



Certified Public Accountants

CITY OF PONCA CITY, OKLAHOMA

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

CITY OF PONCA CITY, OKLAHOMA
FINANCIAL STATEMENTS
Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
List of Principal Officials	i
FINANCIAL SECTION:	
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12 - 13
Statement of Activities	14 - 15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20 - 21
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	22 - 23
Statement of Cash Flows – Proprietary Funds	24 - 25
Statement of Fiduciary Net Position – Pension Trust Fund	26
Statement of Changes in Fiduciary Net Position – Pension Trust Fund	27
Notes to Basic Financial Statements	28 - 79
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	80 - 81
Notes to Budgetary Comparison Schedule	82
Schedule of the City's Proportionate Share of the Collective Net Pension Liability - Oklahoma Firefighters Pension & Retirement System	83
Schedule of the City's Contributions – Oklahoma Firefighters Pension & Retirement System	84
Schedule of the City's Proportionate Share of the Collective Net Pension Liability (Asset) – Oklahoma Police Pension & Retirement System	85
Schedule of the City's Contributions – Oklahoma Police Pension & Retirement System	86
Schedule of Changes in Net Pension Liability (Asset) – Ponca City Employees Retirement System	87

CITY OF PONCA CITY, OKLAHOMA
FINANCIAL STATEMENTS
Year Ended June 30, 2023

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Schedule of Employer Contributions – Ponca City Employees Retirement System	88
Schedule of Money-Weighted Investment Returns – Ponca City Employees Retirement System	89
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios	90
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	91 - 92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	93 - 94
Combining Statement of Net Position – Nonmajor Proprietary Funds	95
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Proprietary Funds	96
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	97
Combining Statement of Net Position – Internal Service Funds	98
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	99
Combining Statement of Cash Flows – Internal Service Funds	100
Schedule of Note Debt Service Coverage	101
OTHER:	
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 <i>Government Auditing Standards</i>	102 - 103

CITY OF PONCA CITY, OKLAHOMA
LIST OF PRINCIPAL OFFICIALS
June 30, 2023

City Commission

Homer Nicholson, Mayor

Lanita Chapman

Paul Taylor

Shasta Scott

Robert Bodick

Kelsey Wagner

Garrett Bowers

Finance Director

John Gonsalves



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Commission
City of Ponca City, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ponca City, Oklahoma (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Ponca City Development Authority (the PCDA) discretely presented component unit as June 30, 2023, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the PCDA, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the City implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

An Independently Owned Member, RSM US Alliance

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules and statements listed under supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

BT + Co., P.A.

December 5, 2023
Topeka, Kansas

CITY OF PONCA CITY, OKLAHOMA
Management's Discussion and Analysis
June 30, 2023

Our discussion and analysis of the *City of Ponca City, Oklahoma's* financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$225,548,969 for the fiscal year ended June 30, 2023.
- Total net position is comprised of the following:
 - The net investment in capital assets was \$160,308,783.
 - A net position of \$19,072,990 is restricted by constraints imposed from outside the City, such as debt covenants, grantors, laws or regulations.
 - An unrestricted net position of \$46,167,196 represents the portion available to maintain the City's continuing obligations to citizens, creditors and employees.
- The General Fund maintained its committed fund balance for operating reserve at \$3.0M during the fiscal year.
- Sales and use tax revenue in the General Fund derived from a 2% rate to provide basic services totaled \$11,011,455, an increase of 10.2% from the prior year.
- The City and Ponca City Utility Authority decreased their capital debt and refundable grant obligations by \$4,536,215 during the year ended June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the *City of Ponca City* (the "City") and its component units using the integrated approach as prescribed by GASB Statement No. 34 & 61. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, along with a discretely-presented component unit. The government-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. These statements include all assets of the City, including infrastructure capital assets, as well as all liabilities, including all long-term debt.

CITY OF PONCA CITY, OKLAHOMA
Management’s Discussion and Analysis
June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City’s finances is, “Has the City’s overall financial condition improved, declined or remained steady over the past year?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities 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.

These two government-wide statements report the City’s net position and changes in it from the prior year. You can think of the City’s net position – the difference between assets and liabilities – as one way to measure the City’s financial position. Over time, increases or decreases in the City’s net position is one indicator of whether its financial health is improving, deteriorating or remaining steady. However, you must consider other 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 and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, and throughout the report we divide the City into three kinds 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 charges a fee to customers to help cover all or most of the cost of certain services it provides. The City’s electric, water, wastewater, solid waste, stormwater, broadband, Marland estate, recreation center, airport and golf course activities are reported here.
- Discretely-presented component units – This accounts for activities of the City’s reporting entity that do not meet the criteria for blending, specifically for the Ponca City Development Authority (PCDA).

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. 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.

CITY OF PONCA CITY, OKLAHOMA
Management's Discussion and Analysis
June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future. The differences between governmental fund financial statements and government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

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. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

Fiduciary funds – When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or other parties, such as the Pension Trust Fund, these balances and activities are reported in fiduciary funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We excluded these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$225,548,969 at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. For Fiscal 2023, this investment in capital assets, net of related debt amounted to \$160,308,783. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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.

CITY OF PONCA CITY, OKLAHOMA
Management's Discussion and Analysis
June 30, 2023

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Net Position (continued)

	NET POSITION (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Current assets	\$ 40,630	\$ 42,765	\$ 64,989	\$ 48,890	\$ 105,619	\$ 91,655
Capital assets, net	43,356	47,044	131,744	147,537	175,100	194,581
Other non-current assets	4,928	668	13,538	10,966	18,466	11,634
Total assets	<u>88,914</u>	<u>90,477</u>	<u>210,271</u>	<u>207,393</u>	<u>299,185</u>	<u>297,870</u>
Deferred outflows of resources	4,080	9,690	373	4,382	4,453	14,072
Current liabilities	4,431	5,513	13,650	11,929	18,081	17,442
Non-current liabilities	9,801	23,366	35,282	35,656	45,083	59,022
Total liabilities	<u>14,232</u>	<u>28,879</u>	<u>48,932</u>	<u>47,585</u>	<u>63,164</u>	<u>76,464</u>
Deferred inflows of resources	12,247	613	12,401	9,317	24,648	9,930
Net position						
Net investment in capital assets	43,356	46,094	93,455	114,214	136,811	160,308
Restricted	13,108	13,617	19,749	5,456	32,857	19,073
Unrestricted	10,051	10,964	36,107	35,204	46,158	46,168
Total net position	<u>\$ 66,515</u>	<u>\$ 70,675</u>	<u>\$ 149,311</u>	<u>\$ 154,874</u>	<u>\$ 215,826</u>	<u>\$ 225,549</u>

Another major portion of the City's net position, \$19,072,990, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$46,167,196, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

CITY OF PONCA CITY, OKLAHOMA
Management's Discussion and Analysis
June 30, 2023

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Changes in Net Position (continued)

For the year ended June 30, 2023, net position of the primary government changed as follows:

	CHANGES IN NET POSITION (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Revenues						
Program revenues	\$ 6,202	\$ 9,682	\$ 68,128	\$ 69,666	\$ 74,330	\$ 79,348
Taxes and other general revenues	21,036	22,341	270	1,100	21,306	23,441
Total revenues	<u>27,238</u>	<u>32,023</u>	<u>68,398</u>	<u>70,766</u>	<u>95,636</u>	<u>102,789</u>
Expenses						
General government	3,374	3,673	-	-	3,374	3,673
Public safety	12,173	16,781	-	-	12,173	16,781
Streets and highways	3,597	3,980	-	-	3,597	3,980
Culture, parks and recreation	4,151	4,902	-	-	4,151	4,902
Community development	1,087	2,026	-	-	1,087	2,026
Economic development	2,468	2,552	-	-	2,468	2,552
Interest on long-term debt	91	94	-	-	91	94
Utility authority	-	-	48,290	53,050	48,290	53,050
Airport	-	-	2,244	2,416	2,244	2,416
RecPlex	-	-	900	1,074	900	1,074
Golf Course	-	-	1,730	1,917	1,730	1,917
Marland Estate	-	-	555	602	555	602
Total expenses	<u>26,941</u>	<u>34,008</u>	<u>53,719</u>	<u>59,059</u>	<u>80,660</u>	<u>93,067</u>
Excess (deficiency) before transfers	297	(1,985)	14,679	11,707	14,976	9,722
Transfers	5,452	6,145	(5,452)	(6,145)	-	-
Increase (decrease) in net position	<u>\$ 5,749</u>	<u>\$ 4,160</u>	<u>\$ 9,227</u>	<u>\$ 5,562</u>	<u>\$ 14,976</u>	<u>\$ 9,722</u>

The City's governmental activities' increase in net position of \$4,159,794 plus the business-type activities' increase in net position of \$5,562,572 combined represent an increase of \$9,722,366, or 4.5% increase. The results indicate the City as a whole experienced an increase in its financial condition from the prior year.

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, Expenses 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 restricted for a specific purpose.

CITY OF PONCA CITY, OKLAHOMA
Management's Discussion and Analysis
June 30, 2023

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Governmental Activities (continued)

For the year ended June 30, 2023 total expenses for governmental activities amounted to \$34,007,552. Of these total expenses, taxes, other general revenues, and transfers funded \$24,325,454. Operating and Capital Grants and Contributions funded \$6,135,418. A total of \$3,546,680 was received from charges for services.

NET REVENUE (EXPENSE) OF GOVERNMENTAL ACTIVITIES (in 000's)

	Total Expense of Services		Net Revenue (Expense) of Services	
	2022	2023	2022	2023
	General government	\$ 3,374	\$ 3,673	\$ (2,671)
Public safety	12,173	16,781	(7,415)	(8,883)
Streets and highways	3,597	3,980	(3,597)	(3,980)
Culture, parks and recreation	4,151	4,902	(3,680)	(4,492)
Community development	1,087	2,026	(817)	(1,623)
Payment to PCDA	2,468	2,552	(2,468)	(2,552)
Interest on long-term debt	91	94	(91)	(94)
Total	<u>\$ 26,941</u>	<u>\$ 34,008</u>	<u>\$ (20,739)</u>	<u>\$ (24,325)</u>

Business-type Activities

In reviewing the business-type activities net (expenses)/revenue, the following highlights should be noted:

- Total business-type activities reported an increase in net position of 5,562,572 for the year ended June 30, 2023.
- All non-utility Proprietary Funds reported a net loss for the year ended June 30, 2023, including the RecPlex (\$968,882), a combined Marland Estate/Wentz Golf Course (\$788,533), and Airport (\$1,219,924). These results include the non-cash depreciation expense, and do not include budgeted cash transfer revenue subsidies from the General Fund.

General Fund Budgetary Highlights

Over the course of the year, the City Commission revised the General Fund budget at various times. The revised budget included an increase in the overall revenue projections of \$853,535 or 3.30%, and an increase in appropriations of \$996,815 or 3.4%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$194,581,787 invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water lines, and sewer lines. (See table below.) This represents a net increase of \$19,291,916 or 11% over the previous year.

CITY OF PONCA CITY, OKLAHOMA
Management's Discussion and Analysis
June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

	CAPITAL ASSETS (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Land	\$ 1,064	\$ 1,069	\$ 2,320	\$ 2,320	\$ 3,384	\$ 3,389
Water storage	-	-	-	3,546	-	3,546
Buildings	6,278	6,036	28,700	27,382	34,978	33,418
Improvements	32,045	34,661	74,329	72,784	106,374	107,445
Machinery & equipment	3,333	3,665	5,799	6,581	9,132	10,246
Construction-in-progress	636	618	20,596	34,202	21,232	34,820
Leased assets	-	-	190	431	190	431
Subscription assets	-	995	-	292	-	1,287
Total	<u>\$ 43,356</u>	<u>\$ 47,044</u>	<u>\$ 131,934</u>	<u>\$ 147,538</u>	<u>\$ 175,290</u>	<u>\$ 194,582</u>

Long-term Debt

At year-end on June 30, 2023, the City had \$36,545,928 in long-term debt outstanding which represents a decrease of \$4,536,215 from the prior year. The City's changes in long-term debt by type of debt are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Accrued compensated absences	\$ 1,131,560	\$ 1,126,266	\$ 499,760	\$ 521,156	\$ 1,631,320	\$ 1,647,422
Judgments payable	754,325	535,796	-	-	754,325	535,796
Revenue bonds payable	-	-	35,760,000	30,441,000	35,760,000	30,441,000
Notes payable	-	-	2,503,265	2,203,495	2,503,265	2,203,495
Capital lease payable	-	-	25,326	-	25,326	-
Lease obligation payable	-	-	189,742	418,800	189,742	418,800
Subscription liability	-	949,897	-	259,812	-	1,209,709
Use tax recoupment liability	218,165	89,706	-	-	218,165	89,706
Total	<u>\$ 2,104,050</u>	<u>\$ 2,701,665</u>	<u>\$ 38,978,093</u>	<u>\$ 33,844,263</u>	<u>\$ 41,082,143</u>	<u>\$ 36,545,928</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic factors always play a key role in developing the City's budget. The economic downturn experienced in The Great Recession saw sales tax collections decrease in Fiscal 2009 by 2.2% and again in Fiscal 2010 by another 5.1%. A strong recovery began in Fiscal 2011, where sales tax collections increased by 5.2% over the prior year, and the recovery continued through Fiscal 2012 where sales tax collections increased by 7.9% from 2011. In Fiscal 2013 sales tax collections mellowed to an increase of 0.14% and an increase was realized in Fiscal 2014 of 4.3% and Fiscal 2015 of 1.0% over the previous years. The decline of oil prices affected the local economy in Fiscal 2016, where a decrease of 5.2% was realized, followed by a decrease of 0.7% in Fiscal 2017 when the contraction bottomed during the third quarter of the fiscal year. Fiscal 2018 saw sales tax rebound, with an increase of 6.3% over the prior year, and Fiscal 2019 contracted again, with a decrease of 4.0% over Fiscal 2018. Fiscal 2020 saw sales tax rebound with an increase of 1.86% over Fiscal 2019.

CITY OF PONCA CITY, OKLAHOMA
Management's Discussion and Analysis
June 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)

The Fiscal 2023-24 Budget was created with a primary emphasis on sustainability, as well as continued emphasis on performance measurement in City departments. This type of attention to cost versus community benefit of City services, including how we compare with peer cities and are measured by our users, will help guide operations to a more efficient and effective use of public funds.

The employee base of the City included 404 full-time positions for Fiscal 2024. While continued efforts for efficiency are likely, no layoffs or additions are planned for the coming year.

Capital spending for Fiscal 2024 is budgeted at \$14,820,058, a decrease of 2.3% from the prior year. Visible projects for the year include four vehicles for the Police Department, a Pumper Apparatus for the Fire Department, a 5-yard dump truck for the Street Department, and a 30' x 96' Greenhouse for the Park Department. The Ponca City Utility Authority will see sewer replacement projects totaling \$3.8m and other drainage improvements. Staff was happy to recommend, and have approved, a five percent rate increase for water, a 3% increase in electric, wastewater and refuse, and a \$.25 increase for stormwater.

