

CITY OF  
**ADA, OKLAHOMA**



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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**



# **THE CITY OF ADA, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

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

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**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

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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, 2021, 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, 2021, 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 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 accounts, 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 accounts, 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 12, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Finley + Cook, PLLC*

Shawnee, Oklahoma

January 12, 2022

**CITY OF ADA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2021**

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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, 2021. 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 \$10,385,322 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2021, by \$167,402,061 (net position). Of this amount, \$38,517,020 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2021, the City's governmental funds reported combined ending fund balances of \$31,312,535.
- At the end of fiscal year 2021, unassigned fund balance for the General Fund was \$1,510,282 or 10.7% 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, 2021**

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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, 2021**

*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, 2021, net position for the governmental activities and business-type activities increased \$10,385,322. 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.)
	2021	2020		2021	2020		2021	2020	
Current assets	\$ 33,605	\$ 29,756	13%	\$ 45,696	\$ 46,809	-2%	\$ 79,301	\$ 76,565	4%
Capital assets, net	74,633	72,554	3%	61,519	57,212	8%	136,152	129,766	5%
<b>Total assets</b>	<b>108,238</b>	<b>102,310</b>	<b>6%</b>	<b>107,215</b>	<b>104,021</b>	<b>3%</b>	<b>215,453</b>	<b>206,331</b>	<b>4%</b>
Deferred outflow of resources	2,886	2,306	25%	88	26	238%	2,974	2,332	28%
Current liabilities	1,547	947	63%	4,096	4,197	-2%	5,643	5,144	10%
Non-current liabilities	9,025	6,977	29%	35,584	38,266	-7%	44,609	45,243	-1%
<b>Total liabilities</b>	<b>10,572</b>	<b>7,924</b>	<b>33%</b>	<b>39,680</b>	<b>42,463</b>	<b>-7%</b>	<b>50,252</b>	<b>50,387</b>	<b>0%</b>
Deferred inflows of resources	739	1,230	-40%	33	30	10%	772	1,260	-39%
Net position									
Net investment in capital assets	74,171	72,554	2%	29,831	20,300	47%	104,002	92,854	12%
Restricted	17,938	16,838	7%	6,946	12,347	-44%	24,884	29,185	-15%
Unrestricted	7,704	6,070	27%	30,812	28,908	7%	38,516	34,978	10%
<b>Total net position</b>	<b>\$ 99,813</b>	<b>\$ 95,462</b>	<b>5%</b>	<b>\$ 67,589</b>	<b>\$ 61,555</b>	<b>10%</b>	<b>\$ 167,402</b>	<b>\$ 157,017</b>	<b>7%</b>

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 \$104.0 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, \$24.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$38.5 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, 2021**

**Change in Net Position**

For the year ended June 30, 2021 net position of the primary government changed as follows:

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

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
<b>Revenues</b>									
Charges for services	\$ 1,026	\$ 917	12%	\$ 15,789	\$ 15,276	3%	\$ 16,815	\$ 16,193	4%
Operating grants and contributions	2,735	1,327	106%	-	-	-	2,735	1,327	106%
Capital grants and contributions	359	249	44%	-	12	-100%	359	261	37%
Taxes	20,499	18,865	9%	-	-	-	20,499	18,865	9%
Intergovernmental revenue	388	385	1%	50	15	-	438	400	10%
Investment income	116	426	-73%	128	641	-80%	244	1,067	-77%
Miscellaneous	943	809	17%	760	482	58%	1,703	1,291	32%
<b>Total revenues</b>	<b>26,065</b>	<b>22,978</b>	<b>13%</b>	<b>16,727</b>	<b>16,426</b>	<b>2%</b>	<b>42,792</b>	<b>39,404</b>	<b>9%</b>
<b>Expenses</b>									
General government	4,822	5,122	-6%	-	-	-	4,822	5,122	-6%
Streets	3,039	2,728	11%	-	-	-	3,039	2,728	11%
Public safety	8,515	7,435	15%	-	-	-	8,515	7,435	15%
Cemetery	231	219	5%	-	-	-	231	219	5%
Legal and judicial	91	101	-10%	-	-	-	91	101	-10%
Culture and recreation	2,646	2,307	15%	-	-	-	2,646	2,307	15%
Community development	353	302	17%	-	-	-	353	302	17%
Airport	716	693	3%	-	-	-	716	693	3%
Interest on long-term debt	34	48	-29%	-	-	-	34	48	-29%
Water	-	-	-	4,018	3,736	8%	4,018	3,736	8%
Sewer	-	-	-	2,878	2,705	6%	2,878	2,705	6%
Sanitation	-	-	-	4,150	3,914	6%	4,150	3,914	6%
Economic development	-	-	-	914	968	-6%	914	968	-6%
<b>Total expenses</b>	<b>20,447</b>	<b>18,955</b>	<b>8%</b>	<b>11,960</b>	<b>11,323</b>	<b>6%</b>	<b>32,407</b>	<b>30,278</b>	<b>7%</b>
Excess (deficiency) before transfers	5,618	4,023	40%	4,767	5,103	-7%	10,385	9,126	14%
Transfers	(1,267)	(1,385)	-9%	1,267	1,385	-9%	-	-	0%
<b>Change in net position</b>	<b>4,351</b>	<b>2,638</b>	<b>65%</b>	<b>6,034</b>	<b>6,488</b>	<b>7%</b>	<b>10,385</b>	<b>9,126</b>	<b>14%</b>
<b>Beginning 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>
<b>Ending net position</b>	<b>\$ 99,813</b>	<b>\$ 95,462</b>	<b>5%</b>	<b>\$ 67,589</b>	<b>\$ 61,555</b>	<b>10%</b>	<b>\$ 167,402</b>	<b>\$ 157,017</b>	<b>7%</b>

The City's governmental activities investment income decreased \$309,495 or 73%. Operating grants and contributions increase \$1,407,662 or 106% mainly due to a CARES Act grant received in the current year. The Public safety expenses increased approximately \$1,079,979 mainly due to an increase in fire and police retirement expenditures in the current year. The City's business-type investment income decreased \$513,595 or 80%. The business type activities capital grants and contributions decreased approximately \$12,091 due to a 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, 2021**

**Governmental Activities**

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

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

	Total Expense		% Inc. (Dec.)	Net Revenue (Expense)		% Inc. (Dec.)
	of Services			of Services		
	2021	2020		2021	2020	
General government	\$ 4,822	\$ 5,122	-6%	(\$4,486)	(\$4,945)	-9%
Streets	3,039	2,728	11%	(2,883)	(2,578)	12%
Public Safety	8,515	7,435	15%	(5,794)	(5,859)	-1%
Cemetery	231	219	5%	(166)	(157)	6%
Legal and Judicial	91	101	-10%	(91)	(101)	-10%
Culture and Recreation	2,646	2,307	15%	(2,149)	(1,960)	10%
Community Development	353	302	17%	(353)	(302)	17%
Airport	716	693	3%	(372)	(512)	-27%
Interest on long-term debt	34	48	-29%	(34)	(48)	-29%
<b>Total</b>	<u>20,447</u>	<u>\$ 18,955</u>	8%	<u>(\$16,328)</u>	<u>(\$16,462)</u>	-1%

For the year ended June 30, 2021, total expenses for governmental activities amounted to \$20.4 million which is an 8% increase from the prior year.

**Business-type Activities**

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

	Total Expense		% Inc. Dec.	Net Revenue (Expense)		% Inc. Dec.
	of Services			of Services		
	2021	2020		2021	2020	
Water	\$ 4,018	\$ 3,736	8%	\$ 4,209	\$ 4,347	-3%
Sewer	2,878	2,705	6%	(123)	(8)	1438%
Sanitation	4,150	3,914	6%	657	594	11%
Economic development	914	968	-6%	(914)	(968)	-6%
<b>Total</b>	<u>\$11,960</u>	<u>\$11,323</u>	6%	<u>\$ 3,829</u>	<u>\$ 3,965</u>	-3%

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, 2021**

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

As the City completed its 2021 fiscal year, the governmental funds reported a combined fund balance of \$31.3 million, or a 12% increase from the prior year. The enterprise funds reported combined net position of \$67.8 million, or a 10% increase from 2020.

**Other fund highlights include:**

- For the year ended June 30, 2021, the General Fund's total fund balance increased by \$2,486,079, or 38%.
- The Street and Alley Fund's total fund balance increased by \$504,328 or 10%.
- The Sales Tax Infrastructure total fund balance decreased \$832,445 or 16%.
- The 2016 Sales Tax Capital Improvement Fund's total fund balance increased by \$2,294,262 or 29%.
- The Sales Tax Capital Facility Fund's total fund balance decreased by \$1,195,249 or 94%.
- The APWA Enterprise Fund reported a net income before transfers of \$4,349,453.

**General Fund Budgetary Highlights**

For the year ended June 30, 2021, the General Fund reported actual budgetary basis revenues below final estimates by \$1,909,839 or a 9% negative variance. General Fund actual expenditures were under final appropriations by \$5,916,149 or a 26% positive variance.

***CAPITAL ASSETS & DEBT ADMINISTRATION***

**Capital Assets**

At the end of June 30, 2021, the City had approximately \$136.2 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 \$6.4 million over last year.

Below are details regarding the City's capital assets for the years ended June 30, 2021 and 2020.<sup>1</sup>

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,421	\$ 1,421	\$ 3,876	\$ 3,265	\$ 5,297	\$ 4,686
Buildings and improvements	43,790	42,367	10,141	10,284	53,931	52,651
Machinery, furniture and equipment	3,726	2,591	4,138	3,239	7,864	5,830
Infrastructure	22,586	22,325	13,546	13,700	36,132	36,025
Water rights	-	-	1,280	1,280	1,280	1,280
Construction in progress	3,110	3,850	28,538	25,444	31,648	29,294
<b>Totals</b>	<b>\$ 74,633</b>	<b>\$ 72,554</b>	<b>\$ 61,519</b>	<b>\$ 57,212</b>	<b>\$ 136,152</b>	<b>\$ 129,766</b>

(Unaudited. See accompanying auditor's report.)

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

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This year's more significant capital asset additions include City Hall renovations totaling approximately \$2.1 million.

**Long-Term Debt**

At year-end, the City had \$39.8 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>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accrued Compensation	\$ 856	\$ 861	\$ 467	\$ 409	\$ 1,323	\$ 1,270
Deposits subject to refund	-	-	862	841	862	841
Landfill closure liability	-	-	3,161	3,051	3,161	3,051
Capital leases	429	247	-	-	429	247
Notes payable	-	-	33,999	36,913	33,999	36,913
<b>Totals</b>	<b>\$ 1,285</b>	<b>\$ 1,108</b>	<b>\$ 38,489</b>	<b>\$ 41,214</b>	<b>\$ 39,774</b>	<b>\$ 42,322</b>

**ECONOMIC OUTLOOK**

Fiscal Year 2020-2021 was busy as the City maneuvered through the continuation of the pandemic and its effects, insuring the safety and well-being of both city employees and residents alike, while maintaining the quality and level of service provided.

**Propositions 1 and 2**

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

In Fiscal Year 2020-2021, Prop 1 generated close to \$3.2 million in revenue and Prop 2 generated more than \$1 million. Both of these are high water marks over the past ten years.

**City Projects**

City employees displayed exceptional performance and dedication to their duties especially considering a large portion of the Fiscal Year was hindered by the restrictions set forth due to the COVID pandemic and evidenced through the projects which include: 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. Drilling of wells 4 and 5 was completed and are able to provide a larger volume of water than expected.

