial buildings, had another successful year with 16 projects selected to receive funding.

Our community is currently recovering from the economic shock of the COVID-19 Pandemic, with April's unemployment rate spiking to its highest at 12.7%; but, falling rapidly to 5.7% in July. Local surveys indicate that all of our major trade sectors have returned to production and are working to hire new employees. Economic recovery is expected to continue over the next year.

According to the Bureau of Labor Statistics, the Average Annual Wage in Pontotoc County increased by 1.5% for calendar year 2019 and based on preliminary data is expected to hold to a similar level for calendar year 2020.

**"Penny for Our City" Sales Tax**

In August 2010, the City of Ada began collecting a one-cent sales tax known as "Penny for Our City". This dedicated penny, with a limited five-year lifespan, expired December 31, 2015 and collected sales tax of \$19,439,602 for specific projects. The completed projects funded include new police and fire stations, the first phase of a sports park facility and a raw water line engineering study. The final two projects are now underway. Last fall, City Hall began receiving its first significant renovation, since it was built in 1963, with completion expected the end 2020. The final portion of this dedicated penny will be used towards Main Street renovations. Some of the planned highlights include new luminaires, traffic lights, and intersection bump-outs. It is anticipated that a contract will be in place by close of current calendar year.

(Unaudited. See accompanying auditor's report.)

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

In January, 2015, an extension of the one-cent sales tax was approved by voters for eight more years. The extension began in January, 2016 after the first penny expired and will cease December 31, 2023. Sales tax collected for this Fiscal Year totaled \$3,886,462.

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, as well as, the expansion of the Sports Complex facility and additional funding for the above mentioned Main Street renovation project.

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

**Community Activities**

While COVID-19 halted most of the activities scheduled for 2020, when it was possible and safe for the community, strategically planned events were held for the public's participation. However, under normal circumstances a few of the community events include:

Organized family activities in Wintersmith park with movies and “Music in the Park” events; plus, movies and family nights at both aquatic centers during the warmer months of the year.

“East End Eats”, which provides local organizations an opportunity to host a monthly activity of food and entertainment.

Efforts among several agencies partnering to grow and support the arts in Ada by organizing additional events during the year including Ada Fest and Crusin' Main.

The City hosts family events such as the Daddy-Daughter Dance, Mummy's and Sons Halloween Dance; plus, the Halloween Safe House, which provides local children a safe place to trick-or-treat.

The “Santa Stroll” at Wintersmith Park allows the community to join in the celebration of the Christmas Season with a stroll around the walking trail to take in the beauty of the “Trail of Lights” and the Christmas displays.

The City promotes beautification by hosting the annual Ada Trash Pick-Up Day in the spring, a Household Hazardous Waste Day; plus, recognizing the Yard/Business of the Month during the summer and a Christmas decorating contest in December.

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

(Unaudited. See accompanying auditor's report.)

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

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**Statement of Net Position– June 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,569,145	\$ 44,372,842	\$ 69,941,987	\$ 290
Investments	262,893	-	262,893	1,191,338
Accounts receivable, net of allowance	-	2,755,637	2,755,637	-
Franchise tax receivable	72,500	-	72,500	-
Court fines receivable, net of allowance	846,233	-	846,233	-
Internal balances	322,550	(322,550)	-	-
Due from other governments	2,544,745	3,137	2,547,882	-
Other receivables	53,549	-	53,549	-
Inventory	52,356	-	52,356	-
Net pension asset	31,688	-	31,688	-
Capital Assets:				
Land and construction in progress	5,271,708	29,989,253	35,260,961	-
Other capital assets, net of depreciation	67,282,291	27,222,940	94,505,231	-
Total Assets	<u>102,309,658</u>	<u>104,021,259</u>	<u>206,330,917</u>	<u>1,191,628</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	2,271,624	-	2,271,624	-
Deferred amounts related to OPEB	34,289	25,856	60,145	-
Total deferred outflows of resources	<u>2,305,913</u>	<u>25,856</u>	<u>2,331,769</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 214,249	\$ 556,900	\$ 771,149	-
Accrued payroll liabilities	550,738	210,066	760,804	-
Accrued interest payable	7,193	346,964	354,157	-
Due to other governments	5,149	-	5,149	-
Due to depositors	18,650	-	18,650	-
Long-term liabilities:				
Due within one year	151,141	3,083,073	3,234,214	-
Due in more than one year	6,976,644	38,265,667	45,242,311	-
Total liabilities	<u>\$ 7,923,764</u>	<u>\$ 42,462,670</u>	<u>\$ 50,386,434</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	1,149,609	-	1,149,609	-
Deferred amounts related to OPEB	80,283	29,621	109,904	-
Total deferred inflows of resources	<u>1,229,892</u>	<u>29,621</u>	<u>1,259,513</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	72,553,999	20,299,483	92,853,482	-
Restricted via:				
Expendable Endowment	-	-	-	1,191,628
State statutes, debt indentures and external parties	98,043	7,492,252	7,590,295	-
Enabling legislation	16,739,930	4,854,746	21,594,676	-
Unrestricted	6,069,943	28,908,343	34,978,286	-
Total net position	<u>\$ 95,461,915</u>	<u>\$ 61,554,824</u>	<u>\$ 157,016,739</u>	<u>\$ 1,191,628</u>

See accompanying notes to the basic financial statements.

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**Statement of Activities –Year Ended June 30, 2020**

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
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 5,122,480	\$ 177,206	\$ -	\$ -	\$ (4,945,274)	\$ -	\$ (4,945,274)	\$ -
Streets	2,727,780	-	150,218	-	(2,577,562)	-	(2,577,562)	-
Public Safety	7,434,661	198,064	1,153,783	223,901	(5,858,913)	-	(5,858,913)	-
Cemetery	218,623	61,600	-	-	(157,023)	-	(157,023)	-
Legal and Judicial	100,996	-	-	-	(100,996)	-	(100,996)	-
Culture and Recreation	2,306,795	323,524	23,046	-	(1,960,225)	-	(1,960,225)	-
Community Development	302,318	-	-	-	(302,318)	-	(302,318)	-
Airport	693,387	156,297	-	25,379	(511,711)	-	(511,711)	-
Interest on Long-term debt	48,192	-	-	-	(48,192)	-	(48,192)	-
Total governmental activities	<u>18,955,232</u>	<u>916,691</u>	<u>1,327,047</u>	<u>249,280</u>	<u>(16,462,214)</u>	<u>-</u>	<u>(16,462,214)</u>	<u>-</u>
Business-Type Activities:								
Water operations	3,735,595	8,070,851	-	12,091	-	4,347,347	4,347,347	-
Sewer operations	2,704,900	2,696,661	-	-	-	(8,239)	(8,239)	-
Sanitation operations	3,914,012	4,508,088	-	-	-	594,076	594,076	-
Economic Development	968,351	-	-	-	-	(968,351)	(968,351)	-
Total business-type activities	<u>11,322,858</u>	<u>15,275,600</u>	<u>-</u>	<u>12,091</u>	<u>-</u>	<u>3,964,833</u>	<u>3,964,833</u>	<u>-</u>
<b>Total primary government</b>	<b>\$ 30,278,090</b>	<b>\$ 16,192,291</b>	<b>\$ 1,327,047</b>	<b>\$ 261,371</b>	<b>\$ (16,462,214)</b>	<b>\$ 3,964,833</b>	<b>\$ (12,497,381)</b>	<b>\$ -</b>
<b>Component Unit:</b>								
Hospital and health care	11,466	-	-	-	-	-	-	(11,466)
<b>Total Component Units</b>	<b>\$ 11,466</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,466)</b>
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					\$ 17,366,064	\$ -	\$ 17,366,064	\$ -
Property taxes					225,850	-	225,850	-
Franchise taxes and public service taxes					709,983	-	709,983	-
Payment in lieu of tax					82,951	-	82,951	-
E-911 taxes					480,155	-	480,155	-
Intergovernmental revenue not restricted to specific programs					384,919	15,257	400,176	-
Investment income					425,864	641,023	1,066,887	29,058
Miscellaneous					809,342	481,571	1,290,913	-
Transfers - Internal activity					(1,385,006)	1,385,006	-	-
Total general revenues and transfers					<u>19,100,122</u>	<u>2,522,857</u>	<u>21,622,979</u>	<u>29,058</u>
Change in net position					2,637,908	6,487,690	9,125,598	17,592
Net position - beginning					92,824,007	55,067,134	147,891,141	1,174,036
Net position - ending					<u>\$ 95,461,915</u>	<u>\$ 61,554,824</u>	<u>\$ 157,016,739</u>	<u>\$ 1,191,628</u>

See accompanying notes to the basic financial statements.

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

**CITY OF ADA, OKLAHOMA  
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**Governmental Funds Balance Sheet - June 30, 2020**

	Special Revenue Fund		Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Street and Alley Fund	Sales Tax	Sales Tax Capital	Sales Tax 2016		
			Infrastructure Fund	Facility Fund	Capital Improvement Fund		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,936,982	\$ 4,449,010	\$ 4,988,985	\$ 1,320,769	\$ 7,449,048	\$ 2,424,351	\$ 25,569,145
Investments	262,893	-	-	-	-	-	262,893
Receivables:							
Due from other funds	-	135,194	-	-	-	-	135,194
Due from other governments	1,288,441	224,669	405,652	699	551,695	73,589	2,544,745
Franchise taxes receivable	72,500	-	-	-	-	-	72,500
Court fines receivable	846,233	-	-	-	-	-	846,233
Other receivables	11,219	-	-	-	-	42,330	53,549
Total assets	<u>\$ 7,418,268</u>	<u>\$ 4,808,873</u>	<u>\$ 5,394,637</u>	<u>\$ 1,321,468</u>	<u>\$ 8,000,743</u>	<u>\$ 2,540,270</u>	<u>\$ 29,484,259</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 161,887	\$ -	\$ 2,576	\$ 47,205	\$ -	\$ 2,581	\$ 214,249
Accrued payroll liabilities	447,977	-	63,081	-	-	39,680	550,738
Due to other funds	(538,583)	-	213,593	-	-	137,634	(187,356)
Due to other governments	5,149	-	-	-	-	-	5,149
Due to depositors	18,650	-	-	-	-	-	18,650
Total liabilities	<u>95,080</u>	<u>-</u>	<u>279,250</u>	<u>47,205</u>	<u>-</u>	<u>179,895</u>	<u>601,430</u>
Deferred inflows of resources:							
Deferred revenue	833,471	-	-	-	10,825	61,076	905,372
Fund balances:							
Restricted	12,364	4,382,526	3,879,517	813,717	7,655,666	94,183	16,837,973
Committed	764,950	-	-	-	-	69,160	834,110
Assigned	4,577,731	426,347	1,235,870	460,546	334,252	2,135,956	9,170,702
Unassigned	1,134,672	-	-	-	-	-	1,134,672
Total fund balances	<u>6,489,717</u>	<u>4,808,873</u>	<u>5,115,387</u>	<u>1,274,263</u>	<u>7,989,918</u>	<u>2,299,299</u>	<u>27,977,457</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,418,268</u>	<u>\$ 4,808,873</u>	<u>\$ 5,394,637</u>	<u>\$ 1,321,468</u>	<u>\$ 8,000,743</u>	<u>\$ 2,540,270</u>	<u>\$ 29,484,259</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, 2020**