Ponca City continued to serve as a regional shopping area. Other signs of progress include major investment in the Ponca City Regional Medical Center in facilities and staff as well as recent retail expansion. Additions like these to our community are vital to the local economy and critical to the long-term health and welfare of Ponca City.

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 Finance Director's Office at 516 E. Grand Avenue, Ponca City, Oklahoma 74602 or phone at (580) 767-0303.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ponca City Development Authority
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 38,383,419	\$ 15,508,867	\$ 53,892,286	\$ 6,835,657
Investments	1,790,712	9,330,803	11,121,515	-
Restricted assets:				
Cash and cash equivalents	-	5,455,636	5,455,636	-
Investments	-	669,202	669,202	-
Receivables:				
Accounts receivable, net of allowance	800,602	7,432,029	8,232,631	20,446
Other receivables, net of allowance	593,218	264,865	858,083	77,817
Leases receivable	-	858,771	858,771	-
Due from other governments	2,121,257	8,500	2,129,757	216,053
Prepaid items	24,893	53,695	78,588	20,178
Internal balance	(1,193,899)	1,193,899	-	-
Inventory	244,390	8,113,345	8,357,735	-
Total current assets	<u>42,764,592</u>	<u>48,889,612</u>	<u>91,654,204</u>	<u>7,170,151</u>
Non-current assets:				
Restricted assets:				
Cash and cash equivalents	-	-	-	36,537
Investment in joint venture	-	2,186,409	2,186,409	-
Receivables:				
Leases receivable	-	8,779,983	8,779,983	-
Capital assets:				
Non-depreciable	1,686,819	40,067,295	41,754,114	4,663,099
Depreciable, net of depreciation	45,357,469	107,470,204	152,827,673	9,629,236
Net pension asset	668,331	-	668,331	-
Total non-current assets	<u>47,712,619</u>	<u>158,503,891</u>	<u>206,216,510</u>	<u>14,328,872</u>
Total assets	<u>90,477,211</u>	<u>207,393,503</u>	<u>297,870,714</u>	<u>21,499,023</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	\$ 9,690,372	\$ 4,382,234	\$ 14,072,606	\$ -

(Continued)

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF NET POSITION
(Continued)
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ponca City Development Authority
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,954,250	\$ 4,993,814	\$ 6,948,064	\$ 173,323
Accrued interest payable	18,319	285,919	304,238	-
Unearned revenues	2,630,211	443	2,630,654	-
Meter deposit liability	-	669,202	669,202	-
Non-current liabilities - due within one year:				
Judgments payable	358,539	-	358,539	-
Notes payable	-	309,016	309,016	-
Revenue bonds payable	-	5,412,000	5,412,000	-
Use tax recoupment obligation	89,706	-	89,706	-
Estimated liability for claims	217,911	-	217,911	-
Lease obligation payable	-	94,611	94,611	-
Subscription liability	131,765	112,364	244,129	-
Accrued compensated absences	112,626	52,116	164,742	5,908
Total current liabilities	5,513,327	11,929,485	17,442,812	179,231
Non-current liabilities - due in more than one year:				
Judgments payable	177,257	-	177,257	-
Notes payable	-	1,894,479	1,894,479	-
Revenue bonds payable	-	25,029,000	25,029,000	-
Estimated liability for claims	589,578	-	589,578	-
Lease obligation payable	-	324,189	324,189	-
Subscription liability	818,132	147,448	965,580	-
Accrued compensated absences	1,013,640	469,040	1,482,680	53,176
Net pension liability	20,621,222	5,539,115	26,160,337	-
Total OPEB liability	146,042	158,213	304,255	-
Landfill closure/post-closure liability	-	2,094,103	2,094,103	-
Security deposits	-	-	-	36,537
Total non-current liabilities	23,365,871	35,655,587	59,021,458	89,713
Total liabilities	28,879,198	47,585,072	76,464,270	268,944
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	613,232	143,756	756,988	-
Deferred amounts related to leases	-	9,173,093	9,173,093	-
Deferred inflows - short term lease	-	-	-	540,485
Total deferred inflows of resources	613,232	9,316,849	9,930,081	540,485
<u>NET POSITION</u>				
Net investment in capital assets	46,094,391	114,214,392	160,308,783	14,292,335
Restricted for:				
Enabling legislation	11,140,118	-	11,140,118	-
Statutory requirements	510,492	-	510,492	-
External contracts	1,966,744	-	1,966,744	-
Debt service	-	5,455,636	5,455,636	-
Unrestricted	10,963,408	35,203,788	46,167,196	6,397,259
Total net position	\$ 70,675,153	\$ 154,873,816	\$ 225,548,969	\$ 20,689,594

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Ponca City Development Authority
Primary government:								
Governmental activities:								
General government	\$ 3,673,263	-	\$ 971,683	\$ -	\$ (2,701,580)	\$ -	\$ (2,701,580)	\$ -
Public safety	16,780,680	2,853,069	5,002,486	41,944	(8,883,181)	-	(8,883,181)	-
Streets and highways	3,979,653	-	-	-	(3,979,653)	-	(3,979,653)	-
Cultural, parks and recreation	4,901,969	363,987	10,707	34,955	(4,492,320)	-	(4,492,320)	-
Community development	2,026,002	329,624	73,643	-	(1,622,735)	-	(1,622,735)	-
Payment to PCDA	2,551,767	-	-	-	(2,551,767)	-	(2,551,767)	-
Interest on long-term debt	94,218	-	-	-	(94,218)	-	(94,218)	-
Total governmental activities	<u>34,007,552</u>	<u>3,546,680</u>	<u>6,058,519</u>	<u>76,899</u>	<u>(24,325,454)</u>	<u>-</u>	<u>(24,325,454)</u>	<u>-</u>
Business-type activities:								
Electric	34,204,398	43,170,452	-	-	-	8,966,054	8,966,054	-
Broadband	1,877,955	1,694,632	-	-	-	(183,323)	(183,323)	-
Water	5,725,619	8,509,589	-	-	-	2,783,970	2,783,970	-
Solid waste	4,789,459	5,964,808	-	-	-	1,175,349	1,175,349	-
Wastewater	3,393,908	6,598,668	-	-	-	3,204,760	3,204,760	-
Stormwater	185,139	632,338	-	-	-	447,199	447,199	-
Bond accounts	1,024,920	-	-	-	-	(1,024,920)	(1,024,920)	-
Administrative costs	1,848,335	63,574	-	-	-	(1,784,761)	(1,784,761)	-
Airport	2,415,716	1,094,902	-	100,890	-	(1,219,924)	(1,219,924)	-
Golf course	1,073,882	721,517	-	-	-	(352,365)	(352,365)	-
RecPlex	1,917,395	948,513	-	-	-	(968,882)	(968,882)	-
Marland Estate	601,884	165,716	-	-	-	(436,168)	(436,168)	-
Total business-type activities	<u>59,058,610</u>	<u>69,564,709</u>	<u>-</u>	<u>100,890</u>	<u>-</u>	<u>10,606,989</u>	<u>10,606,989</u>	<u>-</u>
Total primary government	<u>\$ 93,066,162</u>	<u>\$ 73,111,389</u>	<u>\$ 6,058,519</u>	<u>\$ 177,789</u>	<u>(24,325,454)</u>	<u>10,606,989</u>	<u>(13,718,465)</u>	<u>-</u>
Component unit:								
Ponca City Development Authority	\$ 2,492,159	\$ 676,696	\$ -	\$ -				\$ (1,815,463)

(Continued)

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF ACTIVITIES
(Continued)
Year Ended June 30, 2023

	Net (Expenses) Revenues and Change in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ponca City Development Authority
General revenues and transfers:				
Taxes:				
Sales and use taxes:				
Unrestricted	\$ 10,331,849	\$ -	\$ 10,331,849	\$ -
Streets and highways	2,579,545	-	2,579,545	-
Economic development	2,579,545	-	2,579,545	2,551,767
Public safety center	4,297,523	-	4,297,523	-
Franchise and public service taxes	645,255	-	645,255	-
Hotel/motel taxes	663,616	-	663,616	-
Ad valorem taxes	446,680	-	446,680	-
Other taxes	34,351	-	34,351	-
Investment income	534,007	1,100,379	1,634,386	154,064
Miscellaneous	157,902	-	157,902	535
Gain on sale of capital assets	70,179	-	70,179	-
Transfers - internal activity	6,144,796	(6,144,796)	-	-
Total general revenues and transfers	<u>28,485,248</u>	<u>(5,044,417)</u>	<u>23,440,831</u>	<u>2,706,366</u>
Change in net position	<u>4,159,794</u>	<u>5,562,572</u>	<u>9,722,366</u>	<u>890,903</u>
Net position, beginning of year	<u>66,515,359</u>	<u>149,311,244</u>	<u>215,826,603</u>	<u>19,798,691</u>
Net position, end of year	<u>\$ 70,675,153</u>	<u>\$ 154,873,816</u>	<u>\$ 225,548,969</u>	<u>\$ 20,689,594</u>

See accompanying notes to the financial statements.

CITY OF PONCA CITY, OKLAHOMA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 10,336,096	\$ 16,706,555	\$ 27,042,651
Investments	-	1,290,712	1,290,712
Receivables:			
Accounts receivable, net	728,855	71,747	800,602
Due from other governments	860,753	1,260,504	2,121,257
Due from other funds	72	-	72
	<u>\$ 11,925,776</u>	<u>\$ 19,329,518</u>	<u>\$ 31,255,294</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,233,899	\$ 498,353	\$ 1,732,252
Unearned revenues	487,722	2,142,489	2,630,211
Due to other funds	-	72	72
	<u>1,721,621</u>	<u>2,640,914</u>	<u>4,362,535</u>
Total liabilities	<u>1,721,621</u>	<u>2,640,914</u>	<u>4,362,535</u>
Fund balances:			
Nonspendable	-	1,290,712	1,290,712
Restricted	-	12,326,642	12,326,642
Committed	3,176,882	-	3,176,882
Assigned	6,847,212	3,071,250	9,918,462
Unassigned	180,061	-	180,061
	<u>10,204,155</u>	<u>16,688,604</u>	<u>26,892,759</u>
Total fund balances	<u>10,204,155</u>	<u>16,688,604</u>	<u>26,892,759</u>
Total liabilities and fund balances	<u>\$ 11,925,776</u>	<u>\$ 19,329,518</u>	<u>\$ 31,255,294</u>

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balance, governmental funds \$ 26,892,759

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 this fund financial statements, but are reported in the governmental activities of the statement of net position. 46,957,253

Other long-term assets are not available to pay for current period expenditures.
Pension-related deferred outflows 9,512,198
Net pension asset 668,331

Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the statement of net position.

Judgments payable	(535,796)
Use tax recoupment obligation	(89,706)
Accrued interest payable	(18,319)
Subscription liability	(949,897)
Net pension liability	(20,413,064)
Total OPEB liability	(146,042)
Accrued compensated absences liability	(1,095,215)
Pension-related deferred inflows	(597,707)

Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, vehicle maintenance and other such costs, to individual funds. The assets and liabilities of certain of these internal service funds are reported in governmental activities in the statement of net position:

Net position of internal service funds and internal balance 10,490,358

Net position of governmental activities in the statement of net position \$ 70,675,153

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 11,011,455	\$ 10,566,909	\$ 21,578,364
Intergovernmental	562,883	3,494,915	4,057,798
Charges for services	3,292,234	1,460	3,293,694
Fines and forfeitures	436,023	8,354	444,377
Licenses and permits	252,986	-	252,986
Investment income	186,122	347,883	534,005
Miscellaneous	132,684	25,221	157,905
Total revenues	<u>15,874,387</u>	<u>14,444,742</u>	<u>30,319,129</u>
Expenditures:			
Current:			
General government	3,183,716	-	3,183,716
Public safety	15,023,171	70,406	15,093,577
Streets and highways	1,805,123	365,648	2,170,771
Culture, parks and recreation	3,709,272	485,413	4,194,685
Community development	-	4,256,845	4,256,845
Capital outlay	2,377,862	5,174,882	7,552,744
Debt service:			
Principal retirement	164,863	376,150	541,013
Interest and fiscal charges	466	75,433	75,899
Total expenditures	<u>26,264,473</u>	<u>10,804,777</u>	<u>37,069,250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,390,086)</u>	<u>3,639,965</u>	<u>(6,750,121)</u>
Other financing sources (uses):			
Transfers in	11,630,171	445,000	12,075,171
Transfers out	(1,705,000)	(3,827,690)	(5,532,690)
Issuance of subscriptions	1,024,529	-	1,024,529
Sale of capital assets	70,179	-	70,179
Total other financing sources (uses)	<u>11,019,879</u>	<u>(3,382,690)</u>	<u>7,637,189</u>
Net change in fund balances	629,793	257,275	887,068
Fund balances, beginning of year	<u>9,574,362</u>	<u>16,431,329</u>	<u>26,005,691</u>
Fund balances, end of year	<u>\$ 10,204,155</u>	<u>\$ 16,688,604</u>	<u>\$ 26,892,759</u>

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Net change in fund balances - total governmental funds: \$ 887,068

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation/amortization expense for the period.