(Unaudited. See accompanying auditor's report.)

<sup>2</sup> For more detailed information on long-term debt activity please refer to pages 40-43, Note 5. Long-Term Debt and Debt Service Requirements

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Various grants were completed and new ones began including: the completion of the splash pad with additional parking space and engineering plans began for enhancements to the walking trail, both of which are located in Wintersmith Park; the completion of the engineering phase for the expansion of the terminal apron at the airport with construction scheduled for FY22; upgrades to the 911 call system and radio equipment; implementation of the newly awarded CDBG-COVID grant to aid the seniors in our community.

Other projects included the completion of City Hall renovations, launching the construction of the eight-block Main Street renovation concept that will ultimately provide a welcoming and positive experience for visitors and residents; plus, continuing the campaign to purchase water rights in order to maintain the quality of service to our community.

**New / Existing Business**

Like many communities, the COVID-19 pandemic created economic effects and while Ada's labor market has returned to pre-pandemic levels of employment, the demand for labor continues to surge. Given the preliminary data from the first quarter of 2021, it is expected that the average annual wage for Pontotoc County will surpass 2020's all-time high of \$47,098.

Ada appears to be weathering the effects of the pandemic; however, our local business survey has revealed that long-term strategies will be needed to address a tightened labor market, such as working with companies to adopt and utilize the latest technologies to remain competitive.

The Ada Jobs Foundation contracts with the City to promote and recommend economic development opportunities. They have been active in the entrepreneurship support space by offering programs and developing strategies such as the following: Community Entrepreneurship Hour, Startup Ada Bootcamp, the Big Pitch, plus, a Digital Economy Strategy which led to the piloting of two digital skilling programs. In addition, they administer the Business Improvement Grant (BIG) program, which has committed \$75,000 as matching funds to Main Street and Downtown property owners seeking to make capital improvements to commercial buildings. FY20-21 proved to be another successful year with 15 projects selected to receive funding.

**"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, renovations to City Hall and a raw water line engineering study. As of April, the last project is underway. The final portion of this dedicated penny will be used towards Main Street renovations. Some of the planned highlights include new sidewalks, signage, luminaires, traffic lights, and intersection bump-outs throughout the downtown district.

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

In January, 2015, an extension of the one-cent sales tax was approved by voters for eight more years. The extension began in January 2016 after the first penny expired and will cease December 31, 2023. Sales tax collected for this Fiscal Year totaled \$4,265,232.

(Unaudited. See accompanying auditor's report.)

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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 which is slated for completion in the fall of 2022.

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

**Recreation Department**

While COVID-19 required the need to scale back, activities were scheduled for 2021. 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 allowed 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.

**Looking Forward**

Late summer, 2021, the City Council approved its first retail Tax Increment Financing District (TIF). While it will take time to contract with the developer and complete the project, the anticipation of new retail entities has been perceived as a positive step throughout the community.

**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.)

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**BASIC FINANCIAL STATEMENTS - STATEMENTS OF NET POSITION AND ACTIVITIES**

**CITY OF ADA, OKLAHOMA**  
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**Statement of Net Position– June 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,113,039	\$ 42,748,195	\$ 72,861,234	\$ 290
Investments	70,840	-	70,840	1,292,116
Accounts receivable, net of allowance	-	2,711,388	2,711,388	-
Franchise tax receivable	75,575	-	75,575	-
Court fines receivable, net of allowance	856,044	-	856,044	-
Internal balances	(236,029)	236,029	-	-
Due from other governments	2,630,141	205	2,630,346	-
Other receivables	51,735	-	51,735	-
Inventory	44,145	-	44,145	-
Capital Assets:				
Land and construction in progress	4,531,196	33,694,410	38,225,606	-
Other capital assets, net of depreciation	70,101,687	27,824,555	97,926,242	-
Total Assets	<u>108,238,373</u>	<u>107,214,782</u>	<u>215,453,155</u>	<u>1,292,406</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	2,766,209	-	2,766,209	-
Deferred amounts related to OPEB	119,381	87,862	207,243	-
Total deferred outflows of resources	<u>2,885,590</u>	<u>87,862</u>	<u>2,973,452</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 709,287	\$ 317,270	\$ 1,026,557	-
Accrued payroll liabilities	580,280	281,365	861,645	-
Accrued interest payable	5,846	392,488	398,334	-
Due to other governments	9,513	-	9,513	-
Due to depositors	24,739	-	24,739	-
Long-term liabilities:				
Due within one year	217,520	3,105,203	3,322,723	-
Due in more than one year	9,024,473	35,583,957	44,608,430	-
Total liabilities	<u>\$ 10,571,658</u>	<u>\$ 39,680,283</u>	<u>\$ 50,251,941</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	642,096	-	642,096	-
Deferred amounts related to OPEB	97,156	33,353	130,509	-
Total deferred inflows of resources	<u>739,252</u>	<u>33,353</u>	<u>772,605</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	74,170,756	29,830,806	104,001,562	-
Restricted via:				
Expendable Endowment	-	-	-	1,292,406
State statutes, debt indentures and external parties	92,956	1,808,709	1,901,665	-
Enabling legislation	17,844,866	5,136,948	22,981,814	-
Unrestricted	7,704,475	30,812,545	38,517,020	-
Total net position	<u>\$ 99,813,053</u>	<u>\$ 67,589,008</u>	<u>\$ 167,402,061</u>	<u>\$ 1,292,406</u>

See accompanying notes to the basic financial statements.

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**Statement of Activities –Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 4,822,097	\$ 172,821	\$ -	\$ 163,017	\$ (4,486,259)	\$ -	\$ (4,486,259)	\$ -
Streets	3,038,933	-	155,979	-	(2,882,954)	-	(2,882,954)	-
Public Safety	8,514,640	172,600	2,548,293	-	(5,793,747)	-	(5,793,747)	-
Cemetery	231,388	65,400	-	-	(165,988)	-	(165,988)	-
Legal and Judicial	91,326	-	-	-	(91,326)	-	(91,326)	-
Culture and Recreation	2,646,283	465,822	30,437	840	(2,149,184)	-	(2,149,184)	-
Community Development	352,675	-	-	-	(352,675)	-	(352,675)	-
Airport	716,214	149,200	-	194,913	(372,101)	-	(372,101)	-
Interest on Long-term debt	33,786	-	-	-	(33,786)	-	(33,786)	-
Total governmental activities	<u>20,447,342</u>	<u>1,025,843</u>	<u>2,734,709</u>	<u>358,770</u>	<u>(16,328,020)</u>	<u>-</u>	<u>(16,328,020)</u>	<u>-</u>
Business-Type Activities:								
Water operations	4,018,273	8,226,850	94	-	-	4,208,671	4,208,671	-
Sewer operations	2,877,554	2,754,516	-	-	-	(123,038)	(123,038)	-
Sanitation operations	4,150,038	4,807,267	-	-	-	657,229	657,229	-
Economic Development	913,567	-	-	-	-	(913,567)	(913,567)	-
Total business-type activities	<u>11,959,432</u>	<u>15,788,633</u>	<u>94</u>	<u>-</u>	<u>-</u>	<u>3,829,295</u>	<u>3,829,295</u>	<u>-</u>
<b>Total primary government</b>	<b>\$ 32,406,774</b>	<b>\$ 16,814,476</b>	<b>\$ 2,734,803</b>	<b>\$ 358,770</b>	<b>\$ (16,328,020)</b>	<b>\$ 3,829,295</b>	<b>\$ (12,498,725)</b>	<b>\$ -</b>
<b>Component Unit:</b>								
Hospital and health care	63,550	-	-	-	-	-	-	(63,550)
<b>Total Component Units</b>	<b>\$ 63,550</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (63,550)</b>
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					\$ 19,007,783	\$ -	\$ 19,007,783	\$ -
Property taxes					229,131	-	229,131	-
Franchise taxes and public service taxes					700,908	-	700,908	-
Payment in lieu of tax					81,990	-	81,990	-
E-911 taxes					478,614	-	478,614	-
Intergovernmental revenue not restricted to specific programs					388,425	49,901	438,326	-
Investment income					116,369	127,428	243,797	164,328
Miscellaneous					943,253	760,245	1,703,498	-
Transfers - Internal activity					(1,267,315)	1,267,315	-	-
Total general revenues and transfers					<u>20,679,158</u>	<u>2,204,889</u>	<u>22,884,047</u>	<u>164,328</u>
Change in net position					4,351,138	6,034,184	10,385,322	100,778
Net position - beginning					95,461,915	61,554,824	157,016,739	1,191,628
Net position - ending					<u>\$ 99,813,053</u>	<u>\$ 67,589,008</u>	<u>\$ 167,402,061</u>	<u>\$ 1,292,406</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**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**Governmental Funds Balance Sheet - June 30, 2021**

	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	\$ 8,751,515	\$ 4,774,070	\$ 3,888,558	\$ 419,788	\$ 9,966,868	\$ 2,310,851	\$ 30,111,650
Investments	70,840	-	-	-	-	-	70,840
Receivables:							
Due from other funds	-	272,031	-	-	-	-	272,031
Due from other governments	1,323,728	267,100	415,050	-	564,226	60,037	2,630,141
Franchise taxes receivable	75,575	-	-	-	-	-	75,575
Court fines receivable	856,044	-	-	-	-	-	856,044
Other receivables	10,983	-	-	-	-	40,752	51,735
Total assets	<u>\$ 11,088,685</u>	<u>\$ 5,313,201</u>	<u>\$ 4,303,608</u>	<u>\$ 419,788</u>	<u>\$ 10,531,094</u>	<u>\$ 2,411,640</u>	<u>\$ 34,068,016</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 111,633	\$ -	\$ 18,144	\$ 340,774	\$ 236,089	\$ 2,647	\$ 709,287
Accrued payroll liabilities	472,039	-	67,059	-	-	41,182	580,280
Due to other funds	614,270	-	(64,537)	-	-	(41,673)	508,060
Due to other governments	9,513	-	-	-	-	-	9,513
Due to depositors	24,739	-	-	-	-	-	24,739
Total liabilities	<u>1,232,194</u>	<u>-</u>	<u>20,666</u>	<u>340,774</u>	<u>236,089</u>	<u>2,156</u>	<u>1,831,879</u>
Deferred inflows of resources:							
Deferred revenue	880,695	-	-	-	10,825	32,082	923,602
Fund balances:							
Restricted	12,401	4,873,411	3,031,822	-	9,921,836	98,352	17,937,822
Committed	959,200	-	-	-	-	73,329	1,032,529
Assigned	6,493,913	439,790	1,251,120	79,014	362,344	2,205,721	10,831,902
Unassigned	1,510,282	-	-	-	-	-	1,510,282
Total fund balances	<u>8,975,796</u>	<u>5,313,201</u>	<u>4,282,942</u>	<u>79,014</u>	<u>10,284,180</u>	<u>2,377,402</u>	<u>31,312,535</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,088,685</u>	<u>\$ 5,313,201</u>	<u>\$ 4,303,608</u>	<u>\$ 419,788</u>	<u>\$ 10,531,094</u>	<u>\$ 2,411,640</u>	<u>\$ 34,068,016</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, 2021**