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2020**

	General Fund	Special Revenue Fund	Capital Project Funds			Other Governmental Funds	Total Governmental Funds
		Street and Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facility Fund	Sales Tax 2016 Capital Improvement Fund		
<b>REVENUES</b>							
Taxes	\$ 9,699,139	\$ 1,546,754	\$ 2,965,233	\$ -	\$ 3,953,643	\$ 712,523	\$ 18,877,292
Intergovernmental	1,366,301	150,218	-	699	-	493,957	2,011,175
Licenses and permits	172,386	-	-	-	-	-	172,386
Charges for services	237,280	-	-	-	-	272,310	509,590
Fees and fines	151,477	-	-	-	-	-	151,477
Investment earnings	126,877	56,302	71,863	36,272	104,326	30,224	425,864
Miscellaneous	838,403	262	-	-	1,479	102,687	942,831
Total revenues	<u>12,591,863</u>	<u>1,753,536</u>	<u>3,037,096</u>	<u>36,971</u>	<u>4,059,448</u>	<u>1,611,701</u>	<u>23,090,615</u>
<b>EXPENDITURES</b>							
Current:							
General government	4,522,402	-	367,432	-	-	65,523	4,955,357
Public safety	6,163,167	-	-	-	-	785,612	6,948,779
Streets and highways	574,396	238,909	565,687	-	-	-	1,378,992
Legal and judicial	96,109	-	-	-	-	-	96,109
Cemetery	197,473	-	-	-	-	-	197,473
Culture and recreation	1,570,428	-	-	-	-	142,933	1,713,361
Community development	300,127	-	-	-	-	-	300,127
Airport	-	-	-	-	-	150,952	150,952
Water	-	-	-	-	-	-	-
Sewer	-	-	415,497	-	-	-	415,497
Capital outlay	892,735	-	1,227,781	1,593,760	1,589,626	92,451	5,396,353
Debt service:							
Principal	28,962	-	-	-	-	218,510	247,472
Interest and other charges	2,824	-	-	-	-	46,639	49,463
Total expenditures	<u>14,348,623</u>	<u>238,909</u>	<u>2,576,397</u>	<u>1,593,760</u>	<u>1,589,626</u>	<u>1,502,620</u>	<u>21,849,935</u>
Excess (deficiency) of revenues over expenditures	<u>(1,756,760)</u>	<u>1,514,627</u>	<u>460,699</u>	<u>(1,556,789)</u>	<u>2,469,822</u>	<u>109,081</u>	<u>1,240,680</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	6,912,627	1,513,600	261,550	-	2,574,561	134,725	11,397,063
Transfers out	(5,166,445)	(2,770,022)	(364,529)	-	(3,886,461)	(127,868)	(12,315,325)
Total other financing sources and uses	<u>1,746,182</u>	<u>(1,256,422)</u>	<u>(102,979)</u>	<u>-</u>	<u>(1,311,900)</u>	<u>6,857</u>	<u>(918,262)</u>
Net change in fund balances	(10,578)	258,205	357,720	(1,556,789)	1,157,922	115,938	322,418
Fund balances - beginning	6,500,295	4,550,668	4,757,667	2,831,052	6,831,996	2,183,361	27,655,039
Fund balances - ending	<u>\$ 6,489,717</u>	<u>\$ 4,808,873</u>	<u>\$ 5,115,387</u>	<u>\$ 1,274,263</u>	<u>\$ 7,989,918</u>	<u>\$ 2,299,299</u>	<u>\$ 27,977,457</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA  
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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

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

Total fund balance, governmental funds	\$ 27,977,457
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds, net of accumulated depreciation of \$61,898,237	72,553,999
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	31,688
Pension related deferred outflows	2,271,624
Court fines receivable, net of allowance for doubtful accounts of \$846,233	826,440
Property taxes receivable	34,759
Grant receivable	44,173
	3,208,684
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	52,356
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	(7,193)
Lease payable	(65,014)
Capital lease payable	(182,092)
Net pension liability	(5,660,053)
Pension related deferred inflows	(1,149,609)
Accrued compensated absences	(861,276)
Total OPEB liability and OPEB related deferred inflows and outflows, net	(8,330,581)
Net Position of Governmental Activities in the Statement of Net Position	\$ 95,461,915

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA  
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As of and for the Year Ended June 30, 2020**

**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:	\$	322,418
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		5,155,984
Depreciation expense		(3,068,653)
		2,087,331
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.		
		(82,815)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in deferred revenue		(10,304)
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:		
Capital lease obligation principal payments		62,622
		62,622
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		1,271
Change in accrued compensated absences expenses		(15,415)
Change in the total OPEB liability		262,976
		248,832
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		9,824
Change in net position of governmental activities	\$	2,637,908

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS**

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**Proprietary Funds Statement of Net Position - June 30, 2020**

	Enterprise Funds			Internal Service Fund
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 31,175,379	\$ 4,863,746	\$ 36,039,125	\$ -
Restricted:				
Cash and cash equivalents	8,333,717	-	8,333,717	-
Accounts receivable, net of allowance of \$37,839	2,755,637	-	2,755,637	-
Inventory	-	-	-	52,356
Due from other funds	209,161	-	209,161	-
Due from other governments	3,137	-	3,137	-
Total current assets	<u>42,477,031</u>	<u>4,863,746</u>	<u>47,340,777</u>	<u>52,356</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	29,989,253	-	29,989,253	-
Other capital assets, net of accumulated depreciation	27,222,940	-	27,222,940	-
Total non-current assets	<u>57,212,193</u>	<u>-</u>	<u>57,212,193</u>	<u>-</u>
Total assets	<u>\$ 99,689,224</u>	<u>\$ 4,863,746</u>	<u>\$ 104,552,970</u>	<u>\$ 52,356</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts related to OPEB	<u>25,856</u>	<u>-</u>	<u>25,856</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 547,900	\$ 9,000	\$ 556,900	\$ -
Accrued payroll liabilities	210,066	-	210,066	-
Accrued interest payable	346,964	-	346,964	-
Due to other funds	531,711	-	531,711	-
Due to depositors	84,146	-	84,146	-
Accrued compensated absences	40,913	-	40,913	-
Landfill closure liability	43,805	-	43,805	-
Notes payable	2,914,209	-	2,914,209	-
Total current liabilities	<u>4,719,714</u>	<u>9,000</u>	<u>4,728,714</u>	<u>-</u>
Non-current liabilities:				
Due to depositors	757,319	-	757,319	-
Accrued compensated absences	368,212	-	368,212	-
Landfill closure liability	3,006,879	-	3,006,879	-
Notes payable	33,998,501	-	33,998,501	-
Total OPEB liability	<u>134,756</u>	<u>-</u>	<u>134,756</u>	<u>-</u>
Total non-current liabilities	<u>38,265,667</u>	<u>-</u>	<u>38,265,667</u>	<u>-</u>
Total liabilities	<u>42,985,381</u>	<u>9,000</u>	<u>42,994,381</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to OPEB	<u>29,621</u>	<u>-</u>	<u>29,621</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 20,299,483	\$ -	\$ 20,299,483	\$ -
Restricted for debt service	1,837,955	-	1,837,955	-
Restricted for capital projects	5,654,297	-	5,654,297	-
Restricted for economic development	-	4,854,746	4,854,746	-
Unrestricted	28,908,343	-	28,908,343	52,356
Total net position	<u>\$ 56,700,078</u>	<u>\$ 4,854,746</u>	<u>\$ 61,554,824</u>	<u>\$ 52,356</u>

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2020**

	Enterprise Funds			Internal Service Fund
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	
<b>REVENUES</b>				
Water	\$ 7,913,406	\$ -	\$ 7,913,406	\$ -
Sewer	2,644,055	-	2,644,055	-
Sanitation	4,329,033	-	4,329,033	-
Solid waste fee	361	-	361	-
Recycling center	92,563	-	92,563	-
Lease revenue	64,500	-	64,500	-
Charges for inventory	-	-	-	88,330
Miscellaneous	296,182	-	296,182	-
Total operating revenues	<u>15,340,100</u>	<u>-</u>	<u>15,340,100</u>	<u>88,330</u>
<b>OPERATING EXPENSES</b>				
Administration	1,699,224	-	1,699,224	-
Billing and collecting	405,665	-	405,665	-
Public works director	190,633	-	190,633	-
Water and sewer line maintenance	1,005,810	-	1,005,810	-
Water plant	484,557	-	484,557	-
Liquid waste	641,462	-	641,462	-
Solid waste	2,353,480	-	2,353,480	-
Landfill	216,342	-	216,342	-
Other utility purposes	641,663	-	641,663	-
Economic development	-	968,351	968,351	-
Cost of inventory	-	-	-	78,506
Depreciation	1,266,848	-	1,266,848	-
Total Operating Expenses	<u>8,905,684</u>	<u>968,351</u>	<u>9,874,035</u>	<u>78,506</u>
Operating income (loss)	<u>6,434,416</u>	<u>(968,351)</u>	<u>5,466,065</u>	<u>9,824</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	571,547	69,476	641,023	-
Miscellaneous revenue	419,326	5,704	425,030	-
Gain on disposal of capital assets	7,297	-	7,297	-
Capital grants	15,023	-	15,023	-
Interest expense	(1,053,254)	-	(1,053,254)	-
Total non-operating revenue (expenses)	<u>(40,061)</u>	<u>75,180</u>	<u>35,119</u>	<u>-</u>
Income (loss) before transfers	6,394,355	(893,171)	5,501,184	9,824
Transfers in	13,360,449	971,615	14,332,064	-
Transfers out	(13,345,558)	-	(13,345,558)	-
Change in net position	<u>6,409,246</u>	<u>78,444</u>	<u>6,487,690</u>	<u>9,824</u>
Total net position - beginning	50,290,832	4,776,302	55,067,134	42,532
Total net position - ending	<u>\$ 56,700,078</u>	<u>\$ 4,854,746</u>	<u>\$ 61,554,824</u>	<u>\$ 52,356</u>