Capital asset purchases capitalized	6,055,535
Capital assets transferred from business-type activities	80,344
Capital assets transferred to business-type activities	(390,129)
Depreciation and amortization expense	(3,056,347)

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:

Change in judgments payable	218,529
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Some revenues (expenses) reported in the statement of activities do not provide (require the use of) current financial resources and, therefore, are not reported as revenues (expenditures) in governmental funds:

Change in accrued compensated absences	13,025
Change in use tax recoupment obligation	128,459
Change in net pension liability	(154,609)
Change in total OPEB liability	(45,713)

Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation and health insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

423,632

Change in net position - statement of activities	\$ 4,159,794
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See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Ponca City Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds		
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 13,882,727	\$ 344,660	\$ 643,298	\$ 638,182	\$ 15,508,867	\$ 11,340,768
Investments	9,330,803	-	-	-	9,330,803	500,000
Restricted assets:						
Cash and cash equivalents	5,455,636	-	-	-	5,455,636	-
Investments	669,202	-	-	-	669,202	-
Receivables:						
Utility billing, net of allowance for uncollectible accounts	7,432,029	-	-	-	7,432,029	-
Accounts receivable - other	228,426	16,909	4,171	15,359	264,865	593,218
Leases receivable	351,697	507,074	-	-	858,771	-
Due from other governments	-	8,500	-	-	8,500	-
Prepaid items	53,695	-	-	-	53,695	24,893
Inventory	7,955,474	79,593	7,209	71,069	8,113,345	244,390
Total current assets	<u>45,359,689</u>	<u>956,736</u>	<u>654,678</u>	<u>724,610</u>	<u>47,695,713</u>	<u>12,703,269</u>
Noncurrent assets:						
Restricted assets:						
Investment in joint venture	2,186,409	-	-	-	2,186,409	-
Capital assets:						
Nondepreciable	38,577,591	836,725	170,335	482,644	40,067,295	-
Depreciable/amortizable, net of accumulated depreciation/amortization	71,200,861	15,448,531	19,966,902	853,910	107,470,204	87,035
Receivables:						
Leases receivable	8,779,983	-	-	-	8,779,983	-
Total noncurrent assets	<u>120,744,844</u>	<u>16,285,256</u>	<u>20,137,237</u>	<u>1,336,554</u>	<u>158,503,891</u>	<u>87,035</u>
Total assets	<u>166,104,533</u>	<u>17,241,992</u>	<u>20,791,915</u>	<u>2,061,164</u>	<u>206,199,604</u>	<u>12,790,304</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred amounts related to pensions	\$ 3,833,270	\$ 119,164	\$ 81,173	\$ 348,627	\$ 4,382,234	\$ 178,174

(Continued)

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental
	Ponca City	Ponca City	Ponca City	Other	Total	Internal
	Utility					
	Authority			Funds	Funds	Funds
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 4,704,110	\$ 71,099	\$ 60,341	\$ 158,264	\$ 4,993,814	\$ 221,998
Accrued interest payable	285,686	-	-	233	285,919	-
Meter deposit liability	669,202	-	-	-	669,202	-
Unearned revenue	443	-	-	-	443	-
Current portion - due within one year:						
Notes payable	309,016	-	-	-	309,016	-
Revenue bonds payable	5,412,000	-	-	-	5,412,000	-
Estimated claims liability	-	-	-	-	-	217,911
Lease obligations payable	94,611	-	-	-	94,611	-
Subscription liability	100,014	-	-	12,350	112,364	-
Accrued compensated absences	43,647	2,990	603	4,876	52,116	3,105
Total current liabilities	11,618,729	74,089	60,944	175,723	11,929,485	443,014
Noncurrent liabilities - due in more than one year:						
Notes payable, net of unamortized premium	1,894,479	-	-	-	1,894,479	-
Revenue bonds payable	25,029,000	-	-	-	25,029,000	-
Estimated claims liability	-	-	-	-	-	589,578
Lease obligations payable	324,189	-	-	-	324,189	-
Accrued compensated absences	392,812	26,913	5,430	43,885	469,040	27,946
Total OPEB liability	136,915	3,043	6,085	12,170	158,213	-
Net pension liability	4,870,403	161,101	57,388	450,223	5,539,115	208,158
Subscription liability	147,448	-	-	-	147,448	-
Landfill closure/post-closure liability	2,094,103	-	-	-	2,094,103	-
Total noncurrent liabilities	34,889,349	191,057	68,903	506,278	35,655,587	825,682
Total liabilities	46,508,078	265,146	129,847	682,001	47,585,072	1,268,696
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred amounts related to pensions	130,192	4,406	-	9,158	143,756	15,525
Deferred amounts related to leases	8,703,756	469,337	-	-	9,173,093	-
Total deferred inflows of resources	8,833,948	473,743	-	9,158	9,316,849	15,525
<u>NET POSITION</u>						
Net investment in capital assets	76,467,695	16,285,256	20,137,237	1,324,204	114,214,392	87,035
Restricted for debt service	5,455,636	-	-	-	5,455,636	-
Unrestricted	32,672,446	337,011	606,004	394,428	34,009,889	11,597,222
Total net position	\$ 114,595,777	\$ 16,622,267	\$ 20,743,241	\$ 1,718,632	153,679,917	\$ 11,684,257
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.					1,193,899	
Net position of business-type activities					\$ 154,873,816	

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental
	Ponca City				Total	Activities -
	Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Enterprise Funds	Internal Service Funds
Operating revenues:						
Charges for services:						
Electric	\$ 43,170,452	\$ -	\$ -	\$ -	\$ 43,170,452	\$ -
Broadband	1,694,632	-	-	-	1,694,632	-
Water	8,509,589	-	-	-	8,509,589	-
Solid waste	5,964,808	-	-	-	5,964,808	-
Wastewater	6,598,668	-	-	-	6,598,668	-
Stormwater	632,338	-	-	-	632,338	-
Airport	-	1,094,902	-	-	1,094,902	-
Golf course	-	-	-	721,517	721,517	-
RecPlex	-	-	948,513	-	948,513	-
Marland Estate	-	-	-	165,716	165,716	-
Other charges for services	63,574	-	-	-	63,574	7,937,560
Total operating revenues	<u>66,634,061</u>	<u>1,094,902</u>	<u>948,513</u>	<u>887,233</u>	<u>69,564,709</u>	<u>7,937,560</u>
Operating expenses:						
Electric	34,246,642	-	-	-	34,246,642	-
Broadband	1,886,878	-	-	-	1,886,878	-
Water	5,745,301	-	-	-	5,745,301	-
Solid waste	4,663,657	-	-	-	4,663,657	-
Wastewater	3,358,858	-	-	-	3,358,858	-
Stormwater	185,139	-	-	-	185,139	-
Bond accounts	470,132	-	-	-	470,132	-
Administrative	1,859,712	-	-	-	1,859,712	-
Airport	-	2,430,696	-	-	2,430,696	-
Golf course	-	-	-	1,087,974	1,087,974	-
RecPlex	-	-	1,924,237	-	1,924,237	-
Marland Estate	-	-	-	608,736	608,736	-
City garage	-	-	-	-	-	2,274,856
Insurance claims and administrative	-	-	-	-	-	4,846,455
Total operating expenses	<u>52,416,319</u>	<u>2,430,696</u>	<u>1,924,237</u>	<u>1,696,710</u>	<u>58,467,962</u>	<u>7,121,311</u>
Operating income (loss)	<u>14,217,742</u>	<u>(1,335,794)</u>	<u>(975,724)</u>	<u>(809,477)</u>	<u>11,096,747</u>	<u>816,249</u>
Non-operating revenues (expenses):						
Investment income	1,045,475	23,854	10,659	2,365	1,082,353	226,947
Income from joint venture	18,026	-	-	-	18,026	-
Intergovernmental	-	100,890	-	-	100,890	-
Miscellaneous expense	-	-	-	-	-	(295,884)
Change in estimate of post-closure costs	(213,273)	-	-	-	(213,273)	-
Gain (loss) on disposal of property	(2,444)	-	-	-	(2,444)	1,726
Interest expense and fiscal charges	(692,530)	-	-	(251)	(692,781)	-
Net non-operating revenues (expenses)	<u>155,254</u>	<u>124,744</u>	<u>10,659</u>	<u>2,114</u>	<u>292,771</u>	<u>(67,211)</u>
Income (loss) before capital contributions and transfers	<u>\$ 14,372,996</u>	<u>\$ (1,211,050)</u>	<u>\$ (965,065)</u>	<u>\$ (807,363)</u>	<u>\$ 11,389,518</u>	<u>\$ 749,038</u>

(Continued)

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
(Continued)
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental
	Ponca City				Total	Activities -
	Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Enterprise Funds	Internal Service Funds
Capital contributions and transfers:						
Capital contributions	\$ -	\$ 59,487	\$ 104,486	\$ 226,156	\$ 390,129	\$ -
Transfers from other funds	4,188,235	279,455	400,000	630,000	5,497,690	-
Transfers to other funds	(12,030,171)	-	-	-	(12,030,171)	(10,000)
Net capital contributions and transfers	<u>(7,841,936)</u>	<u>338,942</u>	<u>504,486</u>	<u>856,156</u>	<u>(6,142,352)</u>	<u>(10,000)</u>
Change in net position	6,531,060	(872,108)	(460,579)	48,793	5,247,166	739,038
Net position, beginning of year	<u>108,064,717</u>	<u>17,494,375</u>	<u>21,203,820</u>	<u>1,669,839</u>		<u>10,945,219</u>
Net position, end of year	<u>\$ 114,595,777</u>	<u>\$ 16,622,267</u>	<u>\$ 20,743,241</u>	<u>\$ 1,718,632</u>		<u>\$ 11,684,257</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.				<u>315,406</u>		
Change in net position of business-type activities				<u>\$ 5,562,572</u>		

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental
	Ponca City	Ponca City	Ponca City	Other	Total	Activities -
	Utility Authority	Airport	RecPlex	Enterprise Funds	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:						
Receipts from customers	\$ 67,786,117	\$ 1,043,627	\$ 949,177	\$ 879,106	\$ 70,658,027	\$ 8,272,735
Payments to suppliers	(37,796,904)	(886,433)	(681,784)	(563,807)	(39,928,928)	(6,263,650)
Payments to employees	(10,708,457)	(426,821)	(595,404)	(930,764)	(12,661,446)	(716,398)
Net cash flows from operating activities	19,280,756	(269,627)	(328,011)	(615,465)	18,067,653	1,292,687
Cash flows from noncapital financing activities:						
Miscellaneous cash payments	-	(327,157)	-	-	(327,157)	(295,884)
Transfers from other funds	4,188,235	279,455	400,000	630,000	5,497,690	-
Transfers to other funds	(12,030,171)	-	-	-	(12,030,171)	(10,000)
Net cash flows from noncapital financing activities	(7,841,936)	(47,702)	400,000	630,000	(6,859,638)	(305,884)
Cash flows from capital and related financing activities:						
Capital grants	-	428,312	-	-	428,312	-
Purchase of capital assets	(19,429,966)	(109,879)	(20,722)	-	(19,560,567)	(46,606)
Purchase of lease assets	(100)	-	-	-	(100)	-
Purchase of subscription assets	(28,035)	-	-	-	(28,035)	-
Proceeds from the sale of capital assets	77,900	-	-	-	77,900	1,726
Principal paid or retired on capital debt	(5,618,770)	-	-	-	(5,618,770)	-
Principal paid of note payable - finance purchase	(25,326)	-	-	-	(25,326)	-
Interest paid on capital debt	(735,819)	-	-	(18)	(735,837)	-
Principal paid on lease obligations	(74,850)	-	-	-	(74,850)	-
Contributions to joint venture	(1,000)	-	-	-	(1,000)	-
Purchase of intangible assets	(3,545,744)	-	-	-	(3,545,744)	-
Principal paid on subscription liability	(133,134)	-	-	(12,583)	(145,717)	-
Proceeds from lease obligations	331,446	36,895	-	-	368,341	-
Net cash flows from capital and related financing activities	(29,183,398)	355,328	(20,722)	(12,601)	(28,861,393)	(44,880)
Cash flows from investing activities:						
Purchase of investments	(5,500,000)	-	-	-	(5,500,000)	-
Interest and dividends	992,013	23,854	10,659	2,365	1,028,891	226,947
Net cash flows from investing activities	(4,507,987)	23,854	10,659	2,365	(4,471,109)	226,947
Net increase (decrease) in cash and cash equivalents	(22,252,565)	61,853	61,926	4,299	(22,124,487)	1,168,870
Cash and cash equivalents, beginning of year	41,590,928	282,807	581,372	633,883	43,088,990	10,171,898
Cash and cash equivalents, end of year	\$ 19,338,363	\$ 344,660	\$ 643,298	\$ 638,182	\$ 20,964,503	\$ 11,340,768

(Continued)

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental
	Ponca City				Total	Activities -
	Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Enterprise Funds	Internal Service Funds
Reconciliation to statement of net position:						
Cash and cash equivalents	\$ 13,882,727	\$ 344,660	\$ 643,298	\$ 638,182	\$ 15,508,867	\$ 11,340,768
Current restricted cash and cash equivalents	5,455,636	-	-	-	5,455,636	-
Total cash and cash equivalents, end of year	<u>\$ 19,338,363</u>	<u>\$ 344,660</u>	<u>\$ 643,298</u>	<u>\$ 638,182</u>	<u>\$ 20,964,503</u>	<u>\$ 11,340,768</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 14,217,742	\$ (1,335,794)	\$ (975,724)	\$ (809,477)	\$ 11,096,747	\$ 816,249
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation and amortization expense	6,753,717	1,027,194	634,330	134,640	8,549,883	16,096
Change in assets and liabilities:						
(Increase) decrease in receivables, net	1,610,402	(13,718)	664	(8,127)	1,589,221	335,175
(Increase) decrease in lease receivables and related deferrals	(497,357)	(37,557)	-	-	(534,914)	-
(Increase) decrease in prepaids	57,668	-	-	570	58,238	(955)
(Increase) decrease in inventories	(1,371,793)	33,830	(4,073)	(12,645)	(1,354,681)	34,275
(Increase) decrease in net pension asset	6,306,259	32,011	57,163	115,340	6,510,773	74,692
(Increase) decrease in deferred outflows - pension	(3,505,694)	(107,352)	(81,909)	(314,493)	(4,009,448)	(162,893)
Increase (decrease) in accounts and other payables	(2,028,424)	38,230	(342)	25,162	(1,965,374)	64,812
Increase (decrease) in claims payable	-	-	-	-	-	(1,425)
Increase (decrease) in customer meter deposit liability	38,566	-	-	-	38,566	-
Increase (decrease) in accrued compensated absences	5,029	3,490	2,632	10,245	21,396	7,731
Increase (decrease) in net pension liability	-	161,101	57,388	450,223	668,712	208,158
Increase (decrease) in total OPEB liability	48,626	1,036	4,078	4,144	57,884	-
Increase (decrease) in unearned revenue	443	-	-	-	443	-
Increase (decrease) in deferred inflows - pension	(2,354,428)	(72,098)	(22,218)	(211,047)	(2,659,791)	(99,228)
Net cash flows from operating activities	<u>\$ 19,280,756</u>	<u>\$ (269,627)</u>	<u>\$ (328,011)</u>	<u>\$ (615,465)</u>	<u>\$ 18,067,655</u>	<u>\$ 1,292,687</u>
Noncash investing, capital, and financing activities:						
Capital asset contributions	\$ -	\$ 59,487	\$ 104,486	\$ 226,156	\$ 390,129	\$ -
Net income (loss) in joint venture	18,026	-	-	-	18,026	-
Change in landfill closure/post-closure liability	159,811	-	-	-	159,811	-
Right-to-use assets acquired through lease obligations	304,008	-	-	-	304,008	-
Right-to-use assets acquired through subscription obligations	380,596	-	-	-	380,596	-

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
June 30, 2023

ASSETS

Restricted investments at fair value:	
Guaranteed interest account	\$ 4,056,118
Pooled separate accounts	<u>30,635,646</u>
Total restricted investments	<u>\$ 34,691,764</u>

NET POSITION

Restricted for pension benefits	<u>\$ 34,691,764</u>
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See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
Year Ended June 30, 2023

Additions:	
Employer contributions	\$ 1,035,552
Investment income	3,773,941
	4,809,493
Deductions:	
Benefits paid to participants or beneficiaries	1,715,664
Administrative expense	4,500
	1,720,164
Change in net position	3,089,329
Net position restricted for pension, beginning of year	31,602,435
	34,691,764
Net position restricted for pension, end of year	\$ 34,691,764

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

1 - Summary of Significant Accounting Policies

The City of Ponca City, Oklahoma’s (the City) accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. Financial Reporting Entity

The City’s financial reporting entity comprises the following:

Primary Government:	The City of Ponca City
Blended Component Units:	Ponca City Utility Authority Ponca City Municipal Authority Ponca City Public Works Authority
Discretely Presented Component Unit:	Ponca City Development Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, *The Financial Reporting Entity*, and includes all component units of which the City is fiscally 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 the City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Commission to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority-generated resources. 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.