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2021**

	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	\$ 10,410,149	\$ 1,896,730	\$ 3,208,322	\$ -	\$ 4,277,763	\$ 712,152	\$ 20,505,116
Intergovernmental	2,079,621	155,979	163,017	-	-	815,111	3,213,728
Licenses and permits	161,623	-	-	-	-	-	161,623
Charges for services	273,924	-	-	-	-	347,214	621,138
Fees and fines	159,411	-	-	-	-	-	159,411
Investment earnings	49,703	13,443	15,250	2,982	28,092	6,899	116,369
Miscellaneous	996,702	197	-	-	12,465	81,637	1,091,001
Total revenues	<u>14,131,133</u>	<u>2,066,349</u>	<u>3,386,589</u>	<u>2,982</u>	<u>4,318,320</u>	<u>1,963,013</u>	<u>25,868,386</u>
<b>EXPENDITURES</b>							
Current:							
General government	4,126,352	-	327,679	-	-	11,305	4,465,336
Public safety	6,052,106	-	-	-	-	789,767	6,841,873
Streets and highways	-	231,550	600,565	-	-	-	832,115
Legal and judicial	91,180	-	-	-	-	-	91,180
Cemetery	208,931	-	-	-	-	-	208,931
Culture and recreation	1,696,040	-	-	-	-	196,792	1,892,832
Community development	344,620	-	-	-	-	-	344,620
Airport	-	-	-	-	-	167,577	167,577
Sewer	-	-	400,823	-	-	-	400,823
Capital outlay	596,178	-	2,846,894	1,198,231	236,089	355,543	5,232,935
Debt service:							
Principal	30,079	-	-	-	-	238,293	268,372
Interest and other charges	1,702	-	-	-	-	33,431	35,133
Total expenditures	<u>13,147,188</u>	<u>231,550</u>	<u>4,175,961</u>	<u>1,198,231</u>	<u>236,089</u>	<u>1,792,708</u>	<u>20,781,727</u>
Excess (deficiency) of revenues over expenditures	<u>983,945</u>	<u>1,834,799</u>	<u>(789,372)</u>	<u>(1,195,249)</u>	<u>4,082,231</u>	<u>170,305</u>	<u>5,086,659</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	7,076,262	1,860,519	457,570	-	2,477,263	24,875	11,896,489
Transfers out	(5,574,128)	(3,190,990)	(500,643)	-	(4,265,232)	(117,077)	(13,648,070)
Total other financing sources and uses	<u>1,502,134</u>	<u>(1,330,471)</u>	<u>(43,073)</u>	<u>-</u>	<u>(1,787,969)</u>	<u>(92,202)</u>	<u>(1,751,581)</u>
Net change in fund balances	2,486,079	504,328	(832,445)	(1,195,249)	2,294,262	78,103	3,335,078
Fund balances - beginning	6,489,717	4,808,873	5,115,387	1,274,263	7,989,918	2,299,299	27,977,457
Fund balances - ending	<u>\$ 8,975,796</u>	<u>\$ 5,313,201</u>	<u>\$ 4,282,942</u>	<u>\$ 79,014</u>	<u>\$ 10,284,180</u>	<u>\$ 2,377,402</u>	<u>\$ 31,312,535</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	\$ 31,312,535
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds, but are reported in the governmental activities of the Statement of Net Position.	74,632,883
Certain other long-term assets are not available to pay current period expenditures and therefore they, along with pension related deferred outflows, are not reported in the funds:	
Pension related deferred outflows	2,766,209
Court fines receivable, net of allowance for doubtful accounts of \$856,044	838,417
Property taxes receivable	30,352
Grant receivable	54,833
	3,689,811
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	45,534
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	(5,846)
Lease payable	(131,904)
Capital lease payable	(297,544)
Net pension liability	(7,531,304)
Pension related deferred inflows	(642,096)
Accrued compensated absences	(856,159)
Total OPEB liability and OPEB related deferred inflows and outflows, net	(402,857)
Net Position of Governmental Activities in the Statement of Net Position	\$ 99,813,053

See accompanying notes to the basic financial statements.

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

Net change in fund balances - total governmental funds:	\$	3,335,078
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>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:</p>		
Capital asset purchases capitalized, net		4,895,058
Depreciation expense		<u>(3,278,301)</u>
		<u>1,616,757</u>
<p>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.</p>		
		<u>(900,841)</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenue		<u>18,230</u>
<p>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:</p>		
Capital lease obligation principal payments		65,014
		<u>65,014</u>
<p>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:</p>		
Change in accrued interest payable		1,347
Change in accrued compensated absences expenses		5,117
Change in the total OPEB liability		2,487
		<u>8,951</u>
<p>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:</p>		
Change in net position of the Internal Service Fund		<u>(6,822)</u>
Net change due to reclassification of street department		<u>214,771</u>
Change in net position of governmental activities	\$	<u>4,351,138</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS**

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**Proprietary Funds Statement of Net Position - June 30, 2021**

	<b>Enterprise Fund</b>	
	<b>APWA Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 37,981,860	\$ 1,389
Restricted:		
Cash and cash equivalents	4,766,335	-
Accounts receivable, net of allowance of \$67,563	2,711,388	-
Inventory	-	44,145
Due from other funds	200,519	-
Due from other governments	205	-
Total current assets	45,660,307	45,534
Non-current assets:		
Capital assets:		
Land and construction in progress	33,694,410	-
Other capital assets, net of accumulated depreciation	28,286,682	-
Total non-current assets	61,981,092	-
Total assets	\$ 107,641,399	\$ 45,534
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts related to OPEB	87,862	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 317,270	\$ -
Accrued payroll liabilities	281,365	-
Accrued interest payable	392,488	-
Due to other funds	(35,510)	-
Due to depositors	86,205	-
Accrued compensated absences	46,682	-
Landfill closure liability	34,316	-
Capital lease obligation	-	-
Claims and judgments	-	-
Notes payable	3,005,046	-
Total current liabilities	4,127,862	-
Non-current liabilities:		
Due to depositors	775,850	-
Accrued compensated absences	420,142	-
Landfill closure liability	3,126,953	-
Notes payable	31,240,811	-
Total OPEB liability	200,511	-
Total non-current liabilities	35,764,267	-
Total liabilities	39,892,129	-
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amounts related to OPEB	33,353	-
<b>NET POSITION</b>		
Net investment in capital assets	\$ 29,830,806	\$ -
Restricted for debt service	1,808,709	-
Restricted for economic development	5,136,948	-
Unrestricted	31,027,316	45,534
Total net position	\$ 67,803,779	\$ 45,534
Reclassification of street department net position in governmental activities at Government-Wide Statement of Net Position	(214,771)	
	\$ 67,589,008	

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, 2021**

	<u>Enterprise Fund</u> <u>APWA</u> <u>Enterprise Fund</u>	<u>Internal</u> <u>Service Fund</u>
<b>REVENUES</b>		
Water	\$ 8,041,051	\$ -
Sewer	2,692,307	-
Sanitation	4,586,253	-
Solid waste fee	562	-
Recycling center	114,481	-
Lease revenue	5,136	-
Charges for inventory	-	65,744
Miscellaneous	353,979	-
Total operating revenues	<u>15,793,769</u>	<u>65,744</u>
<b>OPERATING EXPENSES</b>		
Administration	1,985,616	-
Billing and collecting	392,209	-
Public works director	377,381	-
Water and sewer line maintenance	1,027,078	-
Water plant	516,688	-
Liquid waste	673,596	-
Solid waste	2,461,172	-
Landfill	110,585	-
Other utility purposes	600,136	-
Economic development	-	-
Cost of inventory	-	72,566
Street	1,714,408	-
Depreciation	1,453,356	-
Total Operating Expenses	<u>11,312,225</u>	<u>72,566</u>
Operating income (loss)	<u>4,481,544</u>	<u>(6,822)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	127,428	-
Miscellaneous revenue	683,408	-
Gain on disposal of capital assets	121,602	-
Capital grants	94	-
Interest expense	(1,064,623)	-
Total non-operating revenue (expenses)	<u>(132,091)</u>	<u>-</u>
Income (loss) before transfers	4,349,453	(6,822)
Transfers in	16,145,272	-
Transfers out	(14,245,770)	-
Change in net position	<u>6,248,955</u>	<u>(6,822)</u>
Total net position - beginning	61,554,824	52,356
Total net position - ending	<u>\$ 67,803,779</u>	<u>\$ 45,534</u>
Change in net position above	6,248,955	
Street expense transferred to the governmental activities at Government-Wide Statement of Activities	(214,771)	
	<u>\$ 6,034,184</u>	

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2021**

	<u>Enterprise Fund</u>	
	<u>APWA</u>	<u>Internal</u>
	<u>Enterprise Fund</u>	<u>Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 15,840,950	\$ 65,744
Payments to suppliers	(5,693,665)	(64,355)
Payments to employees	(4,157,770)	-
Receipts of customer meter deposits	171,775	-
Refunds of customer meter deposits	(151,185)	-
Interfund receipts/payments	(558,579)	-
Other receipts	683,408	-
<b>Net cash provided by (used in) operating activities</b>	<u>6,134,934</u>	<u>1,389</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	16,145,272	-
Transfers to other funds	(14,245,770)	-
<b>Net cash provided by noncapital financing activities</b>	<u>1,899,502</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(6,238,963)	-
Proceeds from sale of capital assets	138,310	-
Capital grants	94	-
Proceeds from capital debt	275,000	-
Principal paid on debt	(2,941,853)	-
Interest and fiscal agent fees paid on debt	(1,019,099)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(9,786,511)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	127,428	-
<b>Net cash provided by investing activities</b>	<u>127,428</u>	<u>-</u>
<b>Net (decrease) in cash and cash equivalents</b>	(1,624,647)	1,389
<b>Balances - beginning of year</b>	44,372,842	-
<b>Balances - end of year</b>	<u>\$ 42,748,195</u>	<u>\$ 1,389</u>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents	\$ 37,981,860	\$ 1,389
Restricted cash and cash equivalents - current	4,766,335	-
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 42,748,195</u>	<u>\$ 1,389</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:</b>		
Operating income (loss)	\$ 4,481,544	\$ (6,822)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	1,453,356	-
Other non-operating revenues	683,408	-
Change in assets and liabilities:		
Due from other funds	8,642	-
Due from other governments	2,932	-
Due to other funds	(567,221)	-
Inventory	-	8,211
Receivables, net	44,249	-
Accounts payable	(239,630)	-
Accrued payroll liabilities	71,299	-
Due to depositors	20,590	-
Landfill closure liability	110,585	-
Total OPEB liability and OPEB related deferred inflows and outflows	7,481	-
Accrued compensated absences	57,699	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 6,134,934</u>	<u>\$ 1,389</u>

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. (This Authority is currently inactive.)

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

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

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61, and includes all component units for which the City is financially accountable. Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services

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through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

**Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

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

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

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

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

*Governmental Funds:*

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

**Major Funds:**

- General Fund – accounts for general operations of the City including: public safety, parks, public facilities, street maintenance, and internal service support.
- Street and Alley Fund – accounts for receipt and use of motor vehicle tax, gasoline excise tax, and use tax.
- Sales Tax Infrastructure Fund – accounts for dedicated sales tax to be used for capital improvements to streets and alleys, water system, and sewer system.
- Sales Tax Capital Facilities Fund – accounts for dedicated sales tax to be used for capital improvements.
- 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
- 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, 2021, the primary government held the following deposits and investments:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>	<u>Fair Value Hierarchy</u>
<b>Deposits:</b>				
Demand deposits			\$ 72,861,234	n/a
			<u>72,861,234</u>	
<b>Investments:</b>				
Purchased judgments	n/a	n/a	70,840	Level 3
			<u>70,840</u>	
<b>Total deposits and investments</b>			<u>\$ 72,932,074</u>	
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents			\$ 72,861,234	
Investments			70,840	
			<u>\$ 72,932,074</u>	

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*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, 2021, 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.