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2020**

	Enterprise Funds			
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 15,272,875	\$ -	\$ 15,272,875	\$ 88,330
Payments to suppliers	(3,180,948)	(970,135)	(4,151,083)	(91,328)
Payments to employees	(3,985,217)	-	(3,985,217)	-
Receipts of customer meter deposits	169,750	-	169,750	-
Refunds of customer meter deposits	(145,817)	-	(145,817)	-
Interfund receipts/payments	525,932	-	525,932	-
Other receipts	419,326	5,704	425,030	-
<b>Net cash provided by (used in) operating activities</b>	<b>9,075,901</b>	<b>(964,431)</b>	<b>8,111,470</b>	<b>(2,998)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	13,360,449	971,615	14,332,064	-
Transfers to other funds	(13,345,558)	-	(13,345,558)	-
<b>Net cash provided by noncapital financing activities</b>	<b>14,891</b>	<b>971,615</b>	<b>986,506</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(5,939,833)	-	(5,939,833)	-
Proceeds from sale of capital assets	7,297	-	7,297	-
Capital grants	15,023	-	15,023	-
Proceeds from capital debt	-	-	-	-
Principal paid on debt	(2,781,873)	-	(2,781,873)	-
Interest and fiscal agent fees paid on debt	(1,079,204)	-	(1,079,204)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(9,778,590)</b>	<b>-</b>	<b>(9,778,590)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	571,547	69,476	641,023	-
<b>Net cash provided by investing activities</b>	<b>571,547</b>	<b>69,476</b>	<b>641,023</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(116,251)</b>	<b>76,660</b>	<b>(39,591)</b>	<b>(2,998)</b>
<b>Balances - beginning of year</b>	<b>39,625,347</b>	<b>4,787,086</b>	<b>44,412,433</b>	<b>2,998</b>
<b>Balances - end of year</b>	<b>\$ 39,509,096</b>	<b>\$ 4,863,746</b>	<b>\$ 44,372,842</b>	<b>\$ -</b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 31,175,379	\$ 4,863,746	\$ 36,039,125	\$ -
Restricted cash and cash equivalents - current	8,333,717	-	8,333,717	-
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 39,509,096</b>	<b>\$ 4,863,746</b>	<b>\$ 44,372,842</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:</b>				
Operating income (loss)	\$ 6,434,416	\$ (968,351)	\$ 5,466,065	\$ 9,824
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,266,848	-	1,266,848	-
Other non-operating revenues	419,326	5,704	425,030	-
Change in assets and liabilities:				
Due from other funds	4,586	-	4,586	-
Due from other governments	119,051	-	119,051	-
Due to other funds	521,346	-	521,346	-
Inventory	-	-	-	(12,822)
Receivables, net	(186,276)	-	(186,276)	-
Accounts payable	331,510	(1,784)	329,726	-
Accrued payroll liabilities	21,976	-	21,976	-
Due to depositors	23,933	-	23,933	-
Landfill closure liability	216,342	-	216,342	-
Total OPEB liability and OPEB related deferred inflows and outflows	(96,752)	-	(96,752)	-
Accrued compensated absences	(405)	-	(405)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 9,075,901</b>	<b>\$ (964,431)</b>	<b>\$ 8,111,470</b>	<b>\$ (2,998)</b>

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

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**Footnotes to the Basic Financial Statements:**

**1. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (City of Ada), a blended component unit and 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 at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager.

**Component Units:**

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

There 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.

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

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

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

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law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

**Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

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

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

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

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

*Governmental Funds:*

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

**Major Funds:**

- General Fund – accounts for general operations of the City including: public safety, parks, public facilities, street maintenance, and internal service support.
- Street and Alley Fund – accounts for receipt and use of motor vehicle tax, gasoline excise tax, and use tax.
- Sales Tax Infrastructure Fund – accounts for dedicated sales tax to be used for capital improvements to streets and alleys, water system, and sewer system.
- Sales Tax Capital Facilities Fund – accounts for dedicated sales tax to be used for capital improvements.
- Sales Tax 2016 Capital Improvement Fund - accounts for dedicated sales tax to be used for capital improvements.

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**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 newly 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 activities of the Arts & Heritage Center.

**Capital Project Funds:**

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

**Debt Service Fund:**

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

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

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

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

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*Proprietary Funds:*

The City's proprietary funds include:

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

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

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

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

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

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

At June 30, 2020, the primary government held the following deposits and investments:

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<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>	<u>Fair Value Hierarchy</u>
<b>Deposits:</b>				
Demand deposits			\$ 69,941,987	-
			<u>69,941,987</u>	-
<b>Investments:</b>				
Purchased judgments	n/a	n/a	262,893	Level 3
			<u>262,893</u>	-
<b>Total deposits and investments</b>			<u>\$ 70,204,880</u>	-
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents			\$ 69,941,987	
Investments			<u>262,893</u>	
			<u>\$ 70,204,880</u>	

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

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

At June 30, 2020, the City was fully insured or collateralized.

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

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

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investment policy requires diversification of investments to minimize the risk of loss resulting from over concentration of assets in a specific maturity period, issuer or class of securities. There may be times when investments are concentrated as to the type. This is acceptable as long as the investments are secured by the U.S. government or collateralized in a matter 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 \$8,333,717 held by the Ada Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill) and trustee accounts related to revenue notes.

<b>APWA</b>	
<b><u>Enterprise Fund</u></b>	
Restricted Cash and Cash Equivalents:	
Meter Deposit Cash	\$ 841,465
Debt Service Account	710,843
2012A Interest Cash	3,293
2012A Principal Cash	125,212
2015A Interest Cash	27,835
2015A Principal Cash	204,617
2015A Project Cash	1,668,652
2015B Interest Cash	47,622
2015B Principal Cash	551,544
2018 Interest Cash	61,831
2018 Principal Cash	105,158
2018 Project Cash	3,985,645
	<u>\$ 8,333,717</u>

**Component Unit:**

Valley View Hospital Authority

*Deposits*

At June 30, 2020, the Authority had bank balances of \$290, none of which was uninsured or under collateralized. The carrying value of these deposits was \$290.

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*Investments*

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

At June 30, 2020, the Authority has a \$1,191,338 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, 2020, 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.

#### **4. Capital Assets and Depreciation**

*Capital Assets:*

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

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For the year ended June 30, 2020, capital assets balances changed as follows:

	Balance at July 1, 2019	Additions	Disposals	Interfund Transfers	Balance at June 30, 2020
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,299,783	\$ 121,492	\$ -	\$ -	\$ 1,421,275
Construction in progress	5,455,556	4,698,636	6,303,759	-	3,850,433
Total capital assets not being depreciated	<u>6,755,339</u>	<u>4,820,128</u>	<u>6,303,759</u>	<u>-</u>	<u>5,271,708</u>
Other capital assets:					
Buildings and Improvements	48,236,912	5,146,758	-	-	53,383,670
Machinery, furniture and equipment	10,475,912	956,490	282,995	127,843	11,277,250
Infrastructure	66,896,742	505,442	-	-	67,402,184
Total other capital assets at historical cost	<u>125,609,566</u>	<u>6,608,690</u>	<u>282,995</u>	<u>127,843</u>	<u>132,063,104</u>
Less accumulated depreciation for:					
Buildings and Improvements	9,713,453	1,304,515	-	-	11,017,968
Machinery, furniture and equipment	8,281,677	589,989	282,995	96,918	8,685,589
Infrastructure	43,903,108	1,174,148	-	-	45,077,256
Total accumulated depreciation	<u>61,898,238</u>	<u>3,068,652</u>	<u>282,995</u>	<u>96,918</u>	<u>64,780,813</u>
Other capital assets, net	<u>63,711,328</u>	<u>3,540,038</u>	<u>-</u>	<u>30,925</u>	<u>67,282,291</u>
Governmental activities capital assets, net	<u>\$ 70,466,667</u>	<u>\$ 8,360,166</u>	<u>\$ 6,303,759</u>	<u>\$ 30,925</u>	<u>\$ 72,553,999</u>

	Balance at July 1, 2019	Additions	Disposals	Interfund Transfers	Balance at June 30, 2020
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,124,201	\$ 3,266	\$ -	\$ -	\$ 1,127,467
Land-water development	2,137,167	-	-	-	2,137,167
Water rights	1,280,406	-	-	-	1,280,406
Construction in progress	21,885,857	4,464,095	905,739	-	25,444,213
Total capital assets not being depreciated	<u>26,427,631</u>	<u>4,467,361</u>	<u>905,739</u>	<u>-</u>	<u>29,989,253</u>
Other capital assets:					
Buildings and Improvements	22,237,660	532,448	-	-	22,770,108
Machinery, furniture and equipment	8,110,081	1,405,118	147,454	(127,843)	9,239,902
Utility property improvements	55,089,513	471,569	-	-	55,561,082
Total other capital assets at historical cost	<u>85,437,254</u>	<u>2,409,135</u>	<u>147,454</u>	<u>(127,843)</u>	<u>87,571,092</u>
Less accumulated depreciation for:					
Buildings and Improvements	12,123,720	362,417	-	-	12,486,137
Machinery, furniture and equipment	5,711,385	533,478	147,454	(96,918)	6,000,491
Utility property improvements	41,490,571	370,953	-	-	41,861,524
Total accumulated depreciation	<u>59,325,676</u>	<u>1,266,848</u>	<u>147,454</u>	<u>(96,918)</u>	<u>60,348,152</u>
Other capital assets, net	<u>26,111,578</u>	<u>1,142,287</u>	<u>-</u>	<u>(30,925)</u>	<u>27,222,940</u>
Business-type activities capital assets, net	<u>\$ 52,539,209</u>	<u>\$ 5,609,648</u>	<u>\$ 905,739</u>	<u>\$ (30,925)</u>	<u>\$ 57,212,193</u>

**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

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- General infrastructure 15-50 years

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

<b>Governmental Activities:</b>	
General Government	\$ 96,878
Streets and Highways	1,363,157
Public Safety	486,369
Cemetery	24,030
Legal and Judicial	4,887
Culture and Recreation	552,213
Airport	538,734
Community Development	2,384
Total	<u>\$ 3,068,652</u>
 <b>Business-Type Activities:</b>	
Water	\$ 629,815
Sewer	453,274
Sanitation	183,759
Total	<u>\$ 1,266,848</u>

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

For the year ended June 30, 2020, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Capital lease payable	\$ 309,728	\$ -	\$ 62,622	\$ 247,106	\$ 65,014
Accrued compensated absences	845,860	15,416	-	861,276	86,127
Total Governmental Activities	<u>\$ 1,155,588</u>	<u>\$ 15,416</u>	<u>\$ 62,622</u>	<u>\$ 1,108,382</u>	<u>\$ 151,141</u>
 <b>Business-Type Activities:</b>					
Notes payable from direct borrowings and direct placements	\$ 39,694,584	\$ -	\$ 2,781,874	\$ 36,912,710	\$ 2,914,209
Accrued compensated absences	409,530	-	405	409,125	40,913
Deposits subject to refund	817,532	169,750	145,817	841,465	84,146
Landfill closure liability	2,834,342	216,342	-	3,050,684	43,805
Total Business-Type Activities	<u>43,755,988</u>	<u>386,092</u>	<u>2,928,096</u>	<u>41,213,984</u>	<u>3,083,073</u>
Total Long-Term Debt	<u>\$ 44,911,576</u>	<u>\$ 401,508</u>	<u>\$ 2,990,718</u>	<u>42,322,366</u>	<u>\$ 3,234,214</u>