Blended Component Units

Blended component units are separate legal entities that meet the GASB Statement No. 61 component unit criteria and whose governing body is the same or substantially the same as the City Commission, or the component unit provides services entirely to the City. These component units’ funds are blended into the City’s by appropriate fund type to comprise part of the primary government presentation.

Component units blended into the primary government’s fund types are presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>
Ponca City Utility Authority (PCUA)	Created March 23, 1970, to finance, develop and operate the electric, water, wastewater, stormwater and solid waste facilities. The current City Commission serves as the governing body (Trustees) of the PCUA. The City is

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

able to impose its will on the PCUA because, by state law, all PCUA issuances of debt require a two-thirds approval of the City Commission. The PCUA fund is reported as an enterprise fund within the primary government presentation. The City issues a separate report on only the PCUA.

Ponca City Municipal Authority (PCMA)	Established January 24, 1966, to collect and account for sewer connection fees on certain dedicated sewer lines. The current City Commission serves as the governing body (Trustees) of the PCMA. The Authority is presently inactive.
Ponca City Public Works Authority (PCPWA)	Established October 12, 1959, to collect and account for sewer connection fees on certain dedicated sewer lines. The current City Commission serves as the governing body (Trustees) of the PCPWA. The Authority is presently inactive.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the GASB Statement No. 61 component unit criteria but do not meet the criteria for blending. The City has one component unit that is discretely presented in the City's report as presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>
Ponca City Development Authority (PCDA)	Created August 4, 1969, to promote and encourage the development of the agricultural, commercial, health care and industrial resources in the City. The Authority provides financing to businesses for the purpose of acquiring facilities and developing services in or near the City. The PCDA Board of Trustees is separate from the Mayor and City Commission. The PCDA is financially dependent on the City. The City maintains a beneficial interest in the PCDA. Their separately issued financial statements may be obtained at 400 E. Central Avenue, Suite 200, Ponca City OK 74601.

Joint Venture

The City is a participant with other local Oklahoma governments in the Association for Landfill Financial Assurance (ALFA) to fund landfill closure and post-closure care costs (see Note 6). ALFA is a not-for-profit Oklahoma corporation authorized by state law and approved by the Oklahoma Department of Environmental Quality as a financial assurance mechanism for landfill closure and post-closure care costs on behalf of each ALFA participant. ALFA's board of directors consists of one representative from each government. Financial statements for ALFA for the year ended June 30, 2023 may be obtained from its administrative offices at 100 E Street, Suite 200, Ardmore, OK 73401.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Basis of Presentation and Accounting

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.
- c. A fund not meeting the criteria of (a) and (b), except that management has elected to report the fund as a major fund due to its significance to users of the financial statements.

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described as follows:

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental Funds/Governmental Fund Types

General Fund

The General Fund is the primary fund of the City, which accounts for all financial transactions except for those accounted for in other funds and certain Public Trust activities that require separate accountability for services rendered.

The City reports the General Fund as a major governmental fund and, therefore, it is displayed in a separate column.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

- Nonmajor funds:
 - Special Projects Fund
 - Street and Alley Fund
 - Hotel/Motel Tax Fund
 - Community Development Fund
 - Library Grant Fund
 - Library State Aid Fund
 - Miscellaneous Trust Fund
 - Economic Development Fund

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure capital outlays including the acquisition or construction of capital facilities or other capital assets. The reporting entity includes the following capital projects funds:

- Nonmajor funds:
 - Recreation Center Fund
 - Street Improvement Project Fund
 - Capital Improvement Project Fund
 - Public Safety Center Fund

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Permanent Funds

Permanent Funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes of benefiting the reporting entity. The reporting entity includes the following permanent funds:

Nonmajor funds:
Matzene Book Fund
Cann Estate Fund

Debt Service Fund

As prescribed by State Law, the Debt Service Fund receives all ad valorem taxes paid to the City for the retirement of general obligation bonded debt. Such revenues are used for the payment of principal and interest on the City's court-assessed judgments.

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 payable from current financial resources. The City defines revenue availability as collected within 30 days of the 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 accrual basis of accounting and economic resources measurement focus at the government-wide level.

Proprietary Funds/Proprietary Fund Types

Enterprise Funds

The City's Enterprise Funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Non-operating revenues and expenses of the proprietary funds include such items as investment earnings, interest expense and subsidies.

The City reports three major enterprise funds:

Ponca City Utility Authority – used to account for the operation and maintenance of the City electric, broadband, water, wastewater, stormwater, and solid waste utility services.

Ponca City Airport – used to account for the operation and maintenance of the City airport services.

Ponca City RecPlex – used to account for the operation and maintenance of the City recreation facility.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Nonmajor enterprise funds include:

Marland Estate
Lew Wentz Golf Course

Internal Service Funds

The City's Internal Service Funds are used to account for the financing of services provided by one department to other departments of the City. Internal service funds are included in governmental activities in government-wide statements.

Internal service funds include:

City Garage Fund
Insurance Imprest Fund

For purposes of the statement of revenues, expenses and changes in 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.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity. The City reports the Pension Trust Fund as a fiduciary fund, which is used to account for the net position and changes therein of the City Employee Retirement System.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *how* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-type activities are presented using the "economic resources" measurement focus as defined in item b below.

In the fund financial statements, the "*current financial resources*" measurement focus or the "*economic resources*" measurement focus is used as appropriate:

- a. All governmental funds utilize a "*current financial resources*" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. The funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

- b. The proprietary funds utilize an “*economic resources*” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. The fiduciary fund utilizes an “*economic resources*” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fiduciary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City has defined “available” as collected within 30 days. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financing sources.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses when the liability is incurred or economic asset used.

D. Assets, Liabilities and Net Position

Cash and Cash Equivalents

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, money market investment in trust accounts, certificates of deposit and short-term investments with an original maturity of 12 months or less. Investments in open-end mutual fund shares are also considered cash equivalents and are reported at the funds’ current share prices.

Investments

Investments are carried at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value as estimated by a broker/dealer. Investments of the pension trust fund

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

are also carried at fair value. Securities of the pension trust fund traded on a national or international exchange are valued at the last reported sales price at current exchange rates. All nonnegotiable long-term certificates of deposit are carried at cost.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based on historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales tax, franchise tax, grants, police fines, and ambulance fees. Business-type activities report utilities as major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 30 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility account receivable comprises the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventory

Inventories for the Enterprise Funds are capitalized at cost and charged to expense on the first-in, first-out, and average cost basis. Inventories for the General Fund and all other funds are insignificant and purchases of such items are expensed.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to revenue bond and promissory note trustee accounts restricted for the debt service and utility meter deposits held for refund. The investment in joint venture is restricted for landfill closure and post-closure care costs.

Capital Assets and Depreciation

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are tangible and intangible assets, which include property, plant and equipment. The City's capitalization threshold is \$ 5,000. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation. Street infrastructure assets acquired prior to July 1, 2003 and bridges acquired prior to July 1, 2004, are reported at estimated historical cost using

CITY OF PONCA CITY, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized.

The City acquired water storage space in 2023 for \$3,545,744 which is reported in the PCUA fund and business-type activities column in the government-wide financial statements as a capital asset. The water storage space acquired is considered to have an indefinite life. As a result, no amortization will be taken on the space rights.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation/amortization reflected in the Statement of Net Position. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of assets is as follows:

Primary government:	
Buildings	50 years
Other improvements	25 years
Infrastructure	15-50 years
Equipment and vehicles	3-25 years
Right-to-use leased equipment	5 years
Right-to-use leased building	5 years
Right-to-use subscription assets	1-5 years
Ponca City Development Authority:	
Buildings	40 years
Office furniture	7 years
Office equipment	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Leases

The City is a lessee for various noncancellable leases of buildings, infrastructure, and equipment. The City recognizes a lease obligation payable and an intangible right-to-use lease asset (lease asset) in the statement of net position.

At the commencement of a lease, the City initially measures the lease obligation payable at the present value of payments expected to be made during the lease term. Subsequently, the lease obligation payable is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease obligation payable are composed of fixed payments and purchase option price that City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and obligations payable if certain changes occur that are expected to significantly affect the amount of the lease obligations payable.

Lease assets are reported with other capital assets and lease obligations payable are reported with long-term debt on the statement of net position.

The City is a lessor for a lease of a building, infrastructure and equipment. The City recognizes a lease receivable and a deferred inflow of resources on the statement of net position.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into various SBITAs. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription) in the statement of net position.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made before the subscription commencement date, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, The City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and certain variable payments and other payments that are reasonably certain of being required.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows of Resources

Deferred outflows are the consumption of net position that are applicable to a future reporting period. At June 30, 2023, the City has deferred outflows of resources related to pensions.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by the City that are applicable to a future reporting period. At June 30, 2023, the City has deferred inflows of resources related to pensions and leases.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in the governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt is reported net of unamortized premiums, discounts and amounts deferred from refunding, if any. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Under the terms of the City's personnel policies, the City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation. The maximum

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

accumulation for vacation is 30 days. However, upon retirement, the maximum days of accumulated vacation for which the employee can be reimbursed cannot exceed 20 days.

Sick leave accrues to full-time employees but is payable only for sick time actually taken. Therefore, the City does not record a liability for unused sick leave.

All vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements. The estimated liabilities include required salary-related payments.

It is the Ponca City Development Authority's policy to permit employees to accumulate earned but unused vacation time. Full-time employees accrue two weeks of vacation time per year. Vacation time may be accumulated to a maximum of 20 days. Employees are entitled to all accrued vacation leave upon termination. Sick leave may be accumulated but employees are not compensated for unused sick leave upon termination. The unused portion of annual leave is paid upon severance and thus is recorded as accrued compensated absences in the financial statements.

Other Postemployment Benefits (OPEB)

Other postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active employee health care, are taken while the employees are in active service, whereas other benefits, including postemployment health care and other OPEB, are taken after the employees' services have ended. Nevertheless, both types of benefits constitute compensation for employee services. In accordance with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," the City recognizes annual OPEB costs during the period when employees render their services. For additional information about OPEB, see Note 15.

Arbitrage Rebate

The proceeds from the Ponca City Utility Authority's tax-exempt bond issues are subject to arbitrage rebate laws under the Internal Revenue Code. This arbitrage rebate limits the earnings on investment of tax-exempt proceeds in non-purpose investments. The Ponca City Utility Authority had no arbitrage rebate liability at June 30, 2023.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OFPRS), Oklahoma Police Pension & Retirement System (OPPRS), and the City of Ponca City Employees' Retirement System and additions to/deductions from these pension plans' fiduciary net position have been determined on the same basis as they are reported by each listed pension plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Income Taxes

As a municipal government, the income of the City and its public authorities, which is derived from the exercise of any essential governmental function, is not subject to federal or state income taxes.

Equity Classification

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement 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 or 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”.

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

- a. *Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.
- b. *Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party (such as citizens, public interest groups, or the judiciary) to use resources created by enabling legislation only for the purpose specified by the legislation.

- c. *Committed* – The committed fund balance classification includes amounts that can be used only for specific purposes imposed by (ordinance or resolution of) the City Commission. Those committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation,

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Commission, separate from the authorization to raise the underlying revenue; therefore, those constraints are not considered to be legally enforceable. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- d. *Assigned* – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Commission or a City official delegated that authority by City Charter, ordinance or resolution.
- e. *Unassigned* – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within the unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

It is the City's and the Ponca City Development Authority'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.

E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effect of interfund services between funds, if any, are not eliminated in the statement of activities.
3. Primary government and component unit activity and balances – resource flows between the primary government (the City and PCUA) and the discretely presented component unit (Ponca City Development Authority) are reported as if they were external transactions.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental, proprietary and fiduciary fund categories is reported as follows in the fund financial statements:

1. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expense in the respective funds.
4. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

F. Revenues, Expenditures and Expenses

Sales Tax

The City levies a \$ 0.3833 sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is allocated among four funds as follows:

- 2 cents recorded as revenue within the General Fund.
- ½ cent recorded as revenue within the Street Improvement Project Fund to account for maintenance and construction of street improvements per voter approval.
- ½ cent recorded as revenue within the Economic Development Fund to account for sales taxes restricted for economic development and subsequently transferred to the Ponca City Development Authority (a discretely presented component unit) per voter approval.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

- ½ cent recorded as revenue within the Recreation Center Tax Fund to account for sales taxes restricted for specific capital projects per voter approval beginning October 1, 2007.
- ⅓ cent recorded as revenue within the Public Safety Center Tax Fund to account for sales taxes restricted for specific capital projects per voter approval.

Sales tax collected by the State in June and July (which represent sales for May and June) and received by the City in July have been accrued and are included under the caption *Due from Other Governments*.

Property Tax

Under State 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 court-assessed judgments.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, who are 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 or more than 13½ percent.

Property taxes levied by the City are billed and collected by the Kay 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 are attached by an enforceable lien on the property in the following October. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 30 days of year-end.

Cigarette, Tobacco, and Tobacco Products Tax

Beginning in January 2005, the City receives tax levied on wholesalers for cigarettes, tobacco and tobacco products. The tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the tax approximately one month after accumulation by wholesalers. The cigarette, tobacco and tobacco products tax is allocated to the General Fund. The cigarette, tobacco and tobacco products tax collected by the City in July have been accrued and are included under the caption *Due from Other Governments*.

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures and Expenses

In the government-wide statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified by character as current

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

(further reported by function), capital outlay and debt service. In proprietary fund financial statements, expenses are reported by operating and non-operating. In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expense relating to use of economic resources. Fiduciary funds report additions and deductions to net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

2 - **Stewardship, Compliance and Accountability**

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations.

Deficit Fund Balances or Net Position

Title II, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2023, the City reported no individual fund deficits.

Deposit and Investment Requirements

In accordance with State Law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds or certain letters of credit. As required by 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.

Investments of a City (excluding Public Trusts) are limited by State Law 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, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b) Certificates of deposit or savings accounts either insured or secured with acceptable collateral with in-state financial institutions and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c) Negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d) County, municipal or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

- e) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator and in obligations of the National Mortgage Association.
- f) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

Public trusts and pension trust funds are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures.

Debt Restrictions and Covenants

General Long-Term Debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. As of June 30, 2023, the City had no general obligation debt.

Notes Payable

The loan agreements with the Oklahoma Water Resources Board relating to construction notes payable of PCUA contain a number of financial restrictions or covenants. These include covenants requiring a flow of funds through special accounts, reserve account balances and a notes payable debt service coverage requirement. PCUA complied with the requirements of the loan agreements in all material respects for the fiscal year ended June 30, 2023.