*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

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risk of loss resulting from over concentration of assets in a specific maturity period, issuer or class of securities. There may be times when investments are concentrated as to the type. This is acceptable as long as the investments are secured by the U.S. government or collateralized in a manner as set forth by the City's investment policy. Investments shall be chosen in a manner which promotes diversity by market sector, credit, and maturity.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of Net Position are comprised of \$4,766,335 held by the Ada Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill) and trustee accounts related to revenue notes.

**APWA  
Enterprise Fund**

Restricted Cash and Cash Equivalents:		
Meter Deposit Cash	\$	862,055
Debt Service Account		733,907
2012A Interest Cash		1,508
2012A Principal Cash		70,241
2015A Interest Cash		23,043
2015A Principal Cash		212,501
2015B Interest Cash		35,841
2015B Principal Cash		563,338
2018 Interest Cash		58,329
2018 Principal Cash		110,001
2018 Project Cash		2,095,571
	<u>\$</u>	<u>4,766,335</u>

**Component Unit:**

Valley View Hospital Authority

*Deposits*

At June 30, 2021, the Authority had bank balances of \$290, none of which was uninsured or under collateralized. The carrying value of these deposits was \$290.

*Investments*

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

At June 30, 2021, the Authority has a \$1,292,116 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.

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**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, 2021, 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.

For the year ended June 30, 2021, capital assets balances changed as follows:

	Balance at July 1, 2020	Additions	Disposals	Street Reclassification	Interfund Transfers	Balance at June 30, 2021
<b>Governmental activities:</b>						
Capital assets not being depreciated:						
Land	\$ 1,421,275	\$ -	\$ -	\$ -	\$ -	\$ 1,421,275
Construction in progress	3,850,433	3,663,572	4,404,084	-	-	3,109,921
Total capital assets not being depreciated	5,271,708	3,663,572	4,404,084	-	-	4,531,196
Other capital assets:						
Buildings and Improvements	53,383,670	2,884,190	32,809	-	-	56,235,051
Machinery, furniture and equipment	11,277,250	1,325,718	687,339	490,702	(9,870)	12,396,461
Infrastructure	67,402,184	1,456,381	-	-	-	68,858,565
Total other capital assets at historical cost	132,063,104	5,666,289	720,148	490,702	(9,870)	137,490,077
Less accumulated depreciation for:						
Buildings and Improvements	11,017,968	1,437,247	9,842	-	-	12,445,373
Machinery, furniture and equipment	8,685,589	646,191	679,587	28,575	(9,870)	8,670,898
Infrastructure	45,077,256	1,194,863	-	-	-	46,272,119
Total accumulated depreciation	64,780,813	3,278,301	689,429	28,575	(9,870)	67,388,390
Other capital assets, net	67,282,291	2,387,988	30,719	462,127	-	70,101,687
Governmental activities capital assets, net	\$ 72,553,999	\$ 6,051,560	\$ 4,434,803	\$ 462,127	\$ -	\$ 74,632,883

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	Balance at July 1, 2020	Additions	Disposals	Street Reclassification	Interfund Transfers	Balance at June 30, 2021
<b>Business-type activities:</b>						
Capital assets not being depreciated:						
Land	\$ 1,127,467	\$ 611,564	\$ -	\$ -	\$ -	\$ 1,739,031
Land-water development	2,137,167	-	-	-	-	2,137,167
Water rights	1,280,406	-	-	-	-	1,280,406
Construction in progress	25,444,213	3,859,853	766,260	-	-	28,537,806
Total capital assets not being depreciated	<u>29,989,253</u>	<u>4,471,417</u>	<u>766,260</u>	<u>-</u>	<u>-</u>	<u>33,694,410</u>
Other capital assets:						
Buildings and Improvements	22,770,108	230,614	-	-	-	23,000,722
Machinery, furniture and equipment	9,239,902	2,075,664	704,351	(490,702)	9,870	10,130,383
Utility property improvements	55,561,082	227,528	-	-	-	55,788,610
Total other capital assets at historical cost	<u>87,571,092</u>	<u>2,533,806</u>	<u>704,351</u>	<u>(490,702)</u>	<u>9,870</u>	<u>88,919,715</u>
Less accumulated depreciation for:						
Buildings and Improvements	12,486,137	373,733	-	-	-	12,859,870
Machinery, furniture and equipment	6,000,491	698,113	687,642	(28,575)	9,870	5,992,257
Utility property improvements	41,861,524	381,509	-	-	-	42,243,033
Total accumulated depreciation	<u>60,348,152</u>	<u>1,453,355</u>	<u>687,642</u>	<u>(28,575)</u>	<u>9,870</u>	<u>61,095,160</u>
Other capital assets, net	<u>27,222,940</u>	<u>1,080,451</u>	<u>16,709</u>	<u>(462,127)</u>	<u>-</u>	<u>27,824,555</u>
Business-type activities capital assets, net	<u>\$ 57,212,193</u>	<u>\$ 5,551,868</u>	<u>\$ 782,969</u>	<u>\$ (462,127)</u>	<u>\$ -</u>	<u>\$ 61,518,965</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
- 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	\$ 104,713
Streets and Highways	1,449,268
Public Safety	500,339
Cemetery	24,305
Legal and Judicial	146
Culture and Recreation	685,605
Airport	540,021
Community Development	2,479
Total	<u>\$ 3,306,876</u>
<b>Business-Type Activities:</b>	
Water	\$ 668,068
Sewer	501,642
Sanitation	255,070
Total	<u>\$ 1,424,780</u>

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

For the year ended June 30, 2021, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Capital lease payable	\$ 247,106	275,000	\$ 92,659	\$ 429,447	\$ 131,903
Accrued compensated absences	861,276	-	5,116	856,160	85,617
Total Governmental Activities	<u>\$ 1,108,382</u>	<u>\$ 275,000</u>	<u>\$ 97,775</u>	<u>\$ 1,285,607</u>	<u>\$ 217,520</u>
<b>Business-Type Activities:</b>					
Notes payable from direct borrowings and direct placements	\$ 36,912,710	\$ -	\$ 2,914,208	\$ 33,998,502	\$ 2,938,000
Accrued compensated absences	409,125	57,698	-	466,823	46,682
Deposits subject to refund	841,465	171,775	151,186	862,054	86,205
Landfill closure liability	3,050,684	110,585	-	3,161,269	34,316
Total Business-Type Activities	<u>41,213,984</u>	<u>340,058</u>	<u>3,065,394</u>	<u>38,488,648</u>	<u>3,105,203</u>
Total Long-Term Debt	<u>\$ 42,322,366</u>	<u>\$ 615,058</u>	<u>\$ 3,163,169</u>	<u>39,774,255</u>	<u>\$ 3,322,723</u>

**Reconciliation to Statement of Net Position:**

**Governmental Activities:**

Due within one year	\$ 217,520
Due in more than one year	9,024,473
Less:	
Total OPEB liability	(425,082)
Net pension liability	(7,531,304)
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,285,607</u>

**Business-Type Activities:**

Due within one year	\$ 3,105,203
Due in more than one year	35,583,957
Less:	
Total OPEB liability	(200,512)
Total Business-Type Activities Long-Term Liabilities	<u>\$ 38,488,648</u>

*Governmental activities long-term debt:*

Capital Lease Payable:

\$275,000 capital lease obligation for the purchase of an excavator, matures January 2025 with a stated interest rate of 2.253%.	247,356
\$30,000 capital lease obligation for the purchase of a flatbed truck, matures September 2022 with a stated interest rate of 3.73%.	9,533
\$60,000 capital lease obligation for the purchase of various equipment, matures September 2022 with a stated interest rate of 3.73%.	19,065
\$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>153,493</u>
Current portion	\$ 131,903
Noncurrent portion	<u>297,544</u>
Total Capital Lease Payable	<u>\$ 429,447</u>

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Accrued Compensated Absences:

Current portion		\$ 85,617
Noncurrent portion		<u>770,543</u>
Total Accrued Compensated Absences		<u>\$ 856,160</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		<u>\$ 125,000</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		1,705,000
Noncurrent portion		<u>3,540,000</u>
		<u>5,245,000</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		515,000
Noncurrent portion		<u>1,900,000</u>
		<u>2,415,000</u>

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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	368,000
Noncurrent portion	<u>22,165,502</u>
	<u>22,533,502</u>

2018 Utility Systems Revenue Note payable to Bank of Oklahoma, original amount of \$4,000,000 dated December 17, 2018, secured by and payable from water, sanitary sewer, and solid waste disposal system revenues, payable in semi-annual principal installments ranging from \$105,000 to \$175,000 with an annual interest rate of 3.17%, final payment due January 1, 2034. Proceeds will be used for improvements to the Authority's drinking water system. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be 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	225,000
Noncurrent portion	<u>3,455,000</u>
	<u>3,680,000</u>

Total Notes Payable (direct borrowings and direct placements)	<u>\$33,998,502</u>
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Accrued Compensated Absences:

Current portion	\$ 46,682
Noncurrent portion	<u>420,141</u>
Total Accrued Compensated Absences	<u>\$ 466,823</u>

Deposits Subject to Refund:

Current portion	\$ 86,205
Noncurrent portion	<u>775,849</u>
Total Deposits Subject to Refund	<u>\$ 862,054</u>

Landfill Closure Liability:

Current portion	\$ 34,316
Noncurrent portion	<u>3,126,953</u>
Total Landfill Closure Liability	<u>\$ 3,161,269</u>

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

<u>Year Ending June 30,</u>	<u>Business-Type Debt</u>	
	<u>Notes Payable- direct borrowings and direct placements</u>	
	<u>Principal</u>	<u>Interest</u>
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	1,379,000	736,440
2027-2031	7,158,000	3,449,606
2032-2036	7,751,000	2,174,503
2037-2041	8,045,000	811,419
Totals	<u>\$ 34,720,000</u>	<u>\$ 10,671,463</u>
Less: Amount yet to be drawn:	<u>(721,498)</u>	
	<u>\$ 33,998,502</u>	

<u>Year Ending June 30,</u>	<u>Governmental Debt</u>	
	<u>Capital</u>	
	<u>Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2022	131,903	11,306
2023	106,228	7,848
2024	109,242	4,834
2025	82,074	1,852
Totals	<u>\$ 429,447</u>	<u>\$ 25,840</u>

## 6. Landfill Closure and Post Closure Requirements

A \$3,161,269 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 92.01% of the estimated capacity of the landfill. It is estimated that an additional \$274,527 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:

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

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

*Fund Balances:*

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. *Committed* – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- 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	12,401	-	-	-	-	-	12,401
Streets	-	4,873,411	-	-	-	-	4,873,411
Capital Improvements	-	-	3,031,822	-	9,921,836	-	12,953,658
D.A.R.E	-	-	-	-	-	4,950	4,950
Library	-	-	-	-	-	18,598	18,598
Police	-	-	-	-	-	3,594	3,594
Parks	-	-	-	-	-	17,797	17,797
Arts	-	-	-	-	-	11,791	11,791
Cemetery	-	-	-	-	-	25,878	25,878
Debt Service	-	-	-	-	-	15,744	15,744
Sub-total Restricted	12,401	4,873,411	3,031,822	-	9,921,836	98,352	17,937,822
Committed to:							
Future Reserves	959,200	-	-	-	-	-	959,200
Library	-	-	-	-	-	73,329	73,329
Sub-total Committed	959,200	-	-	-	-	73,329	1,032,529
Assigned to:							
D.A.R.E	-	-	-	-	-	105	105
Cemetery	-	-	-	-	-	218,951	218,951
Airport	-	-	-	-	-	1,128,602	1,128,602
E911	-	-	-	-	-	134,956	134,956
Police	-	-	-	-	-	1,901	1,901
Library	-	-	-	-	-	14,539	14,539
Capital Improvements	-	-	1,251,120	79,014	362,344	111,902	1,804,380
Streets	-	439,790	-	-	-	-	439,790
Parks	-	-	-	-	-	594,765	594,765
Health Insurance	420,965	-	-	-	-	-	420,965
Self Insurance	857,221	-	-	-	-	-	857,221
Advance Travel	1,340	-	-	-	-	-	1,340
Unemployment	193,849	-	-	-	-	-	193,849
Workers' Comp	807,952	-	-	-	-	-	807,952
Budget balancing purposes	4,212,586	-	-	-	-	-	4,212,586
Sub-total Assigned	6,493,913	439,790	1,251,120	79,014	362,344	2,205,721	10,831,902
Unrestricted	1,510,282	-	-	-	-	-	1,510,282
Total Fund Balance	\$ 8,975,796	\$ 5,313,201	\$ 4,282,942	\$ 79,014	\$ 10,284,180	\$ 2,377,402	\$ 31,312,535

**Enterprise Funds:**

Restricted for Debt Service	\$ 1,808,709
Restricted for Economic Development	5,136,948
<b>Total Enterprise Fund Restrictions</b>	<b>\$ 6,945,657</b>

Net investment in capital assets \$ 29,830,806

**Restricted Net Position – Governmental Activities:**

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

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Fund	Restricted By	Amount
Drug Forfeiture Fund	Statutory requirements	\$ 3,544
Drug Forfeiture Federal Fund	Statutory requirements	50
Cemetery Care Fund	Statutory requirements	25,878
Sinking Fund	Statutory requirements	15,744
Sudden/Severe Economic Dislocation Fund	Other contracts - Contributors	1,104
CDBG Home Grant Fund	Other contracts - Contributors	11,297
D.A.R.E Fund	Other contracts - Contributors	4,950
Library Memorial Fund	Other contracts - Contributors	16,584
Library State Aid Fund	Other contracts - Contributors	2,014
Ada Arts & Heritage Fund	Other contracts - Contributors	11,791
		<u>92,956</u>
Street and Alley Fund	Enabling legislation	\$ 4,873,411
Sales Tax Infrastructure Fund	Enabling legislation	3,031,822
Sales Tax 2016 Capital Improvement Fund	Enabling legislation	9,921,836
Sports Complex Park Fund	Enabling legislation	17,797
		<u>17,844,866</u>
Component Unit:		
Valley View Regional Hospital Authority	Expendable Endowment	<u>\$ 1,292,406</u>

## 8. Sales Tax Revenue

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

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

## 9. Property Tax Levy

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

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

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

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

For the year ended June 30, 2021, the City's net assessed valuation of taxable property was \$116,982,590. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2021 was \$0.315 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, 2021, were as follows:

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Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Utility Enterprise Fund	\$ 1,066,308	Sales tax transfer
General Fund	Utility Enterprise Fund	853,046	Sales tax-2012 revenue bond
General Fund	E911 Fund	8,825	Operating subsidy
General Fund	Utility Enterprise Fund	98,950	For street vehicles ordered in FY20, not received until FY
General Fund	Utility Enterprise Fund	76,300	Portion of CARES Act funds used for merit bonuses
General Fund	Utility Enterprise Fund (Solid Waste Development Account)	6,861	Interest expense on interfund loan
General Fund	Street & Alley	3,529	Interest expense on interfund loan
General Fund	Utility Enterprise Fund	2,132,616	2015B revenue note
General Fund	General Fund (Health Insurance Account)	1,056,423	Health insurance premiums
General Fund	Unemployment Insurance Fund	10,000	Operating subsidy
General Fund	Liability Self Insurance Fund	75,000	Operating subsidy
General Fund	Workers Comp Fund	100,000	Operating subsidy
General Fund	Sales Tax Infrastructure Fund	25,650	Operating subsidy
General Fund	Sports Complex Park & Recreation Fund	16,050	Operating subsidy
General Fund	Utility Enterprise Fund	44,570	Honey Well Project principal and interest
E911 Fund	General Fund (Health Insurance Account)	110,047	Health insurance premiums
Street & Alley Fund	Utility Enterprise Fund	1,856,990	Use tax-2012 revenue bond
Sales Tax Infrastructure Fund	Utility Enterprise Fund	330,537	Purchase of capital assets
Sales Tax Infrastructure Fund	General Fund (Health Insurance Account)	170,106	Health insurance premiums
Airport/Agriculture Fund	General Fund (Health Insurance Account)	7,030	Health insurance premiums
Sales Tax 2016 Capital Improvement Fund	Utility Enterprise Fund	4,265,232	2015B principal and interest
Utility Enterprise Fund	Liability Self Insurance Fund	75,000	Operating subsidy
Utility Enterprise Fund	Unemployment Insurance Fund	10,000	Operating subsidy
Utility Enterprise Fund	Workers Comp Fund	100,000	Operating subsidy
Utility Enterprise Fund	General Fund	853,046	Sales tax-2012 revenue bond
Utility Enterprise Fund	General Fund	414,650	Subsidy, annual lease of assets, and shared costs
Utility Enterprise Fund	General Fund	10,595	To reclass flat bed debt service payments
Street & Alley Fund	General Fund	1,334,000	Operating subsidy
Utility Enterprise Fund	Economic Development Fund	1,066,308	Sales tax transfer
Utility Enterprise Fund	Street & Alley	1,856,990	Use tax-2012 revenue bond
Utility Enterprise Fund	Sales Tax Infrastructure Fund	431,920	Operating subsidy
Utility Enterprise Fund	Sales Tax 2016 Capital Improvement Fund	2,477,263	Sales tax for 2015B revenue note
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Development Account)	5,347	Interest on loans
Utility Enterprise Fund	Utility Enterprise Fund (Debt Service Account)	1,621,200	2015A and 2015C revenue notes
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Development Account)	145,932	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)	617,749	Health insurance premiums
Utility Enterprise Fund	General Fund	2,132,616	2015B revenue note
General Fund	Utility Enterprise Fund	203	Purchase of capital assets
Airport Cash Fund	Utility Enterprise Fund	17,000	Purchase of capital assets
Sales Tax Infrastructure Fund	Utility Enterprise Fund	130,718	Purchase of capital assets
Utility Enterprise Fund (Debt Service Account)	Utility Enterprise Fund	1,600,262	2015A and 2015C revenue notes
Utility Enterprise Fund (Solid Waste Account)	Utility Enterprise Fund	165,328	Purchase of capital assets
Utility Enterprise Fund (Water Development Account)	Utility Enterprise Fund	611,564	Purchase of capital assets
Total		<u>\$ 28,041,761</u>	

**Reconciliation to Fund Financial Statements:**

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 11,896,489	\$ (13,648,070)	\$ (1,751,581)
Proprietary Funds	16,145,272	(14,245,770)	1,899,502
Total	<u>\$ 28,041,761</u>	<u>\$ (27,893,840)</u>	<u>\$ 147,921</u>

**Reconciliation to Statement of Activities:**

Net Transfers	\$	(1,751,581)
Transfer capital asset from governmental activities to business-type activities		(147,921)
Transfer water/sewer expenses to business-type activities		(412,000)
Transfer Street expenses to governmental activities		1,044,187
Transfers - internal activity	\$	<u>(1,267,315)</u>

**Balances:**

Interfund receivables and payables at June 30, 2021, were as follows:

Due From	Due To	Amount	Nature of Balance
General Fund	APWA (Solid Waste Development Account)	\$ 200,519	Interfund loan
General Fund	Street & Alley Fund	72,031	Interfund loan
APWA	Street & Alley Fund	200,000	Interfund loan
Total		<u>\$ 472,550</u>	

**Reconciliation to Financial Statements:**

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 272,031	\$ (508,060)	\$ (236,029)
Proprietary Funds	200,519	35,510	236,029
Total	<u>\$ 472,550</u>	<u>\$ (472,550)</u>	<u>\$ -</u>

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

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

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

## **12. Commitments and Contingencies**

### *Litigation:*

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. 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 2021, 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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### **13. Pension Plan Participation**

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

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

#### ***Firefighters' Plan:***

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

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

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years 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 \$260,511. The State of Oklahoma also made

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on-behalf contributions to OFPRS in the amount of \$436,969 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 \$581,086. 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, 2021, the City reported a liability of \$6,910,273 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.560939%.

For the year ended June 30, 2021, the City recognized pension expense of \$1,432,754. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 880,717	\$ 92,719
Changes of assumptions	-	117,102
Net difference between projected and actual earnings on pension plan investments	101,573	-
Changes in proportion and differences between City contributions and proportionate share of contributions	485,511	237,588
City contributions during measurement date	6,745	1,323
City contributions subsequent to the measurement date	260,511	-
Total	<u>\$ 1,735,057</u>	<u>\$ 448,732</u>

\$260,511 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, 2022. 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:		
2022	\$	254,469
2023		375,149
2024		250,172
2025		146,024
	<u>\$</u>	<u>1,025,814</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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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, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%

**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 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability	\$ 8,974,269	\$ 6,910,273	\$ 5,183,421

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

***Police Plan:***

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

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

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

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated 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 \$201,247. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$140,810 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 \$217,897. These on-behalf payments did not meet the criteria of a special funding situation.

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**Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the City reported a liability of \$621,031 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.540756%.

For the year ended June 30, 2021, the City recognized pension expense of \$728,828. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,066	\$ 168,656
Changes of assumptions	63,798	-
Net difference between projected and actual earnings on pension plan investments	732,719	-
Changes in proportion and differences between City contributions and proportionate share of contributions	17,023	20,234
City contributions during measurement date	299	4,474
City contributions subsequent to the measurement date	201,247	-
Total	\$ 1,031,152	\$ 193,364

The \$201,247 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, 2022. 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:

2022	\$	89,644
2023		185,860
2024		238,706
2025		137,870
2026		(15,539)
	\$	636,541

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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

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

The actuarial assumptions used in the July 1, 2020, 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, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private equity	11.58%
Commodities	0.00%

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.

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 2,193,851	\$ 621,031	\$ (709,244)

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

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*Summary of Contributions:*

Oklahoma Municipal Retirement Fund		
Fiscal Year	Employee Contribution	Employer Contribution
2019	362,181	931,287
2020	366,238	931,631
2021	397,130	891,521

Employer OkMRF contributions of \$870,284 does not include forfeitures in the amount of \$157,000 for FY21.