### Reconciliation to Statement of Net Position:

#### Governmental Activities:

Due within one year	\$ 151,141
Due in more than one year	6,976,644
Less:	
Total OPEB liability	(359,350)
Net pension liability	(5,660,053)
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,108,382</u>

#### Business-Type Activities:

Due within one year	\$ 3,083,073
Due in more than one year	38,265,667
Less:	
Total OPEB liability	(134,756)
Total Business-Type Activities Long-Term Liabilities	<u>\$ 41,213,984</u>

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*Governmental activities long-term debt:*

Capital Lease Payable:

\$30,000 capital lease obligation for the purchase of a flatbed truck, matures September 2022 with a stated interest rate of 3.73%.	19,559
\$60,000 capital lease obligation for the purchase of various equipment, matures September 2022 with a stated interest rate of 3.73%.	39,118
\$264,165 capital lease obligation for the purchase of a 911 Motorola Equipment, matures May 2025 with a stated interest rate of 3.79%.	<u>188,429</u>
Current portion	\$ 65,014
Noncurrent portion	<u>182,092</u>
Total Capital Lease Payable	<u>\$ 247,106</u>

Accrued Compensated Absences:

Current portion	\$ 86,127
Noncurrent portion	<u>775,149</u>
Total Accrued Compensated Absences	<u>\$ 861,276</u>

*Business-type activities long-term debt:*

Notes Payable from direct borrowings and direct placements:

Sales and Use Tax Revenue Note Series 2012 to Vision Bank dated March 1, 2012 original amount of \$4,055,000, secured and payable with a 1% pledge sales tax revenues and all use tax revenues, due in 19 semi-annual principal installments ranging from \$125,000 to \$235,000 with an annual interest rate of 1.52%, final payment due October 1, 2021. This note is a current refunding of the outstanding portion of the lease/purchase agreement with Honeywell Global Finance, LLC for the replacement or retrofitting of water meters and efficiency upgrades to various City facilities. 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 and use 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 action or inaction of parties under provisions of the Note Indenture or Sales Tax Agreement.

Current portion	\$ 470,000
Noncurrent portion	<u>125,000</u>
	<u>595,000</u>

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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	1,655,000
Noncurrent portion	<u>5,245,000</u>
	<u>6,900,000</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	495,000
Noncurrent portion	<u>2,415,000</u>
	<u>2,910,000</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	10,000
Noncurrent portion	<u>22,533,501</u>
	<u>22,543,501</u>

Note payable to Landmark Bank, original amount \$400,000 dated January 17, 2017, secured by motor grader, paver, and roller compactor, payable in monthly payments of \$8,725 with an annual interest rate of 2.3%, final payment due February 17, 2021. In the event of default, the lender may: 1) collect amount due or to become due; 2) take possession of the property, without demand or noticed and without court order or any process of law; 3) sell the property or any portion thereof for lessor's account at public or private sale, for cash or credit; 4) pursue and exercise any other remedy available at law or in equity; or 5) terminate agreement and repossess property.

Current portion	<u>69,209</u>
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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 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	215,000
Noncurrent portion	<u>3,680,000</u>
	<u>3,895,000</u>

Total Notes Payable (direct borrowings and direct placements) \$36,912,710

Accrued Compensated Absences:

Current portion	\$ 40,913
Noncurrent portion	<u>368,212</u>
	<u>\$ 409,125</u>

Total Accrued Compensated Absences

Deposits Subject to Refund:

Current portion	\$ 84,146
Noncurrent portion	<u>757,319</u>
	<u>\$ 841,465</u>

Total Deposits Subject to Refund

Landfill Closure Liability:

Current portion	\$ 43,805
Noncurrent portion	<u>3,006,879</u>
	<u>\$ 3,050,684</u>

Total Landfill Closure Liability

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

Year Ending June 30,	Notes Payable- direct borrowings and direct placements	
	Principal	Interest
2021	\$ 2,914,209	\$ 1,038,819
2022	2,938,000	977,372
2023	3,014,000	908,914
2024	3,095,000	839,480
2025	1,340,000	773,729
2026-2030	7,011,000	3,586,168
2031-2035	7,832,000	2,447,489
2036-2040	7,765,000	1,091,879
2041	1,725,000	46,432
Totals	<u>\$ 37,634,209</u>	<u>\$ 11,710,282</u>
Less: Amount yet to be drawn:	<u>(721,499)</u>	
	<u>\$ 36,912,710</u>	

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<u>Year Ending June 30,</u>	<u>Governmental Debt</u>	
	<u>Capital</u>	
	<u>Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2021	65,014	8,818
2022	64,858	6,353
2023	37,634	4,443
2024	39,060	3,017
2025	40,540	1,536
Totals	<u>\$ 247,106</u>	<u>\$ 24,167</u>

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

A \$3,050,684 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 89.70% of the estimated capacity of the landfill. It is estimated that an additional \$350,442 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 96 months.

**7. Net Position and Fund Balances**

*Net Position:*

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

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

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

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*Fund Balances:*

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. *Committed* – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. *Assigned* – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process. In addition, any fund balance used to assist balancing the subsequent year’s budget is considered assigned.
- e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund. In addition, any governmental fund, other than the General Fund which reports a deficit fund balance in total, is shown as negative unassigned fund balance.

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

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

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	General Fund	Street & Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facilities Fund	Sales Tax 2016 Capital Improvement Fund	Other Governmental Funds	Total
Fund Balance:							
Restricted For:							
Grant purposes	12,364	-	-	-	-	-	12,364
Streets	-	4,382,526	-	-	-	-	4,382,526
Capital Improvements	-	-	3,879,517	813,717	7,655,666	-	12,348,900
D.A.R.E	-	-	-	-	-	4,950	4,950
Library	-	-	-	-	-	17,503	17,503
Police	-	-	-	-	-	5,532	5,532
Parks	-	-	-	-	-	8,504	8,504
Arts	-	-	-	-	-	11,553	11,553
Cemetery	-	-	-	-	-	34,288	34,288
Debt Service	-	-	-	-	-	11,853	11,853
Sub-total Restricted	12,364	4,382,526	3,879,517	813,717	7,655,666	94,183	16,837,973
Committed to:							
Future Reserves	764,950	-	-	-	-	-	764,950
Library	-	-	-	-	-	69,160	69,160
Sub-total Committed	764,950	-	-	-	-	69,160	834,110
Assigned to:							
D.A.R.E	-	-	-	-	-	89	89
Cemetery	-	-	-	-	-	218,941	218,941
Airport	-	-	-	-	-	1,127,658	1,127,658
E911	-	-	-	-	-	84,912	84,912
Police	-	-	-	-	-	1,884	1,884
Library	-	-	-	-	-	14,176	14,176
Capital Improvements	-	-	1,235,870	460,546	334,252	113,224	2,143,892
Streets	-	426,347	-	-	-	-	426,347
Parks	-	-	-	-	-	575,072	575,072
Health Insurance	360,998	-	-	-	-	-	360,998
Self Insurance	778,176	-	-	-	-	-	778,176
Advance Travel	1,660	-	-	-	-	-	1,660
Unemployment	191,489	-	-	-	-	-	191,489
Workers' Comp	735,758	-	-	-	-	-	735,758
Budget balancing purposes	2,509,650	-	-	-	-	-	2,509,650
Sub-total Assigned	4,577,731	426,347	1,235,870	460,546	334,252	2,135,956	9,170,702
Unrestricted	1,134,672	-	-	-	-	-	1,134,672
Total Fund Balance	\$ 6,489,717	\$ 4,808,873	\$ 5,115,387	\$ 1,274,263	\$ 7,989,918	\$ 2,299,299	\$ 27,977,457

**Enterprise Funds:**

Restricted for Debt Service	\$ 1,837,955
Restricted for Capital Projects	5,654,297
Restricted for Economic Development	4,854,746
Total Enterprise Fund Restrictions	<u>\$ 12,346,998</u>

Net investment in capital assets \$ 20,299,483

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**Restricted Net Position – Governmental Activities:**

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

Fund	Restricted By	Amount
Drug Forfeiture Fund	Statutory requirements	\$ 5,482
Drug Forfeiture Federal Fund	Statutory requirements	50
Cemetery Care Fund	Statutory requirements	34,288
Sinking Fund	Statutory requirements	11,853
Sudden/Severe Economic Dislocation Fund	Other contracts - Contributors	1,104
CDBG Home Grant Fund	Other contracts - Contributors	11,260
D.A.R.E Fund	Other contracts - Contributors	4,950
Library Memorial Fund	Other contracts - Contributors	13,119
Library State Aid Fund	Other contracts - Contributors	4,384
Ada Arts & Heritage Fund	Other contracts - Contributors	11,553
		<u>98,043</u>
Street and Alley Fund	Enabling legislation	\$ 4,382,526
Sales Tax Infrastructure Fund	Enabling legislation	3,879,517
Sales Tax Capital Facilities Fund	Enabling legislation	813,717
Sales Tax 2016 Capital Improvement Fund	Enabling legislation	7,655,666
Sports Complex Park Fund	Enabling legislation	8,504
		<u>16,739,930</u>
Component Unit:		
Valley View Regional Hospital Authority	Expendable Endowment	<u>\$ 1,191,628</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.

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**9. Property Tax Levy**

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

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

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

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

For the year ended June 30, 2020, the City's net assessed valuation of taxable property was \$113,790,519. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2020 was \$2.06 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, 2020, were as follows:

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Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Utility Enterprise Fund	\$ 971,615	Sales tax transfer
General Fund	Utility Enterprise Fund	777,292	Sales tax-2012 revenue bond
General Fund	E911 Fund	30,000	Operating subsidy
General Fund	Utility Enterprise Fund (Solid Waste Development Account)	7,082	Interest expense on interfund loan
General Fund	Street & Alley	5,578	Interest expense on interfund loan
General Fund	Utility Enterprise Fund	1,943,230	2015B revenue note
General Fund	General Fund (Health Insurance Account)	1,108,444	Health insurance premiums
General Fund	Unemployment Insurance Fund	10,000	Operating subsidy
General Fund	Liability Self Insurance Fund	60,000	Operating subsidy
General Fund	Workers Comp Fund	100,000	Operating subsidy
General Fund	Sports Complex Park & Recreation Fund	102,850	Operating subsidy
General Fund	Utility Enterprise Fund	50,354	Honey Well Project principal and interest
E911 Fund	General Fund (Health Insurance Account)	114,093	Health insurance premiums
Street & Alley Fund	Utility Enterprise Fund	1,508,022	Use tax-2012 revenue bond
Sales Tax Infrastructure Fund	Utility Enterprise Fund	185,267	Purchase of capital assets
Sales Tax Infrastructure Fund	General Fund (Health Insurance Account)	179,262	Health insurance premiums
Airport/Agriculture Fund	General Fund (Health Insurance Account)	6,900	Health insurance premiums
Sales Tax 2016 Capital Improvement Fund	Utility Enterprise Fund	3,886,461	2015B principal and interest
Utility Enterprise Fund	Liability Self Insurance Fund	60,000	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	777,292	Sales tax-2012 revenue bond
Utility Enterprise Fund	General Fund	608,600	Subsidy, annual lease of assets, and shared costs
Street & Alley Fund	General Fund	1,262,000	Operating subsidy
Library State Aid	General Fund	5,000	Operating subsidy
Library Memorial Fund	Library State Aid	1,875	Operating subsidy
Utility Enterprise Fund	Economic Development Fund	971,615	Sales tax transfer
Utility Enterprise Fund	Street & Alley	1,508,022	Use tax-2012 revenue bond
Utility Enterprise Fund	Sales Tax Infrastructure Fund	261,550	Operating subsidy
Utility Enterprise Fund	Sales Tax 2016 Capital Improvement Fund	2,101,873	Sales tax for 2015B revenue note
Utility Enterprise Fund	Sales Tax 2016 Capital Improvement Fund	472,688	Debt proceeds transferred
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Development Account)	7,232	Interest on loans
Utility Enterprise Fund	Utility Enterprise Fund (Debt Service Account)	1,500,000	2015A and 2015C revenue notes
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Development Account)	138,494	Portion of landfill collections
Utility Enterprise Fund	Utility Enterprise Fund (Capital Improvement Account)	50,000	Operating subsidy
Utility Enterprise Fund	General Fund (Health Insurance Account)	567,806	Health insurance premiums
Utility Enterprise Fund	General Fund	1,943,230	2015B revenue note
Sales Tax Infrastructure Fund	Utility Enterprise Fund	125,836	Purchase of capital assets
Utility Enterprise Fund (Debt Service Account)	Utility Enterprise Fund	1,594,032	2015A and 2015C revenue notes
Utility Enterprise Fund (Rural Sewer District #2 Account)	Utility Enterprise Fund	26,570	Purchase of capital assets
Utility Enterprise Fund (Solid Waste Account)	Utility Enterprise Fund	357,800	Purchase of capital assets
Utility Enterprise Fund (Water Development Account)	Utility Enterprise Fund	35,000	Purchase of capital assets
Utility Enterprise Fund (Environmental Projects Account)	Utility Enterprise Fund	196,162	Purchase of capital assets
Total		\$ 25,729,127	

**Reconciliation to Fund Financial Statements:**

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 11,397,063	\$ (12,315,325)	\$ (918,262)
Proprietary Funds	14,332,064	(13,345,558)	986,506
Total	\$ 25,729,127	\$ (25,660,883)	\$ 68,244

**Reconciliation to Statement of Activities:**

Net Transfers	\$ (918,262)
Transfer capital asset from business-type activities to governmental activities	57,593
Transfer capital asset from governmental activities to business-type activities	(125,837)
Transfer water/sewer expenses to business-type activities	(398,500)
Transfers - internal activity	\$ (1,385,006)

**Balances:**

Interfund receivables and payables at June 30, 2020, were as follows:

Due From	Due To	Amount	Nature of Balance
General Fund	APWA (Solid Waste Development Account)	\$ 207,244	Interfund loan
General Fund	Street & Alley Fund	135,194	Interfund loan
Sales Tax Infrastructure	APWA (Rural Water District Account)	1,917	Correction of error
Total		\$ 344,355	

**Reconciliation to Financial Statements:**

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 135,194	\$ 187,356	\$ 322,550
Proprietary Funds	209,161	(531,711)	(322,550)
Total	\$ 344,355	\$ (344,355)	\$ -

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## **11. Risk Management**

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

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

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

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

## **12. Commitments and Contingencies**

### *Litigation:*

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or 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 2020, 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.

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*Other Contingencies:*

The novel coronavirus (“COVID-19”), which was declared a global health emergency in January 2020 and a pandemic in March 2020, has caused significant changes in political and economic conditions around the world, including disruptions and volatility in the global capital markets. In response, the State of Oklahoma and local municipalities have taken various preventative or protective actions, such as imposing restrictions on business operations and advising or requiring individuals to limit or forgo their time outside of their homes. The City’s management has considered the economic implications of the COVID-19 pandemic in making critical and significant accounting estimates included in the June 30, 2020, financial statements.

The extent to which the COVID-19 pandemic may impact the City will depend on future developments which are uncertain, such as the duration of the outbreak, additional governmental mandates issued to mitigate the spread of the disease, business closures, economic disruptions, and the effectiveness of actions taken to contain and treat the virus. Accordingly, the COVID-19 pandemic may have a negative impact on the City’s future operations, the size and duration of which is difficult to predict. The City’s management will continue to actively monitor the situation and may take further actions altering operations that the City’s management determines are in the best interests of its employees and stakeholders, or as required by federal, state, or local authorities.

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

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

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

***Firefighters’ Plan:***

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

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

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

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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 \$253,298. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$562,793 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 \$544,758. 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, 2020, the City reported a liability of \$5,660,053 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2019. Based upon this information, the City's proportion was 0.535652%.

For the year ended June 30, 2020, the City recognized pension expense of \$932,570. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 947,774	\$ 115,128
Changes of assumptions	-	145,403
Net difference between projected and actual earnings on pension plan investments	-	409,722
Changes in proportion and differences between City contributions and proportionate share of contributions	415,661	323,816
City contributions during measurement date	7,403	2,805
City contributions subsequent to the measurement date	253,298	-
Total	<u>\$ 1,624,136</u>	<u>\$ 996,874</u>

\$253,298 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ 202,041
2022	34,884
2023	149,326
2024	27,648
2025	(39,935)
Thereafter	-
	<u>\$ 373,964</u>

***Actuarial Assumptions***-The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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, 2019, 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

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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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

**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:

	1% Decrease <u>6.5%</u>	Current Discount <u>Rate 7.5%</u>	1% Increase <u>8.5%</u>
Employers' net pension liability	\$ 7,308,718	\$ 5,660,053	\$ 3,849,654

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

**Police Plan:**

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

**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of

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

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

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

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

**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 \$235,441. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$217,896 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 \$196,357. 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, 2020, the City reported an asset of \$31,688 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. 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, 2019. Based upon this information, the City's proportion was 0.496364%.

For the year ended June 30, 2020, the City recognized pension expense of \$380,099. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,017	\$ 149,613
Changes of assumptions	80,912	-
Net difference between projected and actual earnings on pension plan investments	289,567	-
Changes in proportion and differences between City contributions and proportionate share of contributions	22,174	650
City contributions during measurement date	377	2,472
City contributions subsequent to the measurement date	235,441	-
Total	<u>\$ 647,488</u>	<u>\$ 152,735</u>

The \$235,441 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, 2021. 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:

2021	\$	141,118
2022		(37,762)
2023		50,549
2024		99,000
2025		6,407
		<u>\$ 259,312</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

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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, 2019, 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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real estate	7.99%
Private equity	10.20%
Commodities	3.50%

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.

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**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)	\$ 1,349,892	\$ (31,688)	\$ (1,199,832)

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

***OkMRF Defined Contribution Plan:***

The City has provided a defined contribution plan and trust known as the City of Ada Plan and Trust (the “Plan”) in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the 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
2018	323,789	834,756
2019	362,181	931,287
2020	366,238	931,631

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**14. Postemployment Healthcare Plan**

*Plan Description.* The City sponsors Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System or the City of Ada Retirement Plan. Retired firefighters are not eligible to participate as they previously opted out to obtain a policy on their own. Retirees may continue coverage with the City by paying the carrier premium rate. Coverage is available for the retiree and spouse but only if the retiree satisfies the rule of 90, which is satisfied using the combination of age and years of service. Authority to establish and amend benefit provisions rest with the City Council. Benefits are paid from general operating assets of the City.

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

The amount of benefit payments during the fiscal year ended June 30, 2020 were \$46,379.

*Employees Covered by Benefit Terms*

Active Employees	190
Inactive or beneficiaries receiving benefits	<u>34</u>
Total	<u>224</u>

*Total OPEB Liability.* The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2020. The measurement date used was June 30, 2019.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2020 valuation was determine using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Discount Rate – 3.50% 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:
  - 2019 6.02%
  - 2020 5.99%
  - 2021 5.86%
  - 2022 5.99%
  - 2025 5.86%
  - 2030 5.99%
  - 2035 5.87%
  - 2040 5.33%
  - 2045 5.15%
  - 2050 5.03%
  - 2060 4.87%

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*Changes in Total OPEB Liability*

	Total OPEB Liability
Balances at Beginning of Year	<u>\$ 828,168</u>
Changes For the Year:	
Service cost	42,531
Interest expense	33,696
Change in benefit terms	(392,001)
Difference between expected and actual experience	(34,067)
Change in assumptions	38,882
Benefit payments	(23,103)
Net Changes	<u>(334,062)</u>
Balances at End of Year	<u>\$ 494,106</u>

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the year ended June 30, 2020, the City recognized OPEB expense of (\$351,451). At June 30, 2020, 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	\$ -	\$ 28,163
Changes of assumptions	32,143	49,760
Changes in proportion	19,639	19,639
City contributions during measurement date	86	12,342
City contributions subsequent to the measurement date	8,277	-
Total	<u>\$ 60,145</u>	<u>\$ 109,904</u>

\$8,277 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, 2021. 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:	
2021	(17,830)
2022	(17,830)
2023	(15,632)
2024	(5,408)
2025	(1,336)
	<u>\$ (58,036)</u>

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*Sensitivity of the City's total OPEB liability to changes in the discount rate.* The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	<u>1% Decrease 2.50%</u>	<u>Current Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
OPEB Liability	\$ 587,937	\$ 494,106	\$ 421,896

*Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rate.* The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.02%) or 1-percentage-point higher (7.02%) than the current healthcare cost trend rate:

	<u>1% Decrease 5.02% Grading to 3.87%</u>	<u>Healthcare Cost Trend Rates 6.02% Grading to 4.87%</u>	<u>1% Increase 7.02% Grading to 5.87%</u>
OPEB Liability	\$ 424,633	\$ 494,106	\$ 582,026

**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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule – Year Ended June 30, 2020**

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$4,128,195	\$4,128,195	\$6,488,100	\$2,359,905
<b>Resources (Inflows):</b>				
Taxes	8,895,800	9,593,300	9,699,139	105,839
Intergovernmental	328,500	515,658	1,366,301	850,643
Licenses and permits	140,200	140,200	172,386	32,186
Charges for services	308,900	308,900	237,280	(71,620)
Fees and fines	222,800	222,800	151,477	(71,323)
Investment income	151,900	151,900	126,708	(25,192)
Miscellaneous	2,595,900	2,680,221	838,403	(1,841,818)
Other financing sources	4,891,000	4,891,000	4,936,122	45,122
<b>Total Resources (Inflows):</b>	<u>17,535,000</u>	<u>18,503,979</u>	<u>17,527,816</u>	<u>(976,163)</u>
<b>Amounts available for appropriation</b>	<u>\$21,663,195</u>	<u>\$22,632,174</u>	<u>\$24,015,916</u>	<u>\$1,383,742</u>
<b>Charges to Appropriations (Outflows):</b>				
General government	5,853,320	6,242,816	4,627,370	1,615,446
Public safety	6,132,250	6,854,649	6,752,054	102,595
Streets and highways	840,900	803,900	588,454	215,446
Legal and judicial	122,950	122,950	96,109	26,841
Cemetery	246,200	246,500	198,563	47,937
Culture and recreation	2,307,550	2,383,700	1,785,946	597,754
Community development	463,600	437,750	300,127	137,623
Other financing uses	3,732,250	4,026,750	3,189,940	836,810
<b>Total Charges to Appropriations</b>	<u>19,699,020</u>	<u>21,119,015</u>	<u>17,538,563</u>	<u>3,580,452</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$1,964,175</u>	<u>\$1,513,159</u>	<u>\$6,477,353</u>	<u>\$4,964,194</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			11,260	
<b>Total General Fund Fund Balance</b>			<u>\$6,489,717</u>	

(Unaudited. See accompanying auditor's report.)