Revenue Bond Debt

The bond indentures relating to the revenue bond issues of PCUA contain a number of financial restrictions or covenants. These include covenants requiring a flow of funds through special accounts, required reserve account balances and revenue bond debt service coverage requirement. PCUA complied with the requirements of the bond indentures in all material respects for the fiscal year ended June 30, 2023.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - Deposits and Investments

At June 30, 2023, the reporting entity held the following deposits and investments:

Type	Credit Rating	Maturities in Years			
		Fair Value	On Demand	Less Than One	1-5
Petty cash	N/A	\$ 6,800	\$ 6,800	\$ -	\$ -
Demand accounts	N/A	40,885,476	40,885,476	-	-
Time deposits	N/A	23,550,015	-	8,000,015	15,550,000
Money market mutual funds	Not rated	5,455,636	-	5,455,636	-
Mutual funds - fixed income	Not rated	229,998	-	229,998	-
Mutual funds - equities	Not rated	909,754	-	909,754	-
Money market account	N/A	100,960	-	100,960	-
Guaranteed interest account	Not rated	4,056,118	-	4,056,118	-
Pooled separate accounts	Not rated	30,635,646	-	30,635,646	-
		<u>\$ 105,830,403</u>	<u>\$ 40,892,276</u>	<u>\$ 49,388,127</u>	<u>\$ 15,550,000</u>

Reconciliations to Statement of
Net Position:

Cash and cash equivalents	\$ 53,892,286
Investments	11,121,515
Current restricted cash and cash equivalents	5,455,636
Current restricted investments	669,202
Pension fund investments	34,691,764
Total	<u><u>\$ 105,830,403</u></u>

Discretely Presented Component Unit:

Type	Credit Rating	Maturities in Years		
		Fair Value	On Demand	Less Than One
Money market	AAA	\$ 6,872,194	\$ -	\$ 6,872,194

Custodial Credit Risk – Exposure to custodial risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized 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 to cover the uninsured deposits and accrued interest thereon. At June 30, 2023, the City was not exposed to custodial credit risk.

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 limits investments to those with a maturity no more than two years from the date of purchase, except for reserve funds, 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 date ranges of its various investments.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Credit Risk – The City’s investment policy limits investments to those allowed by state law applicable to municipalities. These investment limitations are described in Note 2. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating but discloses any such 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.

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 the total investments of the City (any over five percent (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 and indicates that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City’s total investment portfolio will be invested in a single security type or with a single financial institution.

At June 30, 2023, the City had no concentration of credit risk as defined above.

Various inputs may be used to determine the value of the City’s investments. These inputs are summarized in three broad levels. The inputs used to value securities are not necessarily an indication of the risk associated with those securities.

- Level 1 – Quoted prices in active markets for identical securities
- Level 2 – Other significant observable inputs
- Level 3 – Significant unobservable inputs

The City’s mutual funds and pooled separate accounts are valued using level 1 inputs and the guaranteed interest account is valued using level 3 inputs.

4 - Receivables

Accounts receivable of the governmental activities includes fines, taxes and miscellaneous receivables. Accounts receivable for governmental activities are shown net of an allowance for uncollectibles. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. At June 30, 2023, an allowance for uncollectible receivables of \$ 579,870 was recorded for governmental activities. Accounts receivable of the business-type activities includes customers utilities services provided, both billed and unbilled, due at year end. It is the City’s policy to write off uncollectible accounts throughout the year in the business-type activities and not to record an allowance for uncollectible accounts on the statement of net position.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - Restricted Assets

The amounts reported as restricted assets in the proprietary fund statement of net position are comprised of assets held by the trustee bank on behalf of PCUA related to their required revenue bonds and notes payable, amounts set aside for landfill financial assurance, and deposits held for refund.

The restricted assets as of June 30, 2023, are as follows:

	Cash and Cash Equivalents Current	Investments Current	Investment in Joint Venture	Total
Revenue bond and note payable trustee accounts	\$ 5,455,636	\$ -	\$ -	\$ 5,455,636
Landfill financial assurance	-	-	2,186,409	2,186,409
Deposits held for refund	-	669,202	-	669,202
	\$ 5,455,636	\$ 669,202	\$ 2,186,409	\$ 8,311,247

6 - Investment in Joint Venture

As discussed in Note 1, in accordance with the terms of the joint venture agreement with ALFA, PCUA is obligated to pay a share of ALFA’s operating budget each year in the form of participation fees.

The joint venture agreement also requires that PCUA establish a “Funding Program” through ALFA to accumulate the estimated costs of closing and providing thirty years of maintenance and monitoring of its landfill by the time the landfill ceases operations. The amounts required for the Funding Program are determined by formula. Each ALFA member deposits funds annually into a common escrow account managed by ALFA. PCUA contributed \$ 1,000 in funding in fiscal year 2023. PCUA’s proportionate share of the net investment earnings in the escrow account, which includes unrealized gains and losses on investments, amounts to \$ 18,026 which is reported as “Income from Joint Venture”.

The sum of the deposits made and PCUA’s share of the net income or loss on the escrow account represents the equity interest in this joint venture. At June 30, 2023, PCUA’s equity interest totaled \$ 2,186,409 which is reported as an investment in joint venture on the statement of net position. For the year ended June 30, 2023, the investment in joint venture balance changed as follows:

Beginning investment in joint venture	\$ 2,167,383
Contribution	1,000
Net income in joint venture	18,026
Ending investment in joint venture	\$ 2,186,409

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Capital Assets

For the year ended June 30, 2023, capital assets balances changed as follows:

	Balance at July 1, 2022	Additions	Transfers	Disposals	Balance at June 30, 2023
Governmental activities:					
Non-depreciable capital assets:					
Land	\$ 1,064,326	\$ 5,000	\$ -	\$ -	\$ 1,069,326
Construction-in-progress	635,636	507,557	(525,700)	-	617,493
Total non-depreciable capital assets	1,699,962	512,557	(525,700)	-	1,686,819
Depreciable capital assets:					
Buildings	16,744,060	-	-	-	16,744,060
Improvements	142,290,235	4,273,759	550,470	(18,713)	147,095,751
Machinery and equipment	14,242,972	1,145,376	(70,322)	(914,868)	14,403,158
Right-to-use subscription assets	-	1,122,570	-	-	1,122,570
Total depreciable capital assets	173,277,267	6,541,705	480,148	(933,581)	179,365,539
Less accumulated depreciation:					
Buildings	(10,465,587)	(242,646)	-	-	(10,708,233)
Improvements	(110,245,265)	(1,992,144)	(216,011)	18,713	(112,434,707)
Machinery and equipment	(10,910,219)	(694,365)	(48,222)	914,868	(10,737,938)
Right-to-use subscription assets	-	(127,192)	-	-	(127,192)
Total accumulated depreciation	(131,621,071)	(3,056,347)	(264,233)	933,581	(134,008,070)
Net depreciable capital assets	41,656,196	3,485,358	215,915	-	45,357,469
Governmental activities capital assets, net	\$ 43,356,158	\$ 3,997,915	\$ (309,785)	\$ -	\$ 47,044,288
Business-type activities:					
Non-depreciable capital assets:					
Land	\$ 2,319,736	\$ -	\$ -	\$ -	\$ 2,319,736
Water storage space	-	3,545,744	-	-	3,545,744
Construction-in-progress	20,595,868	14,896,032	(1,290,085)	-	34,201,815
Total non-depreciable capital assets	22,915,604	18,441,776	(1,290,085)	-	40,067,295
Depreciable capital assets:					
Buildings	68,324,762	-	-	-	68,324,762
Improvements	178,274,521	2,587,197	1,265,315	(55,863)	182,071,170
Machinery and equipment	20,078,233	2,077,337	120,892	(905,941)	21,370,521
Right-to-use leased equipment	-	304,008	-	-	304,008
Right-to-use leased building	208,702	-	-	-	208,702
Right-to-use subscription assets	-	433,564	-	-	433,564
Total depreciable capital assets	266,886,218	5,402,106	1,386,207	(961,804)	272,712,727
Less accumulated depreciation:					
Buildings	(39,624,442)	(1,318,062)	-	-	(40,942,504)
Improvements	(103,945,603)	(5,613,250)	216,011	55,863	(109,286,979)
Machinery and equipment	(14,279,091)	(1,414,076)	(2,348)	905,941	(14,789,574)
Right-to-use leased equipment	-	(40,534)	-	-	(40,534)
Right-to-use leased building	(18,973)	(22,135)	-	-	(41,108)
Right-to-use subscription assets	-	(141,824)	-	-	(141,824)
Total accumulated depreciation	(157,868,109)	(8,549,881)	213,663	961,804	(165,242,523)
Net depreciable capital assets	109,018,109	(3,147,775)	1,599,870	-	107,470,204
Business-type capital assets, net	\$ 131,933,713	\$ 15,294,001	\$ 309,785	\$ -	\$ 147,537,499

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Discretely Presented Component Unit: Ponca City Development Authority	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
Non-depreciable capital assets:				
Land	\$ 153,590	\$ -	\$ -	\$ 153,590
Construction-in-progress	237,397	4,272,112	-	4,509,509
Total non-depreciable capital assets	<u>390,987</u>	<u>4,272,112</u>	<u>-</u>	<u>4,663,099</u>
Depreciable capital assets:				
Buildings	11,619,150	364,634	-	11,983,784
Office equipment and furniture	59,473	12,141	-	71,614
Total depreciable capital assets	<u>11,678,623</u>	<u>376,775</u>	<u>-</u>	<u>12,055,398</u>
Less accumulated depreciation	<u>(2,095,850)</u>	<u>(330,312)</u>	<u>-</u>	<u>(2,426,162)</u>
Net depreciable capital assets	<u>9,582,773</u>	<u>46,463</u>	<u>-</u>	<u>9,629,236</u>
Capital assets, net	<u>\$ 9,973,760</u>	<u>\$ 4,318,575</u>	<u>\$ -</u>	<u>\$ 14,292,335</u>

Depreciation/Amortization:

Depreciation/amortization 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 and amortization expense has been allocated as follows:

Governmental Activities:	
General government	\$ 387,663
Public safety	222,427
Streets and highways	1,869,989
Cultural, parks and recreation	560,173
Internal service funds	16,095
Total	<u>\$ 3,056,347</u>
 Business-Type Activities:	
PCUA	\$ 6,753,717
Airport	1,027,194
RecPlex	634,330
Marland Estate	57,935
Golf	76,705
Total	<u>\$ 8,549,881</u>
 Discretely Presented Component Unit:	
Ponca City Development Authority	<u>\$ 330,312</u>

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

8 - Leases Receivable

The City, as a lessor, has entered into various lease agreements involving land, buildings, and electric infrastructure and equipment as summarized below:

Leases receivable:

The City has a building, infrastructure, and equipment lease with Oklahoma Municipal Power Authority (OMPA) with a term of 234 months. An initial receivable was recorded in the amount of \$ 9,792,401. The lessee is required to make monthly fixed payments of \$ 41,667. The lease has an interest rate of 1.936%. The value of the deferred inflow of resources as of June 30, 2023 was \$ 8,703,756, and the City recognized lease revenue of \$ 497,357 during the year. \$ 9,131,680

The City has a building lease for the use of Darr Industrial Park with a term of 96 months. An initial receivable was recorded in the amount of \$ 94,663. The lessee is required to make monthly fixed payments of \$ 1,051. The lease has an interest rate of 3.8320%. The value of the deferred inflow of resources as of June 30, 2023 was \$ 53,613, and the City recognized lease revenue of \$ 8,936 during the year. 75,437

The City has a land and building lease with Ponca City Development Authority (PCDA) with a term of 240 months. An initial receivable was recorded in the amount of \$ 371,429. The lessee is required to make annual fixed payments of \$ 23,184. The lease has an interest rate of 2.4690%. The value of the deferred inflow of resources as of June 30, 2023 was \$ 316,268, and the City recognized lease revenue of \$ 17,570 during the year. 333,660

The City entered into a 120 month lease as lessor for the use of the Darr Building at the airport. An initial lease receivable was recorded in the amount of \$ 110,511. The lessee is required to make annual fixed payments of \$ 12,540. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of June 30, 2023 was \$ 99,456, and the City recognized lease revenue of \$ 11,051 during the year. 97,977

Total leases receivable	\$ 9,638,754
Current portion	\$ 858,771
Non-current portion	8,779,983
Total leases receivable	\$ 9,638,754

9 - Long-Term Debt

The City's long-term debt is segregated by the amounts involving governmental activities, business-type activities and the discretely presented component unit.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental Activities Long-Term Debt

Governmental activities long-term debt for the year ended June 30, 2023 consisted of the following:

Accrued compensated absences:

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave.

Current portion	\$ 112,626
Non-current portion	1,013,640
Total accrued compensated absences	\$ 1,126,266

Judgments payable:

Court-assessed judgments to be paid with ad valorem taxes over a three-year period.

Current portion	\$ 358,539
Non-current portion	177,257
Total judgments payable	\$ 535,796

Use tax recoupment liability:

Current portion	\$ 89,706
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Subscription Liability:

The City entered into a 120 month subscription for the use of Axon Software. An initial subscription liability was recorded in the amount of \$ 1,024,529. The City is required to make annual fixed payments of \$ 119,263. The subscription has an interest rate of 3.5490%. The value of the right-to-use asset as of June 30, 2023 is \$ 1,024,529 with accumulated amortization of \$ 56,634. \$ 905,266

The City entered into a 17 month subscription for the use of ESO Software. An initial subscription liability was recorded in the amount of \$ 40,571. The City is required to make annual fixed payments of \$ 20,541. The subscription has an interest rate of 1.7103%. The value of the right-to-use asset as of June 30, 2023 is \$ 48,381 with accumulated amortization of \$ 33,494. 20,195

The City entered into a 35 month subscription for the use of LeadsOnline System Software. An initial subscription liability was recorded in the amount of \$ 11,862. The City is required to make annual fixed payments of \$ 6,031. The subscription has an interest rate of 2.1843%. The value of the right-to-use asset as of June 30, 2023 is \$ 11,862 with accumulated amortization of \$ 4,013. 6,079

The City entered into a 13 month subscription for the use of Cataloging and Metadata Software. An initial subscription liability was recorded in the amount of \$ 36,832. The City is required to make annual fixed payments of \$ 18,594. The subscription has an interest rate of 1.7103%. The value of the right-to-use asset as of June 30, 2023 is \$ 36,832 with accumulated amortization of \$ 32,183. 18,282

The City entered into a 13 month subscription for the use of TransUnion Risk Software. An initial subscription liability was recorded in the amount of \$ 966. The City is required to make monthly fixed payments of \$ 75. The subscription has an interest rate of 1.7103%. The value of the right-to-use asset as of June 30, 2023 is \$ 966 with accumulated amortization of \$ 868. 75

	\$ 949,897
Current portion	\$ 131,765
Non-current portion	818,132
Total subscription liability	\$ 949,897

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Business-Type Activities Long-Term Debt

Business-type activities long-term debt for the year ended June 30, 2023 consisted of the following:

Revenue Bonds Payable:

2019 Utility System Revenue Note to JPMorgan Chase Bank, N.A., dated July 25, 2019, original issue amount of \$ 22,000,000, secured by gross utility revenues, interest rate of 2.16%, final maturity date of February 1, 2029.	\$ 16,935,000
2021A Utility System Revenue Note to Truist (formerly BB&T), dated February 17, 2021, original issue amount of \$ 12,000,000, secured by gross revenues, interest rate of 1.67%, final maturity date of March 1, 2031.	9,763,000
2021B Utility System Revenue Note to Truist (formerly BB&T), dated February 17, 2021, original issue amount of \$ 6,550,000 secured by gross revenues, interest rate of 0.99%, final maturity date of August 1, 2025.	<u>3,743,000</u>
Total revenue bonds payable	<u>\$ 30,441,000</u>
Current portion	\$ 5,412,000
Non-current portion	<u>25,029,000</u>
Total revenue bonds payable	<u>\$ 30,441,000</u>

Notes Payable:

Series 2007 Clean Water SRF Promissory Note to Oklahoma Water Resources Board, dated October 9, 2007, original issue amount \$ 5,565,000, secured by a pledge and assignment of revenues, derived from operations of water, solid waste, wastewater, and electric systems, interest rate of 2.61% per annum plus an administrative fee of 0.5% per annum, final maturity September 15, 2029.	\$ 2,050,386
Series 2009A Clean Water SRF Promissory Note to Oklahoma Water Resources Board, dated October 1, 2009, original issue amount \$ 575,000, secured by a pledge and assignment of revenues derived from operations of water, solid waste, wastewater, and electric systems, interest rate of 2.09% per annum plus an administrative fee of 0.5% per annum, final maturity March 15, 2030.	<u>153,109</u>
Total notes payable	<u>\$ 2,203,495</u>
Current portion	\$ 309,016
Non-current portion	<u>1,894,479</u>
Total notes payable	<u>\$ 2,203,495</u>

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Lease Obligations Payable:

On December 27, 2021, PCUA entered into a 60 month lease as lessee for the use of an office and warehouse space. An initial liability was recorded in the amount of \$ 208,702. Annual fixed payments of \$ 18,960, are made at an interest rate of 0.64%. The value of the right-to-use asset as of June 30, 2023 was \$ 208,702 with accumulated amortization of \$ 41,108. This is included in the building lease asset class shown in note 4 above. PCUA has 2 extension options for 12 months each which the /city is reasonably certain to exercise.