**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, 2021 were \$43,006.

*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 with roll forward procedures to June 30 2021. The measurement date used was June 30, 2019.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2020 valuation, with roll forward procedures to June 30 2021, was determine using the following actuarial assumptions:

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- Actuarial Cost Method – Entry Age
- Discount Rate – 3.50% for fiscal year 2020, and 2.21% for fiscal year 2021, 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%

*Changes in Total OPEB Liability*

	Total OPEB Liability
Balances at Beginning of Year	\$ <u>494,106</u>
Changes For the Year:	
Service cost	42,531
Interest expense	10,920
change in assumptions	121,042
Benefit payments	<u>(43,006)</u>
Net Changes	<u>131,487</u>
Balances at End of Year	\$ <u><u>625,593</u></u>

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the year ended June 30, 2021, the City recognized OPEB expense of \$50,580. At June 30, 2021, 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	\$ -	\$ 22,259
Changes of assumptions	125,468	33,665
Changes in proportion	36,134	36,134
City contributions during measurement date	55	38,451
City contributions subsequent to the measurement date	<u>45,586</u>	-
Total	<u>\$ 207,243</u>	<u>\$ 130,509</u>

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\$45,586 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:	
2022	(2,871)
2023	(673)
2024	9,551
2025	13,623
2026	11,518
	<u>\$ 31,148</u>

*Sensitivity of the City's total OPEB liability to changes in the discount rate.* The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
OPEB Liability	\$ 753,644	\$ 625,593	\$ 526,970

*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:

	1% Decrease 5.02% Grading to 3.87%	Healthcare Cost Trend Rates 6.02% Grading to 4.87%	1% Increase 7.02% Grading to 5.87%
OPEB Liability	\$ 530,455	\$ 625,593	\$ 745,837

## 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, 2021**

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$2,509,650	\$2,509,650	\$6,477,353	\$3,967,703
<b>Resources (Inflows):</b>				
Taxes	8,773,600	10,335,100	10,410,149	75,049
Intergovernmental	629,800	2,280,503	2,079,621	(200,882)
Licenses and permits	124,200	124,200	161,623	37,423
Charges for services	314,200	314,200	273,924	(40,276)
Fees and fines	215,300	215,300	159,411	(55,889)
Investment income	142,850	142,850	49,666	(93,184)
Miscellaneous	2,741,500	2,928,189	996,702	(1,931,487)
Other financing sources	4,792,250	4,815,500	5,114,907	299,407
<b>Total Resources (Inflows):</b>	<u>17,733,700</u>	<u>21,155,842</u>	<u>19,246,003</u>	<u>(1,909,839)</u>
<b>Amounts available for appropriation</b>	<u>\$20,243,350</u>	<u>\$23,665,492</u>	<u>\$25,723,356</u>	<u>\$2,057,864</u>
<b>Charges to Appropriations (Outflows):</b>				
General government	6,064,200	7,317,419	4,286,037	3,031,382
Public safety	6,578,250	6,852,850	6,381,198	471,652
Legal and judicial	123,800	123,800	91,180	32,620
Cemetery	247,050	251,350	208,931	42,419
Culture and recreation	2,597,050	3,159,666	1,835,222	1,324,444
Community development	551,050	506,050	344,620	161,430
Other financing uses	3,594,550	4,464,975	3,612,773	852,202
<b>Total Charges to Appropriations</b>	<u>19,755,950</u>	<u>22,676,110</u>	<u>16,759,961</u>	<u>5,916,149</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$487,400</u>	<u>\$989,382</u>	<u>\$8,963,395</u>	<u>\$7,974,013</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			11,297	
<b>Total General Fund Fund Balance</b>			<u>\$8,975,796</u>	

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA  
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	<b>STREET AND ALLEY FUND</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$4,449,010	\$4,449,010	\$4,808,873	\$359,863
<b>Resources (Inflows):</b>				
Taxes	154,500	154,500	1,896,730	1,742,230
Intergovernmental	2,540,000	2,540,000	155,979	(2,384,021)
Investment income	75,000	75,000	13,443	(61,557)
Miscellaneous	60,000	60,000	197	(59,803)
Other financing sources	1,534,300	1,926,050	1,860,519	(65,531)
<b>Total Resources (Inflows):</b>	<u>4,363,800</u>	<u>4,755,550</u>	<u>3,926,868</u>	<u>(828,682)</u>
<b>Amounts available for appropriation</b>	<u>\$8,812,810</u>	<u>\$9,204,560</u>	<u>\$8,735,741</u>	<u>(\$468,819)</u>
<b>Charges to Appropriations (Outflows):</b>				
Streets and highways	4,675,000	4,675,000	231,550	4,443,450
Other financing uses	2,909,800	3,565,000	3,190,990	374,010
<b>Total Charges to Appropriations</b>	<u>7,584,800</u>	<u>8,240,000</u>	<u>3,422,540</u>	<u>4,817,460</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$1,228,010</u>	<u>\$964,560</u>	<u>\$5,313,201</u>	<u>\$4,348,641</u>

**Footnotes to Budgetary Comparison Schedules:**

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

(Unaudited. See accompanying auditor's report.)

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

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

**Notes to Schedule:**

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

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 191,999	\$ 206,384	\$ 207,160	\$ 237,137	\$ 241,260	\$ 253,298	\$ 260,511
Contributions in relation to the statutorially required contribution	191,999	206,384	207,160	237,137	241,260	253,298	260,511
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,371,422	\$ 1,474,173	\$ 1,479,714	\$ 1,693,836	\$ 1,723,286	\$ 1,809,271	\$ 1,860,793
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Notes to Schedule:**

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

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA  
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As of and for the Year Ended June 30, 2021**

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	2021
City's proportion of the net pension liability (asset)	0.5352%	0.5324%	0.5302%	0.5612%	0.5417%	0.4964%	0.5408%
City's proportionate share of the net pension liability (asset)	\$ (180,196)	\$ 21,709	\$ 811,923	\$ 43,169	\$ (258,055)	\$ (31,688)	\$ 621,031
City's covered-employee payroll	\$1,497,274	\$1,504,919	\$1,563,515	\$1,673,815	\$1,654,659	\$1,613,015	\$1,811,085
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(12.03%)	1.44%	51.93%	2.58%	(15.60%)	(1.96%)	34.29%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%

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

**Notes to Schedule:**

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

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

	2015	2016	2017	2018	2019	2020	2021
Statutorially required contribution	\$ 195,639	\$ 203,257	\$ 217,596	\$ 215,105	\$ 209,692	\$ 235,441	\$ 201,247
Contributions in relation to the statutorially required contribution	195,639	203,257	217,596	215,105	209,692	235,441	201,247
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$1,504,919	\$1,563,515	\$1,673,815	\$1,654,659	\$1,613,015	\$1,811,085	\$1,548,054
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**Notes to Schedule:**

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

(Unaudited. See accompanying auditor's report.)

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

**Notes to Schedule:**

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

(Unaudited. See accompanying auditor's report.)

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

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**SUPPLEMENTARY INFORMATION**

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

**Combining Balance Sheet – General Fund Accounts - June 30, 2021**

	<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	\$ 8,739,114	\$ 1,104	\$ 11,297	\$ 8,751,515
Investments	70,840	-	-	70,840
Receivable from other governments	1,323,728	-	-	1,323,728
Due from other funds	-	-	-	-
Taxes receivable, net	75,575	-	-	75,575
Court fines receivable, net	856,044	-	-	856,044
Other receivables	10,983	-	-	10,983
Total assets	<u>\$ 11,076,284</u>	<u>\$ 1,104</u>	<u>\$ 11,297</u>	<u>\$ 11,088,685</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 111,633	\$ -	\$ -	\$ 111,633
Accrued payroll liabilities	472,039	-	-	472,039
Due to other funds	614,270	-	-	614,270
Due to depositors	24,739	-	-	24,739
Payable to other governments	9,513	-	-	9,513
Total liabilities	<u>1,232,194</u>	<u>-</u>	<u>-</u>	<u>1,232,194</u>
Deferred inflows of resources:				
Deferred revenue	880,695	-	-	880,695
Fund balances:				
Restricted	-	1,104	11,297	12,401
Committed	959,200	-	-	959,200
Assigned	6,493,913	-	-	6,493,913
Unassigned	1,510,282	-	-	1,510,282
Total fund balances	<u>8,963,395</u>	<u>1,104</u>	<u>11,297</u>	<u>8,975,796</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,076,284</u>	<u>\$ 1,104</u>	<u>\$ 11,297</u>	<u>\$ 11,088,685</u>

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

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2021**

	<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	\$ 10,410,149	\$ -	\$ -	\$ 10,410,149
Fees and fines	159,411	-	-	159,411
Licenses and permits	161,623	-	-	161,623
Intergovernmental	2,079,621	-	-	2,079,621
Charges for services	273,924	-	-	273,924
Investment income	49,666	-	37	49,703
Miscellaneous	996,702	-	-	996,702
Total revenues	<u>14,131,096</u>	<u>-</u>	<u>37</u>	<u>14,131,133</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,126,352	-	-	4,126,352
Public safety	6,052,106	-	-	6,052,106
Legal and judicial	91,180	-	-	91,180
Cemetery	208,931	-	-	208,931
Culture and recreation	1,696,040	-	-	1,696,040
Community development	344,620	-	-	344,620
Capital outlay	596,178	-	-	596,178
Debt service:				
Principal	30,079	-	-	30,079
Interest and other charges	1,702	-	-	1,702
Total expenditures	<u>13,147,188</u>	<u>-</u>	<u>-</u>	<u>13,147,188</u>
Excess (deficiency) of revenues over expenditures	<u>983,908</u>	<u>-</u>	<u>37</u>	<u>983,945</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,076,262	-	-	7,076,262
Transfers out	(5,574,128)	-	-	(5,574,128)
Total other financing sources and uses	<u>1,502,134</u>	<u>-</u>	<u>-</u>	<u>1,502,134</u>
Net change in fund balances	2,486,042	-	37	2,486,079
Fund balances - beginning	6,477,353	1,104	11,260	6,489,717
Fund balances - ending	<u>\$ 8,963,395</u>	<u>\$ 1,104</u>	<u>\$ 11,297</u>	<u>\$ 8,975,796</u>

**CITY OF ADA, OKLAHOMA  
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**Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2021**

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	\$ 5,055	\$ 103,509	\$ 2,957	\$ 5,445	\$ 50	\$ 86,915	\$ 354,736	\$ 261,165	\$ 11,791
Due from other governments	-	-	-	-	-	7,657	-	-	-
Other receivables	-	-	-	-	-	40,752	-	-	-
Total Assets	<u>\$ 5,055</u>	<u>\$ 103,509</u>	<u>\$ 2,957</u>	<u>\$ 5,445</u>	<u>\$ 50</u>	<u>\$ 135,324</u>	<u>\$ 354,736</u>	<u>\$ 261,165</u>	<u>\$ 11,791</u>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204	2,430	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-	32,076	5,542	-	-
Due to other funds	-	-	-	-	-	(33,642)	(4,633)	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,362)</u>	<u>3,339</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>									
Deferred revenue	-	-	-	-	-	1,730	-	-	-
<b>FUND EQUITY</b>									
Fund balances:									
Restricted	4,950	16,584	2,014	3,544	50	-	17,797	-	11,791
Committed	-	73,329	-	-	-	-	-	-	-
Assigned	105	13,596	943	1,901	-	134,956	333,600	261,165	-
Total Fund Equity	<u>5,055</u>	<u>103,509</u>	<u>2,957</u>	<u>5,445</u>	<u>50</u>	<u>134,956</u>	<u>351,397</u>	<u>261,165</u>	<u>11,791</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 5,055</u>	<u>\$ 103,509</u>	<u>\$ 2,957</u>	<u>\$ 5,445</u>	<u>\$ 50</u>	<u>\$ 135,324</u>	<u>\$ 354,736</u>	<u>\$ 261,165</u>	<u>\$ 11,791</u>

(Continued)