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	<b>STREET AND ALLEY FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$4,428,569	\$4,428,569	\$4,550,668	\$122,099
<b>Resources (Inflows):</b>				
Taxes	153,000	153,000	1,546,754	1,393,754
Intergovernmental	2,540,000	2,540,000	150,218	(2,389,782)
Investment income	100,000	100,000	56,302	(43,698)
Miscellaneous	60,000	60,000	262	(59,738)
Other financing sources	1,586,750	1,586,750	1,513,600	(73,150)
<b>Total Resources (Inflows):</b>	<u>4,439,750</u>	<u>4,439,750</u>	<u>3,267,136</u>	<u>(1,172,614)</u>
<b>Amounts available for appropriation</b>	<u>\$8,868,319</u>	<u>\$8,868,319</u>	<u>\$7,817,804</u>	<u>(\$1,050,515)</u>
<b>Charges to Appropriations (Outflows):</b>				
Streets and highways	4,675,000	4,675,000	238,909	4,436,091
Other financing uses	2,775,000	2,895,000	2,770,022	124,978
<b>Total Charges to Appropriations</b>	<u>7,450,000</u>	<u>7,570,000</u>	<u>3,008,931</u>	<u>4,561,069</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$1,418,319</u>	<u>\$1,298,319</u>	<u>\$4,808,873</u>	<u>\$3,510,554</u>

**Footnotes to Budgetary Comparison Schedules:**

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

(Unaudited. See accompanying auditor's report.)

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Schedules of Required Supplementary Information

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

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years\*

	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability	0.517189%	0.510539%	0.527016%	0.520592%	0.569511%	0.535652%
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
City's covered-employee payroll	\$ 1,439,349	\$ 1,371,422	\$ 1,474,173	\$ 1,479,714	\$ 1,693,836	\$ 1,723,286
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	370%	395%	437%	442%	378%	328%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%

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

**Notes to Schedule:**

Only the last six 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
Statutorily required contribution	\$ 191,999	\$ 206,384	\$ 207,160	\$ 237,137	\$ 241,260	\$ 253,298
Contributions in relation to the statutorily required contribution	191,999	206,384	207,160	237,137	241,260	253,298
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
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Notes to Schedule:**

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

(Unaudited. See accompanying auditor's report.)

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

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

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

**Notes to Schedule:**

Only the last six 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
Statutorially required contribution	\$ 195,639	\$ 203,257	\$ 217,596	\$ 215,105	\$ 209,692	\$ 235,441
Contributions in relation to the statutorially required contribution	195,639	203,257	217,596	215,105	209,692	235,441
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
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**Notes to Schedule:**

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

(Unaudited. See accompanying auditor's report.)

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

	2018	2019	2020
Total OPEB Liability			
Service Cost	\$ 50,954	\$ 45,130	\$ 42,531
Interest	22,155	29,919	33,696
Changes in benefit terms	-	-	(392,001)
Changes in assumptions	(67,150)	-	38,882
Experience Gain/(Loss)	-	(26,358)	(34,067)
Benefit Payments	(14,163)	(11,120)	(23,103)
Net change in total OPEB liability	\$ (8,204)	\$ 37,571	\$ (334,062)
Balances - Beginning of Year	\$ 798,801	\$ 790,597	\$ 828,168
Balances - End of Year	\$ 790,597	\$ 828,168	\$ 494,106
Covered employee payroll	\$ 8,760,000	\$ 8,760,000	\$ 9,029,000
Total OPEB liability as a percentage of covered employee payroll	9.03%	9.45%	5.47%

**Notes to Schedule:**

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

(Unaudited. See accompanying auditor's report.)

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**SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – General Fund Accounts - June 30, 2020**

	<b>General Fund</b>	<b>Sudden and Severe Economic Dislocation Account</b>	<b>CDBG Home Grant Account</b>	<b>Total General Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,924,618	\$ 1,104	\$ 11,260	\$ 4,936,982
Investments	262,893	-	-	262,893
Receivable from other governments	1,288,441	-	-	1,288,441
Due from other funds	-	-	-	-
Taxes receivable, net	72,500	-	-	72,500
Court fines receivable, net	846,233	-	-	846,233
Other receivables	11,219	-	-	11,219
Total assets	<u>\$ 7,405,904</u>	<u>\$ 1,104</u>	<u>\$ 11,260</u>	<u>\$ 7,418,268</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 161,887	\$ -	\$ -	\$ 161,887
Accrued payroll liabilities	447,977	-	-	447,977
Due to other funds	(538,583)	-	-	(538,583)
Due to depositors	18,650	-	-	18,650
Payable to other governments	5,149	-	-	5,149
Total liabilities	<u>95,080</u>	<u>-</u>	<u>-</u>	<u>95,080</u>
Deferred inflows of resources:				
Deferred revenue	833,471	-	-	833,471
Fund balances:				
Restricted	-	1,104	11,260	12,364
Committed	764,950	-	-	764,950
Assigned	4,577,731	-	-	4,577,731
Unassigned	1,134,672	-	-	1,134,672
Total fund balances	<u>6,477,353</u>	<u>1,104</u>	<u>11,260</u>	<u>6,489,717</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,405,904</u>	<u>\$ 1,104</u>	<u>\$ 11,260</u>	<u>\$ 7,418,268</u>

**CITY OF ADA, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund**  
**Accounts – Year Ended June 30, 2020**

	<b>General Fund</b>	<b>Sudden and Severe Economic Dislocation Account</b>	<b>CDBG Home Grant Account</b>	<b>Total General Fund</b>
<b>REVENUES</b>				
Taxes	\$ 9,699,139	\$ -	\$ -	\$ 9,699,139
Fees and fines	151,477	-	-	151,477
Licenses and permits	172,386	-	-	172,386
Intergovernmental	1,366,301	-	-	1,366,301
Charges for services	237,280	-	-	237,280
Investment income	126,708	-	169	126,877
Miscellaneous	838,403	-	-	838,403
Total revenues	<u>12,591,694</u>	<u>-</u>	<u>169</u>	<u>12,591,863</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,522,402	-	-	4,522,402
Public safety	6,163,167	-	-	6,163,167
Streets and highways	574,396	-	-	574,396
Legal and judicial	96,109	-	-	96,109
Cemetery	197,473	-	-	197,473
Culture and recreation	1,570,428	-	-	1,570,428
Community development	300,127	-	-	300,127
Capital outlay	892,735	-	-	892,735
Debt service:				
Principal	28,962	-	-	28,962
Interest and other charges	2,824	-	-	2,824
Total expenditures	<u>14,348,623</u>	<u>-</u>	<u>-</u>	<u>14,348,623</u>
Excess (deficiency) of revenues over expenditures	<u>(1,756,929)</u>	<u>-</u>	<u>169</u>	<u>(1,756,760)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,912,627	-	-	6,912,627
Transfers out	(5,166,445)	-	-	(5,166,445)
Total other financing sources and uses	<u>1,746,182</u>	<u>-</u>	<u>-</u>	<u>1,746,182</u>
Net change in fund balances	(10,747)	-	169	(10,578)
Fund balances - beginning	6,488,100	1,104	11,091	6,500,295
Fund balances - ending	<u>\$ 6,477,353</u>	<u>\$ 1,104</u>	<u>\$ 11,260</u>	<u>\$ 6,489,717</u>

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**Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2020**

SPECIAL REVENUE FUNDS									
	Dare Fund	Library Memorial Fund	Library State Aid Fund	Drug Forfeiture Fund	Federal Drug Forfeiture Fund	Emergency 911 Fund	Sports Complex Fund	Parks Donation Fund	Ada Arts & Heritage Fund
<b>ASSETS</b>									
Cash and cash equivalents	\$ 5,039	\$ 95,556	\$ 7,490	\$ 7,366	\$ 50	\$ 203,534	\$ 325,562	\$ 257,522	\$ 11,553
Due from other governments	-	-	-	-	-	1,144	6,451	-	-
Other receivables	-	-	-	-	-	42,330	-	-	-
Total Assets	<u>\$ 5,039</u>	<u>\$ 95,556</u>	<u>\$ 7,490</u>	<u>\$ 7,366</u>	<u>\$ 50</u>	<u>\$ 247,008</u>	<u>332,013</u>	<u>\$ 257,522</u>	<u>\$ 11,553</u>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ 2,207	\$ -	\$ -	\$ 204	170	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-	31,209	5,248	-	-
Due to other funds	-	-	-	-	-	129,970	541	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,207</u>	<u>-</u>	<u>-</u>	<u>161,383</u>	<u>5,959</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>									
Deferred revenue	-	-	-	-	-	713	-	-	-
<b>FUND EQUITY</b>									
Fund balances:									
Restricted	4,950	13,119	4,384	5,482	50	-	8,504	-	11,553
Committed	-	69,160	-	-	-	-	-	-	-
Assigned	89	13,277	899	1,884	-	84,912	317,550	257,522	-
Total Fund Equity	<u>5,039</u>	<u>95,556</u>	<u>5,283</u>	<u>7,366</u>	<u>50</u>	<u>84,912</u>	<u>326,054</u>	<u>257,522</u>	<u>11,553</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 5,039</u>	<u>\$ 95,556</u>	<u>\$ 7,490</u>	<u>\$ 7,366</u>	<u>\$ 50</u>	<u>\$ 247,008</u>	<u>\$ 332,013</u>	<u>\$ 257,522</u>	<u>\$ 11,553</u>

(Continued)