\$ 153,306

On November 1, 2022, the PCUA entered into a 60 month lease as lessee for the use of a copier. An initial lease liability was recorded in the amount of \$ 303,908. The PCUA is required to make monthly fixed payments of \$ 5,487. The lease has an interest rate of 3.305%. The value of the right-to-use asset as of June 30, 2023 was \$ 304,008 with accumulated amortization of \$ 40,534. This is included in the equipment lease asset class shown in note 4 above.

265,494

Total lease obligations payable

\$ 418,800

Current portion

\$ 94,611

Non-current portion

324,189

Total lease obligations payable

\$ 418,800

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Subscription Liability:

<p>The City entered into a 24 month subscription for the use of CivicRec Services Software. An initial subscription liability was recorded in the amount of \$ 24,933. The City is required to make annual fixed payments of \$ 12,600. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 is \$ 24,933 with accumulated amortization of \$ 12,016.</p>	<p>\$ 12,350</p>
<p>The City entered into a 60 month subscription for the use of Sensus Software. An initial subscription liability was recorded in the amount of \$ 241,595. The City is required to make annual fixed payments of \$ 65,482. The subscription has an interest rate of 2.3657%. The value of the right-to-use asset as of June 30, 2023 is \$ 268,430 with accumulated amortization of \$ 53,213.</p>	<p>194,332</p>
<p>The City entered into a 33 month subscription for the use of VDA Software. An initial subscription liability was recorded in the amount of \$ 63,575. The City is required to make annual fixed payments of \$ 32,657. The subscription has an interest rate of 2.1843%. The value of the right-to-use asset as of June 30, 2023 is \$ 63,575 with accumulated amortization of \$ 23,118.</p>	<p>31,959</p>
<p>The City entered into a 15 month subscription for the use of Veeam Software. An initial subscription liability was recorded in the amount of \$ 14,466. The City is required to make annual fixed payments of \$ 7,329. The subscription has an interest rate of 1.7103%. The value of the right-to-use asset as of June 30, 2023 is \$ 14,466 with accumulated amortization of \$ 11,272.</p>	<p>7,206</p>
<p>The City entered into a 21 month subscription for the use of Tyler Technology Service. An initial subscription liability was recorded in the amount of \$ 21,882. The City is required to make monthly fixed payments of \$ 1,060. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 is \$ 23,082 with accumulated amortization of \$ 13,065.</p>	<p>9,460</p>
<p>The City entered into a 26 month subscription for the use of Paradigm Software. An initial subscription liability was recorded in the amount of \$ 8,988. The City is required to make annual fixed payments of \$ 4,596. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 is \$ 8,988 with accumulated amortization of \$ 4,112.</p>	<p>4,505</p>
	<hr style="border-top: 1px solid black;"/> <p>259,812</p> <hr style="border-top: 1px solid black;"/>
Current portion	<p>\$ 112,364</p>
Non-current portion	<p>147,448</p>
Total subscription liability	<hr style="border-top: 1px solid black;"/> <p>\$ 259,812</p> <hr style="border-top: 1px solid black;"/>

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City has entered into various SBITAs where the subscription liability has been paid off before year end with unamortized assets remaining. The details of these arrangements are as follows:

The City entered into a 14 month subscription for the use of Sophos UTM Software. An initial subscription liability was recorded in the amount of \$ 12,066. The City is required to make annual fixed payments of \$ 12,143. The subscription has an interest rate of 1.7103%. The value of the right-to-use asset as of June 30, 2023 is \$ 12,066 with accumulated amortization of \$ 9,696.

The City entered into a 13 month subscription for the use of MapKit Mapping Software. An initial subscription liability was recorded in the amount of \$ 13,476. The City is required to make annual fixed payments of \$ 13,500. The subscription has an interest rate of 1.7103%. The value of the right-to-use asset as of June 30, 2023 is \$ 13,476 with accumulated amortization of \$ 12,220.

The City entered into a 17 month subscription for the use of CompuWeigh License Software. An initial subscription liability was recorded in the amount of \$ 4,548. The City is required to make annual fixed payments of \$ 4,596. The subscription has an interest rate of 1.7103%. The value of the right-to-use asset as of June 30, 2023 is \$ 4,548 with accumulated amortization of \$ 3,113.

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave:

Current portion	\$ 52,116
Non-current portion	469,040
	469,040
Total accrued compensated absences	\$ 521,156
	521,156

Discretely Presented Component Unit Long-Term Debt:

Accrued Compensated Absences:

Accrued compensated absences reported as a liability within the component unit statement of net position at June 30, 2023 are as follows:

Current portion	\$ 5,908
Non-current portion	53,176
	53,176
Total accrued compensated absences	\$ 59,084
	59,084

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Changes in Long-Term Liabilities

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Amounts due within one year
Governmental activities:					
Direct borrowings and placements:					
Subscription liability	\$ -	\$ 1,114,760	\$ (164,863)	\$ 949,897	\$ 131,765
Judgments payable	754,325	157,622	(376,151)	535,796	358,539
Accrued compensated absences	1,131,560	1,004,215	(1,009,509)	1,126,266	112,626
Use tax recoupment liability	218,165	84,390	(212,849)	89,706	89,706
	<u>2,104,050</u>	<u>1,246,227</u>	<u>(1,598,509)</u>	<u>2,701,665</u>	<u>560,871</u>
Governmental activities long-term liabilities	<u>\$ 2,104,050</u>	<u>\$ 1,246,227</u>	<u>\$ (1,598,509)</u>	<u>\$ 2,701,665</u>	<u>\$ 560,871</u>
Business-type activities:					
Direct borrowings and placements:					
Notes payable	\$ 2,503,265	\$ -	\$ (299,770)	\$ 2,203,495	\$ 309,016
Revenue bonds payable	35,760,000	-	(5,319,000)	30,441,000	5,412,000
Note payable - finance purchase	25,326	-	(25,326)	-	-
Lease obligations payable	189,742	303,908	(74,850)	418,800	94,611
Subscription liability	-	405,529	(145,717)	259,812	112,364
Accrued compensated absences	499,760	38,240	(16,844)	521,156	52,116
	<u>2,508,093</u>	<u>747,677</u>	<u>(5,881,507)</u>	<u>33,844,263</u>	<u>5,980,107</u>
Business-type activities long-term liabilities	<u>\$ 2,508,093</u>	<u>\$ 747,677</u>	<u>\$ (5,881,507)</u>	<u>\$ 33,844,263</u>	<u>\$ 5,980,107</u>
Discretely presented component unit:					
Accrued compensated absences	<u>\$ 53,434</u>	<u>\$ 5,650</u>	<u>\$ -</u>	<u>\$ 59,084</u>	<u>\$ 5,908</u>

Debt Service Requirements to Maturity – Primary Government

The annual debt service requirements to maturity for long-term debt as of June 30, 2023 are as follows:

Year Ending June 30,	Governmental Activities			
	Subscription Liability		Judgments Payable	
	Principal	Interest	Principal	Interest
2024	\$ 131,765	\$ 32,919	\$ 358,539	\$ 53,580
2025	90,227	29,036	124,718	30,198
2026	93,429	25,833	52,539	15,762
2027	96,745	22,518	-	-
2028	100,179	19,084	-	-
2029 - 2033	437,552	39,499	-	-
Total	<u>\$ 949,897</u>	<u>\$ 168,889</u>	<u>\$ 535,796</u>	<u>\$ 99,540</u>

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Year Ending June 30,	Business-type Activities			
	Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2024	\$ 309,016	\$ 55,666	\$ 5,412,000	\$ 542,429
2025	318,904	47,386	5,506,000	448,163
2026	328,928	38,991	4,845,000	352,040
2027	339,268	30,332	4,174,000	265,340
2028	349,870	36,325	4,259,000	180,699
2029 - 2033	557,509	14,872	6,245,000	151,623
Total	\$ 2,203,495	\$ 223,572	\$ 30,441,000	\$ 1,940,294

Year Ending June 30,	Business-type Activities			
	Lease Obligations Payable		Subscription Liability	
	Principal	Interest	Principal	Interest
2024	\$ 94,611	\$ 8,883	\$ 112,364	\$ 6,089
2025	98,518	6,704	47,999	3,732
2026	100,774	4,448	49,140	2,591
2027	103,100	2,122	50,309	1,423
2028	21,797	150	-	-
Total	\$ 418,800	\$ 22,307	\$ 259,812	\$ 13,835

All of the City's notes with the OWRB have a debt coverage covenant of 125% of maximum annual debt service. As of June 30, 2023, the City fully complied with the requirement.

10 - Landfill Closure and Post-Closure Liability

Oklahoma laws and regulations require PCUA to perform certain closure activities for its landfill and to provide certain maintenance and monitoring functions at the site for thirty years after it ceases operations. Although closure and post-closure care costs will be paid only near or after the date the facility stops accepting waste, PCUA reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$ 2,094,103 reported as "Landfill Closures/Post-Closure Cost" at June 30, 2023, represents the cumulative amount to date based on the use of 60.51% of the estimated capacity of the landfill. PCUA will recognize the remaining estimated cost of closure and post-closure care of \$ 1,366,653 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care at the site in 2023. However, PCUA expects its landfill to remain in operation for another 5 years with closure scheduled for the year 2058. Therefore, actual cost may be higher due to inflation, changes in technology, or changes in laws and regulations.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

PCUA is also required by Federal and State regulations to provide evidence of financial assurance that funds are available to properly close the facility and to perform post-closure care for thirty years after the facility has stopped accepting waste. PCUA is in compliance with this requirement and, as evidence of the financial assurance obligation, PCUA is a member of and has entered into a participation agreement with the Association for Landfill Financial Assurance (ALFA), an Oklahoma not-for-profit corporation. ALFA is a joint venture of local government owners and operators of landfills, including PCUA and is authorized by Oklahoma statute to serve as an approved financial assurance mechanism for its members.

PCUA periodically deposits a portion of the revenues derived from the operation of its landfill to a common escrow account managed by ALFA in amounts calculated to aggregate the estimated total cost of closure and post-closure care over the remaining operating life of the facility and through the post-closure period. Such amounts are determined in accordance with the terms of the joint venture agreement between PCUA and ALFA. PCUA expects that future inflation costs will be paid from investment earnings on these restricted assets.

However, if investment earnings are inadequate or if additional closure and post-closure care expenditures are deemed necessary due, for example, to changes in technology or applicable laws or regulations, then these costs may need to be covered by charges to future landfill users or from future borrowing.

11 - Interfund Balances and Activities

The City's policy is to eliminate interfund transfers and balances in the statements 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 and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

The due to/from balance in the amount of \$ 72 between the general fund and the economic development fund at June 30, 2023 eliminates short-term negative cash.

Interfund transfers for the year ended June 30, 2023 were as follows:

Transfer To	Transfer From	Amount
General	PCUA	\$ 11,630,171
Nonmajor Governmental Funds	General	45,000
Nonmajor Governmental Funds	PCUA	400,000
PCUA	General	400,000
PCUA	Nonmajor Governmental Funds	3,778,235
PCUA	Internal Service Funds	10,000
Ponca City Airport	General	230,000
Ponca City Airport	Nonmajor Governmental Funds	49,455
Ponca City RecPlex	General	400,000
Nonmajor Enterprise Funds	General	630,000
		\$ 17,572,861

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Reconciliation to Fund Financial Statements:

	Transfer In	Transfer Out
General Fund	\$ 11,630,171	\$ 1,705,000
Nonmajor Governmental Funds	445,000	3,827,690
PCUA	4,188,235	12,030,171
Ponca City Airport	279,455	-
Ponca City RecPlex	400,000	-
Nonmajor Enterprise Funds	630,000	-
Internal Service Funds	-	10,000
	\$ 17,572,861	\$ 17,572,861

12 - Fund Balances and Net Position

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented as follows as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

	General Fund	Other Governmental Funds	Total
Fund balances:			
Nonspendable:			
Permanent fund principal	\$ -	\$ 1,290,712	\$ 1,290,712
Restricted for:			
Street and alley	-	456,147	456,147
Tourism	-	2,379,909	2,379,909
Grants	-	510,828	510,828
Library	-	165,204	165,204
Street improvements	-	6,201,671	6,201,671
Recreation center	-	4,647	4,647
Public Safety Center	-	2,553,891	2,553,891
Debt service	-	54,345	54,345
Committed to:			
Operating reserve	3,000,000	-	3,000,000
E-911/Cap	176,882	-	176,882
Assigned to:			
Other purposes	6,847,212	-	6,847,212
Special projects	-	6,256	6,256
Capital improvements	-	3,025,993	3,025,993
Economic development	-	13	13
Matzene Book	-	1,856	1,856
Cann Estate	-	37,132	37,132
Unassigned	180,061	-	180,061
Total fund balances	\$ 10,204,155	\$ 16,688,604	\$ 26,892,759

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Restricted net position as reported in the Statement of Net Position is comprised of the following:

	Enabling Legislation	Statutory Requirements	External Contracts
Restricted net position - governmental activities:			
Street and alley	\$ -	\$ 456,147	\$ -
Hotel/motel tax	2,379,909	-	-
Grants	-	-	510,828
Library grant	-	-	165,204
Street improvement project	6,201,671	-	-
Recreation center tax	4,647	-	-
Public Safety Center tax	2,553,891	-	-
Debt service	-	54,345	-
Matzene book	-	-	50,000
Cann Estate	-	-	1,240,712
	<hr/>	<hr/>	<hr/>
Total restricted net position	<u>\$ 11,140,118</u>	<u>\$ 510,492</u>	<u>\$ 1,966,744</u>
			<hr/> <u>Debt Service</u> <hr/>
Restricted net position - business-type activities			<u>\$ 5,455,636</u>

13 - Pledged Future Revenues

Utility Gross Revenue Pledge – The City has pledged future gross utility system revenues to repay \$ 22,000,000 of 2019, \$ 12,000,000 of 2021A, and \$ 6,550,000 of 2021B Series Utility System Revenue Notes. Proceeds of the bonds provided financing for utility system capital assets and other improvements. The bonds are payable through 2029, 2031 and 2025, respectively. The total principal and interest payable for the remainder of the life of these bonds is \$ 32,381,294. The bonds are payable from gross utility system revenues, and the debt service payments on the bonds this year were \$ 5,953,984, which was 9.03% of pledged system revenues of \$ 65,932,134.