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

**Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2021, (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	\$ 244,829	\$ 111,902	\$ 1,109,076	\$ 13,421	\$ 2,310,851
Due from other governments	-	-	19,705	32,675	60,037
Other receivables	-	-	-	-	40,752
Total Assets	<u>\$ 244,829</u>	<u>\$ 111,902</u>	<u>\$ 1,128,781</u>	<u>\$ 46,096</u>	<u>\$ 2,411,640</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 13	\$ -	\$ 2,647
Accrued payroll liabilities	-	-	3,564	-	41,182
Due to other funds	-	-	(3,398)	-	(41,673)
Total Liabilities	<u>-</u>	<u>-</u>	<u>179</u>	<u>-</u>	<u>2,156</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,352</u>	<u>32,082</u>
<b>FUND EQUITY</b>					
Fund balances:					
Restricted	25,878	-	-	15,744	98,352
Committed	-	-	-	-	73,329
Assigned	218,951	111,902	1,128,602	-	2,205,721
Total Fund Equity	<u>244,829</u>	<u>111,902</u>	<u>1,128,602</u>	<u>15,744</u>	<u>2,377,402</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 244,829</u>	<u>\$ 111,902</u>	<u>\$ 1,128,781</u>	<u>\$ 46,096</u>	<u>\$ 2,411,640</u>

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

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2021**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 478,614	\$ -	\$ -	\$ -
Intergovernmental	-	-	31,277	910	-	562,407	-	-	-
Charges for services	-	4,169	-	-	-	-	177,251	-	-
Investment earnings	16	319	44	17	-	512	1,137	838	38
Miscellaneous	-	10,411	-	-	-	1,458	639	22,917	200
Total revenues	<u>16</u>	<u>14,899</u>	<u>31,321</u>	<u>927</u>	<u>-</u>	<u>1,042,991</u>	<u>179,027</u>	<u>23,755</u>	<u>238</u>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	2,848	-	786,919	-	-	-
Culture and recreation	-	6,946	-	-	-	-	169,734	20,112	-
Airport	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	33,647	-	-	62,729	-	-	-
Debt Service:									
Principal	-	-	-	-	-	34,935	-	-	-
Interest and other charges	-	-	-	-	-	7,142	-	-	-
Total Expenditures	<u>-</u>	<u>6,946</u>	<u>33,647</u>	<u>2,848</u>	<u>-</u>	<u>891,725</u>	<u>169,734</u>	<u>20,112</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>16</u>	<u>7,953</u>	<u>(2,326)</u>	<u>(1,921)</u>	<u>-</u>	<u>151,266</u>	<u>9,293</u>	<u>3,643</u>	<u>238</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	8,825	16,050	-	-
Transfers out	-	-	-	-	-	(110,047)	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,222)</u>	<u>16,050</u>	<u>-</u>	<u>-</u>
Net change in fund balances	16	7,953	(2,326)	(1,921)	-	50,044	25,343	3,643	238
Fund balances - beginning	5,039	95,556	5,283	7,366	50	84,912	326,054	257,522	11,553
Fund balances - ending	<u>\$ 5,055</u>	<u>\$ 103,509</u>	<u>\$ 2,957</u>	<u>\$ 5,445</u>	<u>\$ 50</u>	<u>\$ 134,956</u>	<u>\$ 351,397</u>	<u>\$ 261,165</u>	<u>\$ 11,791</u>

(Continued)

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

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2021 (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	\$ -	\$ -	\$ -	\$ 233,538	\$ 712,152
Intergovernmental	-	-	220,517	-	815,111
Charges for services	16,594	-	149,200	-	347,214
Investment earnings	-	363	3,615	-	6,899
Miscellaneous	10	-	34,697	11,305	81,637
Total revenues	<u>16,604</u>	<u>363</u>	<u>408,029</u>	<u>244,843</u>	<u>1,963,013</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	11,305	11,305
Public safety	-	-	-	-	789,767
Culture and recreation	-	-	-	-	196,792
Airport	-	-	167,577	-	167,577
Capital Outlay	25,004	1,685	232,478	-	355,543
Debt Service:					
Principal	-	-	-	203,358	238,293
Interest and other charges	-	-	-	26,289	33,431
Total Expenditures	<u>25,004</u>	<u>1,685</u>	<u>400,055</u>	<u>240,952</u>	<u>1,792,708</u>
Excess (deficiency) of revenues over expenditures	<u>(8,400)</u>	<u>(1,322)</u>	<u>7,974</u>	<u>3,891</u>	<u>170,305</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	24,875
Transfers out	-	-	(7,030)	-	(117,077)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(7,030)</u>	<u>-</u>	<u>(92,202)</u>
Net change in fund balances	(8,400)	(1,322)	944	3,891	78,103
Fund balances - beginning	253,229	113,224	1,127,658	11,853	2,299,299
Fund balances - ending	<u>\$ 244,829</u>	<u>\$ 111,902</u>	<u>\$ 1,128,602</u>	<u>\$ 15,744</u>	<u>\$ 2,377,402</u>

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

**Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2021**

	<u>Public Works Authority</u>	<u>Solid Waste Development Account</u>	<u>Water Meter Account</u>	<u>RWD #3 Account</u>	<u>Water Development Account</u>	<u>Sewer System Account</u>	<u>RWD #2 Account</u>	<u>Overhead Water Storage Account</u>
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 6,074,342	\$ 6,625,864	\$ -	\$ 705,562	\$ 10,492,210	\$ 5,057,060	\$ 327,785	\$ 346,231
Restricted cash and cash equivalents	3,170,373	-	862,055	-	-	-	-	-
Due from other funds	-	200,519	-	-	-	-	-	-
Due from other funds - interaccount	-	-	-	-	-	291,907	-	-
Due from other governments	205	-	-	-	-	-	-	-
Accounts Receivable, net	2,431,368	160	-	-	176,590	59,045	-	-
Total current assets	<u>11,676,288</u>	<u>6,826,543</u>	<u>862,055</u>	<u>705,562</u>	<u>10,668,800</u>	<u>5,408,012</u>	<u>327,785</u>	<u>346,231</u>
Non-current assets:								
Capital Assets:								
Land and construction in progress	30,276,836	-	-	-	3,417,574	-	-	-
Other capital assets, net of accumulated depreciation	28,286,682	-	-	-	-	-	-	-
Total non-current assets	<u>58,563,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,417,574</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>70,239,806</u>	<u>6,826,543</u>	<u>862,055</u>	<u>705,562</u>	<u>14,086,374</u>	<u>5,408,012</u>	<u>327,785</u>	<u>346,231</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred amounts related to OPEB	87,862	-	-	-	-	-	-	-
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable	251,359	-	-	-	9,336	-	-	-
Accrued payroll liabilities	261,365	-	-	-	-	-	-	-
Accrued interest payable	392,488	-	-	-	-	-	-	-
Due to other funds - interaccount	291,907	-	-	-	-	-	-	-
Due to other funds	(35,510)	-	-	-	-	-	-	-
Other liabilities	47,316	-	-	-	-	-	-	-
Due to depositors	-	-	86,205	-	-	-	-	-
Accrued compensated absences	46,682	-	-	-	-	-	-	-
Landfill closure liability	34,316	-	-	-	-	-	-	-
Notes payable	3,005,046	-	-	-	-	-	-	-
Total current liabilities	<u>4,314,969</u>	<u>-</u>	<u>86,205</u>	<u>-</u>	<u>9,336</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current liabilities:								
Due to depositors	-	-	775,850	-	-	-	-	-
Accrued compensated absences	420,142	-	-	-	-	-	-	-
Landfill closure liability	3,126,953	-	-	-	-	-	-	-
Notes payable	31,240,811	-	-	-	-	-	-	-
Total OPEB liability	200,511	-	-	-	-	-	-	-
Total non-current liabilities	<u>34,988,417</u>	<u>-</u>	<u>775,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>39,303,386</u>	<u>-</u>	<u>862,055</u>	<u>-</u>	<u>9,336</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred amounts related to OPEB	33,353	-	-	-	-	-	-	-
<b>NET POSITION</b>								
Net investment in capital assets	26,413,232	-	-	-	3,417,574	-	-	-
Restricted for debt service	1,074,802	-	-	-	-	-	-	-
Restricted for economic development	-	-	-	-	-	-	-	-
Unrestricted	3,502,895	6,826,543	-	705,562	10,659,464	5,408,012	327,785	346,231
Total net position	<u>\$ 30,990,929</u>	<u>\$ 6,826,543</u>	<u>\$ -</u>	<u>\$ 705,562</u>	<u>\$ 14,077,038</u>	<u>\$ 5,408,012</u>	<u>\$ 327,785</u>	<u>\$ 346,231</u>

(Continued)

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

**Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2021, (Continued)**

	<b>Economic Development Enterprise Account</b>	<b>Water Wells and Trans Account</b>	<b>RWD #4 Account</b>	<b>Environmental Projects Account</b>	<b>RSD #5 Account</b>	<b>APWA Debt Service Account</b>	<b>APWA Capital Improvement Account</b>	<b>Total</b>
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 5,146,207	\$ 530,515	\$ 70,984	\$ 2,163,655	\$ 235,697	\$ -	\$ 205,748	\$ 37,981,860
Restricted cash and cash equivalents	-	-	-	-	-	733,907	-	4,766,335
Due from other funds	-	-	-	-	-	-	-	200,519
Due from other funds - interaccount	-	-	-	-	-	-	-	291,907
Due from other governments	-	-	-	-	-	-	-	205
Accounts Receivable, net	-	-	-	44,225	-	-	-	2,711,388
Total current assets	<u>5,146,207</u>	<u>530,515</u>	<u>70,984</u>	<u>2,207,880</u>	<u>235,697</u>	<u>733,907</u>	<u>205,748</u>	<u>45,952,214</u>
Non-current assets:								
Capital Assets:								
Land and construction in progress	-	-	-	-	-	-	-	33,694,410
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-	-	28,286,682
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,981,092</u>
Total assets	<u>5,146,207</u>	<u>530,515</u>	<u>70,984</u>	<u>2,207,880</u>	<u>235,697</u>	<u>733,907</u>	<u>205,748</u>	<u>107,933,306</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred amounts related to OPEB	-	-	-	-	-	-	-	87,862
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable	9,259	-	-	-	-	-	-	269,954
Accrued payroll liabilities	-	-	-	-	-	-	-	281,365
Accrued interest payable	-	-	-	-	-	-	-	392,488
Due to other funds	-	-	-	-	-	-	-	291,907
Due to other funds - interaccount	-	-	-	-	-	-	-	(35,510)
Other liabilities	-	-	-	-	-	-	-	47,316
Due to depositors	-	-	-	-	-	-	-	86,205
Accrued compensated absences	-	-	-	-	-	-	-	46,682
Landfill closure liability	-	-	-	-	-	-	-	34,316
Notes payable	-	-	-	-	-	-	-	3,005,046
Total current liabilities	<u>9,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,419,769</u>
Non-current liabilities:								
Due to depositors	-	-	-	-	-	-	-	775,850
Accrued compensated absences	-	-	-	-	-	-	-	420,142
Landfill closure liability	-	-	-	-	-	-	-	3,126,953
Notes payable	-	-	-	-	-	-	-	31,240,811
Total OPEB liability	-	-	-	-	-	-	-	200,511
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,764,267</u>
Total liabilities	<u>9,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,184,036</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred amounts related to OPEB	-	-	-	-	-	-	-	33,353
<b>NET POSITION</b>								
Net investment in capital assets	-	-	-	-	-	-	-	29,830,806
Restricted for debt service	-	-	-	-	-	733,907	-	1,808,709
Restricted for economic development	5,136,948	-	-	-	-	-	-	5,136,948
Unrestricted	-	530,515	70,984	2,207,880	235,697	-	205,748	31,027,316
Total net position	<u>\$ 5,136,948</u>	<u>\$ 530,515</u>	<u>\$ 70,984</u>	<u>\$ 2,207,880</u>	<u>\$ 235,697</u>	<u>\$ 733,907</u>	<u>\$ 205,748</u>	<u>\$ 67,803,779</u>