**CITY OF ADA, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2020**

**Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2020, (Continued)**

	<u>CAPITAL PROJECT FUNDS</u>			<u>DEBT SERVICE</u>	<u>TOTALS</u>
	<u>Cemetery Care Fund</u>	<u>Property Owners Part.</u>	<u>Airport AG/Cash Fund</u>	<u>Sinking Fund</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 253,229	\$ 113,224	\$ 1,138,004	\$ 6,222	\$ 2,424,351
Due from other governments	-	-	25,604	40,390	73,589
Other receivables	-	-	-	-	42,330
Total Assets	<u>\$ 253,229</u>	<u>\$ 113,224</u>	<u>\$ 1,163,608</u>	<u>\$ 46,612</u>	<u>\$ 2,540,270</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,581
Accrued payroll liabilities	-	-	3,223	-	39,680
Due to other funds	-	-	7,123	-	137,634
Total Liabilities	<u>-</u>	<u>-</u>	<u>10,346</u>	<u>-</u>	<u>179,895</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred revenue	<u>-</u>	<u>-</u>	<u>25,604</u>	<u>34,759</u>	<u>61,076</u>
<b>FUND EQUITY</b>					
Fund balances:					
Restricted	34,288	-	-	11,853	94,183
Committed	-	-	-	-	69,160
Assigned	218,941	113,224	1,127,658	-	2,135,956
Total Fund Equity	<u>253,229</u>	<u>113,224</u>	<u>1,127,658</u>	<u>11,853</u>	<u>2,299,299</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 253,229</u>	<u>\$ 113,224</u>	<u>\$ 1,163,608</u>	<u>\$ 46,612</u>	<u>\$ 2,540,270</u>

**CITY OF ADA, OKLAHOMA  
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2020**

	SPECIAL REVENUE FUNDS								
	Dare Fund	Library Memorial Fund	Library State Aid Fund	Drug Forfeiture Fund	Federal Drug Forfeiture Fund	Emergency 911 Fund	Sports Complex Fund	Parks Donation Fund	Ada Arts & Heritage Fund
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,155	\$ -	\$ -	\$ -
Intergovernmental	-	-	23,046	1,050	-	387,931	6,451	-	-
Charges for services	-	4,275	-	-	-	-	97,014	-	-
Investment earnings	79	1,618	6	104	-	1,865	4,882	3,957	208
Miscellaneous	6,592	2,767	-	-	-	299	1	18,409	6,606
Total revenues	<u>6,671</u>	<u>8,660</u>	<u>23,052</u>	<u>1,154</u>	<u>-</u>	<u>870,250</u>	<u>108,348</u>	<u>22,366</u>	<u>6,814</u>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	-	-	-	
Public safety	4,463	-	-	2,848	-	778,301	-	-	
Culture and recreation	-	18,850	-	-	-	-	110,474	13,609	
Airport	-	-	-	-	-	-	-	-	
Capital Outlay	-	-	17,825	-	-	1,183	8,049	28,990	
Debt Service:									
Principal	-	-	-	-	-	33,660	-	-	
Interest and other charges	-	-	-	-	-	8,417	-	-	
Total Expenditures	<u>4,463</u>	<u>18,850</u>	<u>17,825</u>	<u>2,848</u>	<u>-</u>	<u>821,561</u>	<u>118,523</u>	<u>42,599</u>	<u>6,500</u>
Excess (deficiency) of revenues over expenditures	<u>2,208</u>	<u>(10,190)</u>	<u>5,227</u>	<u>(1,694)</u>	<u>-</u>	<u>48,689</u>	<u>(10,175)</u>	<u>(20,233)</u>	<u>314</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	1,875	-	-	30,000	102,850	-	
Transfers out	-	(1,875)	(5,000)	-	-	(114,093)	-	-	
Total other financing sources and uses	<u>-</u>	<u>(1,875)</u>	<u>(3,125)</u>	<u>-</u>	<u>-</u>	<u>(84,093)</u>	<u>102,850</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,208	(12,065)	2,102	(1,694)	-	(35,404)	92,675	(20,233)	314
Fund balances - beginning	2,831	107,621	3,181	9,060	50	120,316	233,379	277,755	11,239
Fund balances - ending	<u>\$ 5,039</u>	<u>\$ 95,556</u>	<u>\$ 5,283</u>	<u>\$ 7,366</u>	<u>\$ 50</u>	<u>\$ 84,912</u>	<u>\$ 326,054</u>	<u>\$ 257,522</u>	<u>\$ 11,553</u>

(Continued)

**CITY OF ADA, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2020 (Continued)**

	<b>CAPITAL PROJECT FUNDS</b>			<b>DEBT SERVICE FUND</b>	<b>TOTALS</b>
	<b>Cemetery Care Fund</b>	<b>Property Owners Part.</b>	<b>Airport AG/Cash Fund</b>	<b>Sinking Fund</b>	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 232,368	\$ 712,523
Intergovernmental	-	-	75,479	-	493,957
Charges for services	14,724	-	156,297	-	272,310
Investment earnings	-	1,706	15,799	-	30,224
Miscellaneous	100	-	2,390	65,523	102,687
Total revenues	<u>14,824</u>	<u>1,706</u>	<u>249,965</u>	<u>297,891</u>	<u>1,611,701</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	65,523	65,523
Public safety	-	-	-	-	785,612
Culture and recreation	-	-	-	-	142,933
Airport	-	-	150,952	-	150,952
Capital Outlay	13,959	-	15,945	-	92,451
Debt Service:					
Principal	-	-	-	184,850	218,510
Interest and other charges	-	-	-	38,222	46,639
Total Expenditures	<u>13,959</u>	<u>-</u>	<u>166,897</u>	<u>288,595</u>	<u>1,502,620</u>
Excess (deficiency) of revenues over expenditures	<u>865</u>	<u>1,706</u>	<u>83,068</u>	<u>9,296</u>	<u>109,081</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	134,725
Transfers out	-	-	(6,900)	-	(127,868)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(6,900)</u>	<u>-</u>	<u>6,857</u>
Net change in fund balances	865	1,706	76,168	9,296	115,938
Fund balances - beginning	252,364	111,518	1,051,490	2,557	2,183,361
Fund balances - ending	<u>\$ 253,229</u>	<u>\$ 113,224</u>	<u>\$ 1,127,658</u>	<u>\$ 11,853</u>	<u>\$ 2,299,299</u>

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**Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2020**

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 5,667,113	\$ 6,605,694	\$ -	\$ 659,356	\$ 10,029,495	\$ 4,782,572	\$ 324,823
Restricted cash and cash equivalents	6,781,409	-	841,465	-	-	-	-
Due from other funds	-	207,244	-	-	-	-	1,917
Due from other funds - interaccount	-	-	-	-	-	191,376	-
Due from other governments	3,137	-	-	-	-	-	-
Accounts Receivable, net	2,474,488	160	-	-	176,988	59,464	-
Total current assets	14,926,147	6,813,098	841,465	659,356	10,206,483	5,033,412	326,740
Non-current assets:							
Capital Assets:							
Land and construction in progress	26,571,679	-	-	-	3,417,574	-	-
Other capital assets, net of accumulated depreciation	27,222,940	-	-	-	-	-	-
Total non-current assets	53,794,619	-	-	-	3,417,574	-	-
Total assets	68,720,766	6,813,098	841,465	659,356	13,624,057	5,033,412	326,740
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred amounts related to OPEB	25,856	-	-	-	-	-	-
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts payable	510,580	-	-	-	-	-	-
Accrued payroll liabilities	210,066	-	-	-	-	-	-
Accrued interest payable	346,964	-	-	-	-	-	-
Due to other funds - interaccount	191,376	-	-	-	-	-	-
Due to other funds	531,711	-	-	-	-	-	-
Other liabilities	37,320	-	-	-	-	-	-
Due to depositors	-	-	84,146	-	-	-	-
Accrued compensated absences	40,913	-	-	-	-	-	-
Landfill closure liability	43,805	-	-	-	-	-	-
Notes payable	2,914,209	-	-	-	-	-	-
Total current liabilities	4,826,944	-	84,146	-	-	-	-
Non-current liabilities:							
Due to depositors	-	-	757,319	-	-	-	-
Accrued compensated absences	368,212	-	-	-	-	-	-
Landfill closure liability	3,006,879	-	-	-	-	-	-
Notes payable	33,998,501	-	-	-	-	-	-
Total OPEB liability	134,756	-	-	-	-	-	-
Total non-current liabilities	37,508,348	-	757,319	-	-	-	-
Total liabilities	42,335,292	-	841,465	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred amounts related to OPEB	29,621	-	-	-	-	-	-
<b>NET POSITION</b>							
Net investment in capital assets	16,881,909	-	-	-	3,417,574	-	-
Restricted for debt service	1,127,112	-	-	-	-	-	-
Restricted for capital projects	5,654,297	-	-	-	-	-	-
Unrestricted	2,718,391	6,813,098	-	659,356	10,206,483	5,033,412	326,740
Total net position	\$ 26,381,709	\$ 6,813,098	\$ -	\$ 659,356	\$ 13,624,057	\$ 5,033,412	\$ 326,740

(Continued)

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**Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2020,**  
**(Continued)**

	Overhead Water Storage Account	Water Wells and Trans Account	RWD #4 Account	Environmental Projects Account	RSD #5 Account	APWA Debt Service Account	APWA Capital Improvement Account	Total
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 272,224	\$ 528,821	\$ 70,757	\$ 1,892,095	\$ 187,322	\$ -	\$ 155,107	\$ 31,175,379
Restricted cash and cash equivalents	-	-	-	-	-	710,843	-	8,333,717
Due from other funds	-	-	-	-	-	-	-	209,161
Due from other funds - interaccount	-	-	-	-	-	-	-	191,376
Due from other governments	-	-	-	-	-	-	-	3,137
Accounts Receivable, net	-	-	-	44,537	-	-	-	2,755,637
Total current assets	<u>272,224</u>	<u>528,821</u>	<u>70,757</u>	<u>1,936,632</u>	<u>187,322</u>	<u>710,843</u>	<u>155,107</u>	<u>42,668,407</u>
Non-current assets:								
Capital Assets:								
Land and construction in progress	-	-	-	-	-	-	-	29,989,253
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-	-	27,222,940
Total non-current assets	-	-	-	-	-	-	-	57,212,193
Total assets	<u>272,224</u>	<u>528,821</u>	<u>70,757</u>	<u>1,936,632</u>	<u>187,322</u>	<u>710,843</u>	<u>155,107</u>	<u>99,880,600</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred amounts related to OPEB	-	-	-	-	-	-	-	25,856
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable	-	-	-	-	-	-	-	510,580
Accrued payroll liabilities	-	-	-	-	-	-	-	210,066
Accrued interest payable	-	-	-	-	-	-	-	346,964
Due to other funds	-	-	-	-	-	-	-	191,376
Due to other funds - interaccount	-	-	-	-	-	-	-	531,711
Other liabilities	-	-	-	-	-	-	-	37,320
Due to depositors	-	-	-	-	-	-	-	84,146
Accrued compensated absences	-	-	-	-	-	-	-	40,913
Landfill closure liability	-	-	-	-	-	-	-	43,805
Notes payable	-	-	-	-	-	-	-	2,914,209
Total current liabilities	-	-	-	-	-	-	-	4,911,090
Non-current liabilities:								
Due to depositors	-	-	-	-	-	-	-	757,319
Accrued compensated absences	-	-	-	-	-	-	-	368,212
Landfill closure liability	-	-	-	-	-	-	-	3,006,879
Notes payable	-	-	-	-	-	-	-	33,998,501
Total OPEB liability	-	-	-	-	-	-	-	134,796
Total non-current liabilities	-	-	-	-	-	-	-	38,265,667
Total liabilities	-	-	-	-	-	-	-	43,176,757
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred amounts related to OPEB	-	-	-	-	-	-	-	29,621
<b>NET POSITION</b>								
Net investment in capital assets	-	-	-	-	-	-	-	20,299,483
Restricted for debt service	-	-	-	-	-	710,843	-	1,837,955
Restricted for capital projects	-	-	-	-	-	-	-	5,654,297
Unrestricted	<u>272,224</u>	<u>528,821</u>	<u>70,757</u>	<u>1,936,632</u>	<u>187,322</u>	-	<u>155,107</u>	<u>28,908,343</u>
Total net position	<u>\$ 272,224</u>	<u>\$ 528,821</u>	<u>\$ 70,757</u>	<u>\$ 1,936,632</u>	<u>\$ 187,322</u>	<u>\$ 710,843</u>	<u>\$ 155,107</u>	<u>\$ 56,700,078</u>