Utility Net Revenues Pledge – The City has also pledged future net utility system revenues to repay \$ 6,140,000 of 2007 and 2009A Series OWRB Notes Payable. Proceeds from the notes provided financing for utility system capital assets and improvements. The notes are payable through 2029 and 2030, respectively. The total principal and interest payable for the remainder of the life of these notes is \$ 2,427,067. The notes are payable from the above-mentioned utility revenues. The debt service payments on the notes this year were \$ 363,180 which was 1.60% of pledged net utility revenues of \$ 22,761,682.

14 - Employee Pension Plans

The City participates in three pension or retirement plans:

- Oklahoma Firefighters Pension and Retirement System (OFPRS) – a statewide cost-sharing plan

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Ponca City Employees Retirement System – a single employer defined benefit pension plan

Oklahoma State Firefighters Pension and Retirement System (OFPRS)

Plan description: The City, as the employer, participates in the Oklahoma Firefighters Pension and Retirement Plan – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension and 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.

Summary of significant accounting policies – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OFPRS and additions to/deductions from OFPRS's fiduciary net position have been determined on the same basis as they are reported by OFPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits provided: OFPRS provides retirement, disability, and death benefits to members of the plan. Retirement benefits for members hired prior to November 1, 2013 are determined as 50% of the employee's final average compensation for employees who 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 55% of the employee's final average compensation for employees who have reached the age of 50 and have completed 22 years of service. 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-the-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-the-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 contribution 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 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

pension plan from the City were \$ 586,264. The State of Oklahoma also made on-behalf contributions to the Plan during the year. In the government-wide statement of activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$ 1,301,150. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported a liability of \$ 16,609,973 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 1.270133%.

For the year ended June 30, 2023, the City recognized pension expense of \$ 2,308,771. At June 30, 2023 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	\$ 2,132,273	\$ 83,851
Change in assumptions	-	105,902
Net difference between projected and actual earnings on pension plan investments	1,930,257	-
Changes in proportion and differences between City contributions and proportionate share of contributions	480,356	-
City contributions subsequent to the measurement date	586,264	-
Total	\$ 5,129,150	\$ 189,753

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The \$ 586,264 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2024	\$	1,080,088
2025		910,651
2026		450,175
2027		1,912,219
	\$	4,353,133

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

Mortality rates were based on the Pub-2010 Public Safety Table, with generational mortality improvement using MP-2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022, are summarized in the following table:

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

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. 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

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2020, the pension plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows: 25.2% effective September 1, 2020; 36.0% effective July 1, 2021; 37.8% effective July 1, 2022; and 36.0% effective July 1, 2027. The pension plan will also receive \$ 40,625 each year from July 1, 2020 through June 30, 2027. 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 City calculated using the discount rate of 7.50%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$ 21,403,223	\$ 16,609,973	\$ 12,600,642

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.

Oklahoma State Police Pension and Retirement System (OPPRS)

Plan description: The City of Ponca City, Oklahoma, 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.

Summary of significant accounting policies: For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the OPPRS and additions to/deductions from OPPRS’s fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 are provided for participants due to permanent disability. Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant.

Contributions: The contribution 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% 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 \$ 389,929. The State of Oklahoma also made on-behalf contributions to OPPRS to the Plan during the year. In the government-wide statement of activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$ 332,093. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Assets, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported an asset of \$ 668,331 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2022. Based on this information, the City's proportion was 0.83340%.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended June 30, 2023, the City recognized pension expense of \$ 159,722. At June 30, 2023, 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	\$ 327,824	\$ 72,799
Change in assumptions	23,268	-
Net difference between projected and actual earnings on pension plan investments	652,156	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	43,992
City contributions subsequent to the measurement date	389,929	-
Total	\$ 1,393,177	\$ 116,791

The \$ 389,929 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2024	\$	204,581
2025		48,171
2026		(191,677)
2027		790,903
2028		34,479
		886,457

CITY OF PONCA CITY, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Wage inflation:	3.50%
Salary increases:	3.50% to 12.00% average, including inflation
Investment rate of return:	7.50% net of pension plan investment expense
Mortality rates:	Active participants: RP-2000 Combined Blue Collar Healthy Employees (generational using Scale AA) with age set back four years Active participants (post-retirement) and nondisabled pensioners: RP-2000 Combined Blue Collar Healthy Employees (generational using Scale AA) Disabled pensioners: RP-2000 Combined Blue Collar Healthy Employees with age set forward four years (no generational improvement)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability was 7.50%. 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

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Asset to Changes in the Discount Rate

The following presents the net pension asset of the City calculated using the discount rate of 7.50% as well as what the City’s net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension (asset) liability	\$ (1,936,322)	\$ (668,331)	\$ 2,869,880

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.

City of Ponca City Retirement Plan

Plan Description, Contribution Information and Funding Policies

The City sponsors the City of Ponca City Retirement Plan (the Plan), which is a single-employer defined benefit pension plan controlled by the provisions of a Group Contract adopted pursuant to City Ordinance. The plan is governed by the City of Ponca City, Oklahoma which may amend plan provisions, and which is responsible for the management of the plan assets. The City has delegated the authority to manage certain plan assets to Principal Life Insurance Company. All non-union full-time City employees who have attained the age of 21 are eligible to participate in the Plan after one year of service. The City requires annual actuarial valuations to determine if the City’s fixed contribution rate is adequate to fund the actuarially determined contribution requirement. The Plan does not issue separate annual financial statements.

The Plan has a December 31 year-end. The City has elected to use December 31, 2022, as its measurement date; therefore, the net pension liability and related deferred outflows and deferred inflows are reported as of December 31, 2022. Pension payments made by the City from the measurement date to June 30, 2023, are reported as deferred outflows.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, amounts and disclosures have been prepared using the accrual basis of accounting. Employee and employer contributions are recognized as Plan revenues in the period in which they are due to the Plan. Benefits and refunds are recognized when due and payable pursuant to plan provisions. Investments are reported at fair value.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Eligibility Factors and Benefit Provisions

Governing authority	City Commission
Determination of contribution requirements	City ordinance, actuarially determined
Employer	Actuarially determined
Plan member	0%
Period required to vest	5 years – 50%; additional 10% vesting each year thereafter
Eligibility for benefits	Age 65 with 5 years of credited service or age 55 with 10 years credited service
Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Benefits paid	1 $\frac{2}{3}$ % of average compensation multiplied by accrual service not to exceed 30 years; early retirement reduced by 5% each year up to 10 years

Contributions

The basis for determining the City’s contributions is an actuarially determined contribution rate that is calculated each year in the Plan’s actuarial valuation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. The actuarially determined employer contribution for the measurement period ending December 31, 2022 is \$ 489,608.

Plan Membership

Active plan members	217
Inactive plan members entitled to but not yet receiving benefits	119
Disabled plan members entitled to benefits	3
Retired plan members or beneficiaries currently receiving benefits	<u>201</u>
Total	540

Investment Rate of Return

For the plan year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (16.01%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The cash flows used as inputs in the calculation are determined on a monthly basis.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported a liability of \$ 9,550,364 for its net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

pension liability was determined by an actuarial valuation as of December 31, 2022. There were no changes in assumptions or benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of December 31, 2022 and June 30, 2023, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance, January 1, 2022	\$ 35,766,714	\$ 38,572,076	\$ (2,805,362)
Changes for the year:			
Service cost	466,627	-	466,627
Interest	2,474,652	-	2,474,652
Benefit payments	(1,662,892)	(1,662,892)	-
Differences between expected and actual experience	12,949	-	12,949
Changes in assumptions	4,310,758	-	4,310,758
Employer contributions	-	1,021,241	(1,021,241)
Net investment income	-	(6,107,481)	6,107,481
Administration expenses	-	(4,500)	4,500
Net changes	<u>5,602,094</u>	<u>(6,753,632)</u>	<u>12,355,726</u>
Balance, December 31, 2022	<u>\$ 41,368,808</u>	<u>\$ 31,818,444</u>	<u>\$ 9,550,364</u>

Plan fiduciary net position as a percentage of the total pension liability is 76.91%.

For the year ended June 30, 2023, the City recognized pension expense of \$ 1,943,955. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,440	\$ 450,444
Effects of changes in assumptions	3,142,531	-
Net differences between expected and net investment income	3,861,311	-
Employer contributions made after measurement date	<u>536,997</u>	<u>-</u>
Total deferred outflows and inflows of resources	<u>\$ 7,550,279</u>	<u>\$ 450,444</u>

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The \$ 536,997 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ending June 30,	Amount to be Recognized
2024	\$ 950,521
2025	1,871,139
2026	1,985,269
2027	1,755,909
	\$ 6,562,838

Actuarial Assumptions

Key assumptions used in the plan actuarial valuation were:

Discount rate	6.05%
Long-term expected rate of return	7.00%
Measurement date	December 31, 2022
Inflation	2.40%
Projected salary increase	4.18% to 6.58%
Mortality	Pri-2012 Total data set base rate mortality table projected generationally using the Principal Mortality Improvement Scale (Principal 2022)
Actuarial cost method	Entry age normal, level percent of pay

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.

Discount rate: The discount rate used to measure the total pension liability was 6.05%. Because the City intends to fund the plan to cover all benefits, the 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 was adjusted to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension asset to changes in the discount rate: The following presents the net pension liability of the City calculated using the discount rate of 6.05%, as well as what the City’s net pension

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

liability would be if it were calculated using a discount rate that is one percentage point lower (5.05%) or one percentage point higher (7.05%) than the current rate:

	1% Decrease (5.05%)	Current Discount Rate (6.05%)	1% Increase (7.05%)
City's net pension liability	\$ 15,068,065	\$ 9,550,364	\$ 4,988,286

15 - Post-Employment Benefit Other Than Pensions (OPEB)

Plan Description, Benefits Provided and Contributions

The City provides post-retirement benefit options for certain health care benefits for retired employees, terminated employees and their dependents that are not eligible for Medicare, through a single employer defined benefit postemployment healthcare plan. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Substantially all of the City's employees may become eligible for post-retirement benefits if they reach normal retirement age while working for the City.

The contribution requirements of plan members are established by City Trustees. Annual health insurance premiums are established by the third-party insurance provider.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

Employees Covered by Benefit Terms

At June 30, 2023, the following City employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>361</u>
Total employees	364

Total OPEB Liability

The City's total OPEB liability of \$ 304,255 was measured and determined by an actuarial valuation performed as of June 30, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest discount rate	3.65% per year, compounded annually
Mortality	RPA-2000 Mortality Table projected to 2020 for males and females
Retirement date	Age 63
Pre-retirement termination	Table T-3 of the Actuary's Pension Handbook (excluding mortality)
Trend	5% per year
Actuarial cost method	Entry age normal

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 200,657
Changes for the year:	
Service cost	14,821
Interest cost	7,123
Differences between expected and actual experience	107,548
Changes in assumptions and inputs	(4,791)
Benefit payments	<u>(21,103)</u>
Net changes	<u>103,598</u>
Balance at June 30, 2023	<u><u>\$ 304,255</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, 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 or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB liability	\$ 331,917	\$ 304,255	\$ 283,679

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the total OPEB liability of the City as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.00%)	Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 279,135	\$ 304,255	\$ 339,077

OPEB Expense

For the year ended June 30, 2023, the City recognized OPEB expense of \$ 124,701.

16 - 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; employees’ health and life; and natural disasters.

The City management these various risks of loss as follows:

Type of Loss	Risk of Method Managed	Loss Retained
a. General Liability: - Torts - Errors and omissions - Police liability - Vehicle	Purchased insurance with Oklahoma Municipal Assurance Group	None
b. Physical Property: - Theft - Damage to assets - Natural disasters	Purchased insurance with \$ 25,000 deductible	None
c. Workers Compensation: - Employee injuries	Self-insured with third-party administration of the claims process. Insurance Fund used to account for activities with participating funds charged through an estimated annual claim cost for each fund. Administered by United Safety Claims.	Entire risk of loss retained for medial payments only.
d. Health and Life: - Medical - Dental	Self-insured with City paying a portion of health care premiums, and all of life and disability premiums. Administered by UMR.	Claims up to \$ 300,000 per individual self-funded with stop-loss insurance up to \$ 1,000,000 per person.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Claims Liability Analysis

At June 30, 2023, the City's workers' compensation and health care claims liability was \$ 807,489 based upon the estimated claims payable reported as reserves in the third-party administrator's monthly and quarterly reports to the City. The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of FASB ASC 450-10, Loss Contingencies (formerly Statement of Financial Accounting Standards (SFAS) No. 5), which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City has elected to report its estimated claim liability at the discounted net present value of future payments. All court-ordered judgments are levied in accordance with State law over three years. For the internal service self-insurance funds, changes in the claims liability for the last three years are as follows:

	Health Care	Workers' Compensation	Total
Claim liability, June 30, 2020	\$ 323,953	\$ 390,697	\$ 714,650
Claims and changes in estimates	282,141	4,387,174	4,669,315
Claims payments	(238,060)	(3,819,240)	(4,057,300)
Claim liability, June 30, 2021	368,034	958,631	1,326,665
Claims and changes in estimates	3,983,545	(528,066)	3,455,479
Claims payments	(3,738,476)	(234,754)	(3,973,230)
Claim liability, June 30, 2022	613,103	195,811	808,914
Claims and changes in estimates	2,802,547	573,855	3,376,402
Claims payments	(3,108,868)	(268,959)	(3,377,827)
Claim liability, June 30, 2023	\$ 306,782	\$ 500,707	\$ 807,489

Reconciliation to Statement of Net Position:

Current portion	\$ 217,911
Noncurrent portion	589,578
Total	\$ 807,489

The City maintains a stop-loss policy for plans to limit risk associated with the plans. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Liability Protection Plan

The basic insurance agreement covers claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the state tort claims law and federal civil rights laws. All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays all costs, premiums, or other fees attributable to its respective participation in the Plan and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

Workers' Compensation

The Workers' Compensation Insurance Fund is used to account for activities with participating funds charged through an estimated annual claim cost for each fund. Judgments are levied on property taxes. The claims process is administered by United Safety & Claims, Incorporated. The entire risk of loss is retained by the City.