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

**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund Accounts -Year Ended June 30, 2021**

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account	Overhead Water Storage Account
<b>REVENUES</b>								
Charges for services:								
Water	\$ 6,958,815	\$ -	\$ -	\$ 44,021	\$ 1,038,215	\$ -	\$ -	\$ -
Sewer	2,273,752	-	-	-	-	353,227	-	-
Sanitation	4,586,253	-	-	-	-	-	-	-
Solid waste fee	-	562	-	-	-	-	-	-
Recycling income	114,481	-	-	-	-	-	-	-
Lease revenue	-	-	-	-	5,136	-	-	-
Miscellaneous	353,979	-	-	-	-	-	-	-
Total operating revenues	<u>14,287,280</u>	<u>562</u>	<u>-</u>	<u>44,021</u>	<u>1,043,351</u>	<u>353,227</u>	<u>-</u>	<u>-</u>
<b>OPERATING EXPENSES</b>								
Public works director	377,381	-	-	-	-	-	-	-
Billing and collecting	392,209	-	-	-	-	-	-	-
Water plant	503,746	-	-	-	12,312	-	-	630
Liquid waste	655,953	-	-	-	-	-	-	-
Administration	1,985,616	-	-	-	-	-	-	-
Water and sewer line maintenance	1,027,078	-	-	-	-	-	-	-
Solid waste	2,461,172	-	-	-	-	-	-	-
Landfill operations	110,585	-	-	-	-	-	-	-
Construction	600,136	-	-	-	-	-	-	-
Street	800,841	-	-	-	-	-	-	-
Depreciation	1,453,356	-	-	-	-	-	-	-
Total operating expenses	<u>10,368,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,312</u>	<u>-</u>	<u>-</u>	<u>630</u>
Operating income	<u>3,919,207</u>	<u>562</u>	<u>-</u>	<u>44,021</u>	<u>1,031,039</u>	<u>353,227</u>	<u>-</u>	<u>(630)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Interest and investment revenue	25,043	21,205	-	2,185	33,506	16,026	1,045	922
Miscellaneous revenue	226,889	4,213	-	-	-	-	-	73,715
Gain on capital asset disposal	121,602	-	-	-	-	-	-	-
Capital grants	94	-	-	-	-	-	-	-
Interest expense	(1,064,623)	-	-	-	-	-	-	-
Total non-operating revenue (expenses)	<u>(690,995)</u>	<u>25,418</u>	<u>-</u>	<u>2,185</u>	<u>33,506</u>	<u>16,026</u>	<u>1,045</u>	<u>74,637</u>
Income before transfers	<u>3,228,212</u>	<u>25,980</u>	<u>-</u>	<u>46,206</u>	<u>1,064,545</u>	<u>369,253</u>	<u>1,045</u>	<u>74,007</u>
Transfers in	13,249,624	152,793	-	-	-	5,347	-	-
Transfers out	(11,868,616)	(165,328)	-	-	(611,564)	-	-	-
Change in net position	<u>4,609,220</u>	<u>13,445</u>	<u>-</u>	<u>46,206</u>	<u>452,981</u>	<u>374,600</u>	<u>1,045</u>	<u>74,007</u>
Total net position - beginning	26,381,709	6,813,098	-	659,356	13,624,057	5,033,412	326,740	272,224
Total net position - ending	<u>\$ 30,990,929</u>	<u>\$ 6,826,543</u>	<u>\$ -</u>	<u>\$ 705,562</u>	<u>\$ 14,077,038</u>	<u>\$ 5,408,012</u>	<u>\$ 327,785</u>	<u>\$ 346,231</u>

(Continued)

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

**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund Accounts -Year Ended June 30, 2021,**  
**(Continued)**

	Economic Development Enterprise Account	Water Wells and Trans Account	RWD #4 Account	Environmental Projects Account	RSD #5 Account	APWA Debt Service Account	APWA Capital Improvement Account	Total
<b>REVENUES</b>								
Charges for services:								
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,041,051
Sewer	-	-	-	-	65,328	-	-	2,692,307
Sanitation	-	-	-	-	-	-	-	4,586,253
Solid waste fee	-	-	-	-	-	-	-	562
Recycling income	-	-	-	-	-	-	-	114,481
Lease revenue	-	-	-	-	-	-	-	5,136
Miscellaneous	-	-	-	-	-	-	-	353,979
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,328</u>	<u>-</u>	<u>-</u>	<u>15,793,769</u>
<b>OPERATING EXPENSES</b>								
Public works director	-	-	-	-	-	-	-	377,381
Billing and collecting	-	-	-	-	-	-	-	392,209
Water plant	-	-	-	-	-	-	-	516,688
Liquid waste	-	-	-	-	17,643	-	-	673,596
Administration	-	-	-	-	-	-	-	1,985,616
Water and sewer line maintenance	-	-	-	-	-	-	-	1,027,078
Solid waste	-	-	-	-	-	-	-	2,461,172
Landfill operations	-	-	-	-	-	-	-	110,585
Construction	-	-	-	-	-	-	-	600,136
Meter operations	913,567	-	-	-	-	-	-	1,714,408
Depreciation	-	-	-	-	-	-	-	1,453,356
Total operating expenses	<u>913,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,643</u>	<u>-</u>	<u>-</u>	<u>11,312,225</u>
Operating income	<u>(913,567)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,685</u>	<u>-</u>	<u>-</u>	<u>4,481,544</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Interest and investment revenue	15,623	1,694	227	6,495	690	2,126	641	127,428
Miscellaneous revenue	113,838	-	-	264,753	-	-	-	683,408
Gain on capital asset disposal	-	-	-	-	-	-	-	121,602
Capital grants	-	-	-	-	-	-	-	94
Interest expense	-	-	-	-	-	-	-	(1,064,623)
Total non-operating revenue (expenses)	<u>129,461</u>	<u>1,694</u>	<u>227</u>	<u>271,248</u>	<u>690</u>	<u>2,126</u>	<u>641</u>	<u>(132,091)</u>
Income before transfers	<u>(784,106)</u>	<u>1,694</u>	<u>227</u>	<u>271,248</u>	<u>48,375</u>	<u>2,126</u>	<u>641</u>	<u>4,349,453</u>
Transfers in	1,066,308	-	-	-	-	1,621,200	50,000	16,145,272
Transfers out	-	-	-	-	-	(1,600,262)	-	(14,245,770)
Change in net position	<u>282,202</u>	<u>1,694</u>	<u>227</u>	<u>271,248</u>	<u>48,375</u>	<u>23,064</u>	<u>50,641</u>	<u>6,248,955</u>
Total net position, beginning	4,854,746	528,821	70,757	1,936,632	187,322	710,843	155,107	61,554,824
Total net position - ending	<u>\$ 5,136,948</u>	<u>\$ 530,515</u>	<u>\$ 70,984</u>	<u>\$ 2,207,880</u>	<u>\$ 235,697</u>	<u>\$ 733,907</u>	<u>\$ 205,748</u>	<u>\$ 67,803,779</u>

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

**Schedules of Expenditures of Federal and State Awards – Year Ended June 30, 2021**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal AL Number	Agency or Pass Thru Number	Program or Award Amount	Federal Expenditures
<b>FEDERAL ASSISTANCE:</b>				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through District Attorney's Council:				
2020 Justice Assistance Grant	16.607	2020-BU-BX-2002-4294	2,217	381
2019 Justice Assistance Grant	16.607	2019-BU-BX-1909	2,199	1,592
Total U.S. Department of Justice			4,416	1,973
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Federal Aviation Administration - NPE Grant - Terminal Apron II	20.106	3-40-0001-017-2020	199,000	190,516
Federal Aviation Administration - ADH - FAA Cares Act	20.106	3-40-0001-018-2020	30,000	4,396
Total U.S. Department of Transportation			229,000	194,912
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Passed through the Oklahoma Office of Management and Enterprise Services:				
CARES Act	21.019	N/A	1,328,478	1,293,226
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Office of Homeland Security:				
Oklahoma CARES PPE Reimbursement	97.042	ND FEMA DR 2020S-EMPG PW	13,888	11,237
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>				
Passed through Oklahoma Department of Libraries:				
Digital Inclusion Grant	45.310	N/A	8,140	8,140
Health Literacy 19	45.310	N/A	4,000	370
Health Literacy 20	45.310	N/A	4,000	3,250
Health Literacy 21	45.310	N/A	5,725	4,068
LSTA Technology Grant	45.310	N/A	840	840
Total Institute of Museum and Library Services			22,705	16,668
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce:				
CDBG - Wintersmith Park Sidewalks	14.228	17977 CDBG 20	152,222	11,163
CDBG - COVID Response Project	14.228	18109 CDBGCR 20	357,667	22,113
CDBG Parking Lot/Splash Pad	14.228	17566 CDBG 19	163,017	163,017
Total U.S. Department of Housing and Urban Development			672,906	196,293
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 2,271,393</b>	<b>\$ 1,714,309</b>

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

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
<b>STATE AWARDS:</b>			
OKLAHOMA DEPARTMENT OF LIBRARIES:			
FY20 State Aid	N/A	13,496	2,557
FY21 State Aid	N/A	12,972	12,972
Let's Talk About It, OK	Y21.004	1,000	1,000
Let's Talk About It, OK	Y20.019	1,000	450
Total Oklahoma Department of Libraries		28,468	16,979
OKLAHOMA ART COUNCIL:			
Cultural Industry Relief Grant	N/A	1,875	1,875
OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT:			
911 Mgmt Authority-911 Call System	ND FEMA DR 911-2019 PW 806205	52,581	49,302
911 Mgmt Authority-911 Radio Equipment	FEMA DR 911-2020 PW 182114	28,074	1,017
Total U.S Department of Homeland Security		80,655	50,319
<b>TOTAL STATE AWARDS</b>		<b>\$110,998</b>	<b>\$69,173</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.
2. Of the federal expenditures presented in the Schedule, the City of Ada had no subrecipients that were provided federal awards.
3. The City of Ada does not have an indirect cost rate and has elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance during the year ended June 30, 2021.

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

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**SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION**



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

Honorable Mayor and City Council  
City of Ada, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 12, 2022. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
January 12, 2022



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

Honorable Mayor and City Council  
City of Ada, Oklahoma

**Report on Compliance for Each Major Federal Program**

We have audited the City of Ada, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

(Continued)

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

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

(Continued)

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

**Report on Internal Control Over Compliance, Continued**

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

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
January 12, 2022

**CITY OF ADA, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*Year Ended June 30, 2021*

**SECTION I—SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

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

**Unmodified**

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

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

**Unmodified**

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

Yes  No

Identification of major federal programs:

<b>Federal AL Number</b>	<b>Name of Federal Program or Cluster</b>
<b>21.019</b>	<b>U.S. Department of the Treasury Coronavirus Relief Fund</b>

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

**\$750,000**

Auditee qualified as low-risk auditee?

Yes  No

**CITY OF ADA, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

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*Year Ended June 30, 2021*

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**SECTION II—FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

**CITY OF ADA, OKLAHOMA**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

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*Year Ended June 30, 2021*

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There were no prior year audit findings.