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**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund  
Accounts -Year Ended June 30, 2020**

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account
<b>REVENUES</b>							
Charges for services:							
Water	\$ 6,835,409	\$ -	\$ -	\$ 43,761	\$ 1,034,236	\$ -	\$ -
Sewer	2,226,690	-	-	-	-	351,585	-
Sanitation	4,329,033	-	-	-	-	-	-
Solid waste fee	-	361	-	-	-	-	-
Recycling income	92,563	-	-	-	-	-	-
Lease revenue	2,178	-	-	-	62,322	-	-
Miscellaneous	296,182	-	-	-	-	-	-
Total operating revenues	<u>13,782,055</u>	<u>361</u>	<u>-</u>	<u>43,761</u>	<u>1,096,558</u>	<u>351,585</u>	<u>-</u>
<b>OPERATING EXPENSES</b>							
Public works director	190,633	-	-	-	-	-	-
Billing and collecting	405,665	-	-	-	-	-	-
Water plant	471,930	-	-	-	4,627	-	-
Liquid waste	637,629	-	-	-	-	-	-
Administration	1,699,224	-	-	-	-	-	-
Water and sewer line maintenance	1,005,810	-	-	-	-	-	-
Solid waste	2,353,480	-	-	-	-	-	-
Landfill operations	216,342	-	-	-	-	-	-
Construction	641,663	-	-	-	-	-	-
Depreciation	1,266,848	-	-	-	-	-	-
Total operating expenses	<u>8,889,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,627</u>	<u>-</u>	<u>-</u>
Operating income	<u>4,892,831</u>	<u>361</u>	<u>-</u>	<u>43,761</u>	<u>1,091,931</u>	<u>351,585</u>	<u>-</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest and investment revenue	200,953	97,393	-	9,322	138,704	67,344	4,776
Miscellaneous revenue	72,195	600	-	-	-	-	12,152
Gain on capital asset disposal	7,297	-	-	-	-	-	-
Capital grants	15,023	-	-	-	-	-	-
Interest expense	(1,053,254)	-	-	-	-	-	-
Total non-operating revenue (expenses)	<u>(757,786)</u>	<u>97,993</u>	<u>-</u>	<u>9,322</u>	<u>138,704</u>	<u>67,344</u>	<u>16,928</u>
Income before transfers	<u>4,135,045</u>	<u>98,354</u>	<u>-</u>	<u>53,083</u>	<u>1,230,635</u>	<u>418,929</u>	<u>16,928</u>
Transfers in	11,657,641	145,576	-	-	-	7,232	-
Transfers out	(11,135,994)	(357,800)	-	-	(35,000)	-	(26,570)
Change in net position	<u>4,656,692</u>	<u>(113,870)</u>	<u>-</u>	<u>53,083</u>	<u>1,195,635</u>	<u>426,161</u>	<u>(9,642)</u>
Total net position - beginning	21,725,017	6,926,968	-	606,273	12,428,422	4,607,251	336,382
Total net position - ending	<u>\$ 26,381,709</u>	<u>\$ 6,813,098</u>	<u>\$ -</u>	<u>\$ 659,356</u>	<u>\$ 13,624,057</u>	<u>\$ 5,033,412</u>	<u>\$ 326,740</u>

(Continued)

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**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund  
Accounts –Year Ended June 30, 2020, (Continued)**

	Overhead Water Storage Account	Water Wells and Trans Account	RWD #4 Account	Environmental Projects Account	RSD #5 Account	APWA Debt Service Account	APWA Capital Improvement Account	Total
<b>REVENUES</b>								
Charges for services:								
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,913,406
Sewer	-	-	-	-	65,780	-	-	2,644,055
Sanitation	-	-	-	-	-	-	-	4,329,033
Solid waste fee	-	-	-	-	-	-	-	361
Recycling income	-	-	-	-	-	-	-	92,563
Lease revenue	-	-	-	-	-	-	-	64,500
Miscellaneous	-	-	-	-	-	-	-	296,182
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,780</u>	<u>-</u>	<u>-</u>	<u>15,340,100</u>
<b>OPERATING EXPENSES</b>								
Public works director	-	-	-	-	-	-	-	190,633
Billing and collecting	-	-	-	-	-	-	-	405,665
Water plant	8,000	-	-	-	-	-	-	484,557
Liquid waste	-	-	-	-	3,833	-	-	641,462
Administration	-	-	-	-	-	-	-	1,699,224
Water and sewer line maintenance	-	-	-	-	-	-	-	1,005,810
Solid waste	-	-	-	-	-	-	-	2,353,480
Landfill operations	-	-	-	-	-	-	-	216,342
Construction	-	-	-	-	-	-	-	641,663
Depreciation	-	-	-	-	-	-	-	1,266,848
Total operating expenses	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,833</u>	<u>-</u>	<u>-</u>	<u>8,905,684</u>
Operating income	<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,947</u>	<u>-</u>	<u>-</u>	<u>6,434,416</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Interest and investment revenue	3,124	7,870	1,041	26,711	2,204	9,922	2,183	571,547
Miscellaneous revenue	70,880	-	-	263,499	-	-	-	419,326
Gain on capital asset disposal	-	-	-	-	-	-	-	7,297
Capital grants	-	-	-	-	-	-	-	15,023
Interest expense	-	-	-	-	-	-	-	(1,053,254)
Total non-operating revenue (expenses)	<u>74,004</u>	<u>7,870</u>	<u>1,041</u>	<u>290,210</u>	<u>2,204</u>	<u>9,922</u>	<u>2,183</u>	<u>(40,061)</u>
Income before transfers	<u>66,004</u>	<u>7,870</u>	<u>1,041</u>	<u>290,210</u>	<u>64,151</u>	<u>9,922</u>	<u>2,183</u>	<u>6,394,355</u>
Transfers in	-	-	-	-	-	1,500,000	50,000	13,360,449
Transfers out	-	-	-	(196,162)	-	(1,594,032)	-	(13,345,558)
Change in net position	<u>66,004</u>	<u>7,870</u>	<u>1,041</u>	<u>94,048</u>	<u>64,151</u>	<u>(84,110)</u>	<u>52,183</u>	<u>6,409,246</u>
Total net position, beginning	206,220	520,951	69,716	1,842,584	123,171	794,953	102,924	50,290,832
Total net position - ending	<u>\$ 272,224</u>	<u>\$ 528,821</u>	<u>\$ 70,757</u>	<u>\$ 1,936,632</u>	<u>\$ 187,322</u>	<u>\$ 710,843</u>	<u>\$ 155,107</u>	<u>\$ 56,700,078</u>

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**Schedules of Expenditures of Federal and State Awards – Year Ended June 30, 2020**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

<b>Federal/State Grantor/Pass through agency Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass Thru Number</b>	<b>Program or Award Amount</b>	<b>Federal Expenditures</b>
<b>FEDERAL ASSISTANCE:</b>				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through District Attorney's Council:				
2018 Justice Assistance Grant	16.607	2018-BU-BX-1809	1,448	1,238
2019 Justice Assistance Grant	16.607	2019-BU-BX-1909	2,199	608
Total U.S. Department of Justice			3,647	1,846
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Airport Improvement Program-FAA Cares Act	20.106	N/A	30,000	25,604
<u>OFFICE OF MANAGEMENT AND ENTERPRISE SERVICE OKLAHOMA:</u>				
Passed through U.S Department of Treasury:				
CARES Act	21.019	N/A	35,941	35,251
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Office of Homeland Security:				
Homeland Security Grant - Self Contained Breathing Apparatus	97.052	EMW-2018-FO-0312	162,286	161,498
<u>U.S DEPARTMENT OF THE INTERIOR</u>				
Passed through Bureau of Reclamation:				
Water Reuse Feasibility Study	15.504	R17AP00240	136,193	12,091
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>				
Passed through Oklahoma Department of Libraries:				
Edge Technology Grant	45.310	N/A	4,550	56
Health Literacy 19	45.310	N/A	4,000	3,630
Health Literacy 20	45.310	N/A	4,000	750
Census 2020: Everyone Counts	45.310	N/A	3,100	3,100
Sub-total CFDA 45.310			15,650	7,536
Humanities-Let's Talk About It, OK	45.129	N/A	1,000	1,000
Total Institute of Museum and Library Services			16,650	8,536
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce:				
CDBG - Fire Pumper Truck	14.228	17280 CDBG 18	120,652	57,626
Total U.S. Department of Housing and Urban Development			120,652	57,626
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 505,369</b>	<b>\$ 302,452</b>

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**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

<b>State Grantor/Pass Through Agency</b>		<b>Award</b>	<b>Awards</b>
<b>Grantor/Program Title</b>	<b>Grant #</b>	<b>Amount</b>	<b>Expended</b>
<b>STATE AWARDS:</b>			
OKLAHOMA DEPARTMENT OF LIBRARIES:			
FY 20 State Aid	N/A	13,496	10,939
Let's Talk About It, OK	Y19.017	1,000	90
Let's Talk About It, OK	Y19.082	1,000	1,000
Let's Talk About It, OK	Y20.019	1,000	550
Total Oklahoma Department of Libraries		16,496	12,579
OKLAHOMA PARTNERSHIP FOR SCHOOL READINESS FOUNDATION INC			
Ada Public Library Grant	N/A	1,800	1,800
<b>TOTAL STATE AWARDS</b>		<b>\$18,296</b>	<b>\$14,379</b>

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

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

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**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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2020, 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 13, 2021. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") 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.

(Continued)

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

**Internal Control Over Financial Reporting, Continued**

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
January 13, 2021