17 - Commitments, Contingencies and Concentrations

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 judgement 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.

Grant Program Involvement:

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency to ensure compliance with specific provisions of the grant or loan. Any liability or reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Ponca City Development Authority

The Ponca City Development Authority (the Authority) has several outstanding agreements in aid of economic development in which incentives are offered to entice businesses to relocate to the area. Such incentives include rent subsidies, relocation assistance, reimbursements for office furnishings, and reimbursements for office remodeling. The terms of the agreements state that since the agreements extend beyond the end of the fiscal year for the Authority, the payments of the incentives are conditional upon annual appropriation of the funds by the Authority.

Approximately 75.43% of the Authority's revenues were derived from sales tax collections during 2023. Any significant change in sales tax appropriations by the City could have a significant impact on operations.

18 - Adoption of new Accounting Standards

During the year, the City adopted the following accounting standard:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Beginning net position was not impacted by the adoption of this Statement.

19 - Recently Issued Accounting Standards

The following accounting standards have been recently issued and will be adopted as applicable by the City. Unless otherwise noted below, management has not yet determined the impact of these Statements on the City's financial statements.

GASB Statement No. 99 *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance by the City. The requirements related to leases, PPPs, and SBITAs were effective for the City in the fiscal year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the City in fiscal year ended June 30, 2024.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
(Continued)

GASB Statement No. 100 *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for the City in the fiscal year ended June 30, 2024.

GASB Statement No. 101 *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for the City in the fiscal year ended June 30, 2025.

20 - Subsequent Events

The City has evaluated subsequent events through the date of the independent auditors' report which is the date the financial statements are available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PONCA CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Sales	\$ 8,182,492	\$ 8,984,492	\$ 9,225,805	\$ 241,313
Use	888,900	888,900	1,106,044	217,144
Franchise	426,362	426,362	645,255	218,893
E911	395,104	395,104	372,788	(22,316)
Weed	18,760	18,760	34,351	15,591
Total taxes	<u>9,911,618</u>	<u>10,713,618</u>	<u>11,384,243</u>	<u>670,625</u>
Intergovernmental:				
Cigarette tax	126,735	126,735	119,526	(7,209)
Alcoholic beverage tax	187,659	187,659	197,384	9,725
Grants	30,302	43,302	286,415	243,113
Total intergovernmental	<u>344,696</u>	<u>357,696</u>	<u>603,325</u>	<u>245,629</u>
Charges for services:				
Recreation programs	40,800	50,935	54,500	3,565
Wentz camp	30,600	30,600	36,166	5,566
Administrative services	2,924,536	2,924,536	2,924,536	-
Police services	144,840	144,840	136,267	(8,573)
Ambulance services	1,750,336	1,750,336	2,393,185	642,849
Animal control receipts	16,320	16,320	14,354	(1,966)
Library receipts	13,260	13,260	6,820	(6,440)
Rentals	215,681	215,681	271,054	55,373
Miscellaneous charges	317,533	345,933	91,830	(254,103)
Total charges for services	<u>5,453,906</u>	<u>5,492,441</u>	<u>5,928,712</u>	<u>436,271</u>
Fines and forfeitures	536,990	536,990	429,918	(107,072)
Licenses and permits	169,567	169,567	259,091	89,524
Investment income	78,000	78,000	186,122	108,122
Miscellaneous	6,222	6,222	7,512	1,290
Total revenues	<u>16,500,999</u>	<u>17,354,534</u>	<u>18,798,923</u>	<u>1,444,389</u>
Other financing sources:				
Sale of capital assets	15,300	15,300	70,179	54,879
OFS - SBITAs	-	-	1,024,529	1,024,529
Transfers from other funds	8,705,635	8,705,635	8,705,635	-
Total other financing sources	<u>8,720,935</u>	<u>8,720,935</u>	<u>9,800,343</u>	<u>1,079,408</u>
Total revenues and other financing sources	<u>\$ 25,221,934</u>	<u>\$ 26,075,469</u>	<u>\$ 28,599,266</u>	<u>\$ 2,523,797</u>

(Continued)

CITY OF PONCA CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (Continued)
 Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures and transfers:				
City commissioners	\$ 14,300	\$ 14,300	\$ 9,711	\$ 4,589
City manager	1,142,995	1,142,995	942,334	200,661
Central municipal activity	2,141,507	2,311,507	2,391,898	(80,391)
Finance	593,552	606,713	580,393	26,320
Municipal court	296,471	308,471	284,206	24,265
City attorney	165,119	167,119	164,126	2,993
Community development	1,000,291	1,000,291	929,374	70,917
Animal control	301,620	304,620	286,978	17,642
Emergency management	198,562	198,562	175,728	22,834
Police admin	6,638,906	6,714,987	7,100,330	(385,343)
Communications/911	711,791	865,168	833,880	31,288
Fire	6,636,862	6,741,583	6,343,513	398,070
Fire-Ambulance	1,516,101	1,852,041	1,499,906	352,135
Street admin	2,083,060	2,159,060	1,535,251	623,809
Engineering admin	676,161	676,161	538,251	137,910
Traffic engineering	525,565	525,565	518,480	7,085
Park maintenance	2,139,212	2,141,212	1,988,477	152,735
Recreation programs	497,718	507,853	450,833	57,020
Ambuc pool	86,111	86,111	68,773	17,338
Wentz camp	111,476	111,476	76,166	35,310
Marland's Grand Home	125,225	153,625	86,460	67,165
Library	1,144,233	1,154,233	1,164,405	(10,172)
Total expenditures and transfers	<u>28,746,838</u>	<u>29,743,653</u>	<u>27,969,473</u>	<u>1,774,180</u>
Revenue and other financing sources over (under) expenditures and transfers	<u>\$ (3,524,904)</u>	<u>\$ (3,668,184)</u>	629,793	<u>\$ 4,297,977</u>
Fund balances, beginning of year			<u>9,574,362</u>	
Fund balances, end of year			<u>\$ 10,204,155</u>	

CITY OF PONCA CITY, OKLAHOMA
NOTES TO BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2023

Budget Law

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the Budget Act). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Commission.
- d. Subsequent to the City Commission enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is the department category within a fund.

The City Manager may only transfer appropriations within expenditure categories within a department without City Commission approval. Transfers between expenditure categories of a department or fund and budget supplements made during the year are recommended by the City Manager and must be approved by the City Commission. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, the Ponca City Utilities Authority is required to prepare an annual budget and submit copies to the City as beneficiary. However, there are no further requirements such as form of budget, approval of the budget, or definition of a legal level of control.

Budgetary Accounting

The City prepares its budgets for all governmental fund types on the modified accrual basis of accounting.

Footnotes to Budgetary Comparison Schedules

The budgetary comparison schedules are reported on a modified accrual basis of accounting.

The legal level of appropriation control is the department level within a fund. Transfers of appropriations within a department require the approval of the City Manager. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

CITY OF PONCA CITY, OKLAHOMA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
 THE COLLECTIVE NET PENSION LIABILITY
 OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
 Last Ten Fiscal Years¹

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.2701%	1.1329%	1.2132%	1.2344%	1.2280%	1.2410%	1.2426%	1.3474%	1.2648%
City's proportionate share of the net pension liability	\$ 16,609,973	\$ 7,461,181	\$ 14,946,061	\$ 13,043,711	\$ 13,822,537	\$ 15,613,535	\$ 15,180,723	\$ 14,301,304	\$ 13,007,400
City's covered payroll ²	\$ 4,058,580	\$ 3,818,027	\$ 3,754,522	\$ 3,765,054	\$ 3,650,547	\$ 3,792,730	\$ 3,475,715	\$ 3,552,540	\$ 3,584,500
City's proportionate share of the net pension liability as a percentage of its covered payroll	409%	195%	398%	346%	379%	412%	437%	403%	363%
Plan fiduciary net position as a percentage of the total pension liability	69.49%	84.24%	69.98%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%

¹ GASB 68 became effective in fiscal year 2015. GASB 68 requires presentation of ten years. Data was not available prior to fiscal year 2015; therefore, ten years of data is unavailable.

² The amounts presented for each fiscal year were determined as of June 30 of the previous fiscal year.

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last Ten Fiscal Years¹

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 586,264	\$ 568,342	\$ 536,091	\$ 524,930	\$ 534,726	\$ 507,012	\$ 530,980	\$ 486,600	\$ 497,357
Contributions in relation to the statutorily required contribution	586,264	568,342	536,091	524,930	534,726	507,012	530,980	486,600	497,357
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 4,187,604	\$ 4,058,580	\$ 3,818,027	\$ 3,754,522	\$ 3,765,054	\$ 3,650,547	\$ 3,792,730	\$ 3,475,715	\$ 3,552,540
Contributions as a percentage of covered payroll	14.0%	14.0%	14.0%	14.0%	14.2%	13.9%	14.0%	14.0%	14.0%

¹ GASB 68 became effective in fiscal year 2015. GASB 68 requires presentation of ten years. Data was not available prior to fiscal year 2015; therefore, ten years of data is unavailable.

CITY OF PONCA CITY, OKLAHOMA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
 THE COLLECTIVE NET PENSION LIABILITY (ASSET)
 OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
 Last Ten Fiscal Years¹

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.8334%	0.7844%	0.8815%	0.8294%	0.9433%	0.9858%	1.0033%	1.0509%	0.9876%
City's proportionate share of the net pension liability (asset)	\$ (668,331)	\$ (3,762,672)	\$ 1,012,380	\$ (52,949)	\$ (449,341)	\$ 75,831	\$ 1,536,471	\$ 42,849	\$ (332,521)
City's covered payroll ²	\$ 2,873,665	\$ 2,813,383	\$ 2,838,598	\$ 2,713,471	\$ 2,878,199	\$ 2,940,763	\$ 2,958,770	\$ 2,838,908	\$ 2,798,283
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-23.26%	-133.74%	35.66%	-1.95%	-15.61%	2.58%	51.93%	1.51%	-11.88%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	117.07%	95.80%	100.24%	101.89%	99.68%	93.50%	99.82%	101.53%

¹ GASB 68 became effective in fiscal year 2015. GASB 68 requires presentation of ten years. Data was not available prior to fiscal year 2015; therefore, ten years of data is unavailable.

² The amounts presented for each fiscal year were determined as of June 30 of the previous fiscal year.

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last Ten Fiscal Years¹

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 389,929	\$ 374,031	\$ 367,144	\$ 369,494	\$ 351,731	\$ 373,962	\$ 381,790	\$ 384,640	\$ 369,058
Contributions in relation to the statutorily required contribution	389,929	374,031	367,144	369,494	351,731	373,962	381,790	384,640	369,058
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,995,603	\$ 2,873,665	\$ 2,813,383	\$ 2,838,598	\$ 2,713,471	\$ 2,878,199	\$ 2,940,763	\$ 2,958,770	\$ 2,838,908
Contributions as a percentage of covered payroll	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%

¹ GASB 68 became effective in fiscal year 2015. GASB 68 requires presentation of ten years. Data was not available prior to fiscal year 2015; therefore, ten years of data is unavailable.

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
PONCA CITY EMPLOYEES RETIREMENT SYSTEM
For the Plan Years Ended December 31
Last Ten Plan Years¹

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	\$ 466,627	\$ 432,848	\$ 419,831	\$ 373,812	\$ 374,374	\$ 379,515	\$ 419,990	\$ 368,696	\$ 361,995
Interest	2,474,652	2,438,192	2,411,028	2,357,184	2,310,085	2,231,107	2,220,237	2,098,830	1,936,407
Benefit payments	(1,662,892)	(1,651,043)	(1,658,623)	(1,583,137)	(1,526,518)	(1,446,819)	(1,317,363)	(1,275,713)	(1,145,393)
Difference between expected and actual experience	12,949	(737,405)	(796,972)	(191,587)	(469,166)	(25,392)	(267,164)	452,433	252,776
Change in assumptions	4,310,758	-	-	966,272	-	-	(799,669)	-	902,741
Net change in total pension liability	5,602,094	482,592	375,264	1,922,544	688,775	1,138,411	256,031	1,644,246	2,308,526
Total pension liability, beginning of period	35,766,714	35,284,122	34,908,858	32,986,314	32,297,539	31,159,128	30,903,097	29,258,851	26,950,325
Total pension liability, end of period	41,368,808	35,766,714	35,284,122	34,908,858	32,986,314	32,297,539	31,159,128	30,903,097	29,258,851
Fiduciary net pension:									
Employer contributions	1,021,241	941,910	1,806,440	1,138,159	1,076,341	1,044,074	737,699	670,691	664,955
Net investment income (loss)	(6,107,481)	5,248,223	3,842,404	5,386,420	(1,415,856)	4,128,637	1,644,552	143,006	1,667,346
Benefit payments	(1,662,892)	(1,651,043)	(1,658,623)	(1,583,137)	(1,526,518)	(1,446,819)	(1,317,363)	(1,275,713)	(1,145,393)
Administration expenses	(4,500)	(9,000)	(4,500)	-	(7,275)	(31,516)	(22,516)	(29,266)	(23,006)
Net change in fiduciary net position	(6,753,632)	4,530,090	3,985,721	4,941,442	(1,873,308)	3,694,376	1,042,372	(491,282)	1,163,902
Fiduciary net position, beginning of period	38,572,076	34,041,986	30,056,265	25,114,823	26,988,131	23,293,755	22,251,383	22,742,665	21,578,763
Fiduciary net position, end of period	31,818,444	38,572,076	34,041,986	30,056,265	25,114,823	26,988,131	23,293,755	22,251,383	22,742,665
Net pension liability (asset)	\$ 9,550,364	\$ (2,805,362)	\$ 1,242,136	\$ 4,852,593	\$ 7,871,491	\$ 5,309,408	\$ 7,865,373	\$ 8,651,714	\$ 6,516,186
Plan fiduciary net position as a percentage of the total pension liability	77%	108%	96%	86%	76%	84%	75%	72%	78%
Covered payroll	\$ 10,985,524	\$ 10,203,428	\$ 9,392,914	\$ 9,620,304	\$ 9,014,601	\$ 8,987,729	\$ 9,094,453	\$ 8,902,399	\$ 8,134,360
Net pension liability (asset) as a percentage of covered payroll	87%	27%	13%	50%	87%	59%	86%	97%	80%

¹ GASB 67 became effective in plan year 2014. GASB 67 requires presentation of ten years. Data was not available prior to plan year 2014; therefore, ten years of data is unavailable.

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PONCA CITY EMPLOYEES RETIREMENT SYSTEM
For the Plan Years Ended December 31
Last Ten Plan Years¹

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 489,608	\$ 785,213	\$ 1,153,726	\$ 1,118,227	\$ 1,144,282	\$ 1,165,316	\$ 1,306,497	\$ 1,171,600	\$ 1,337,619
Contributions in relation to the actuarially determined contributions	1,021,241	941,910	1,806,440	1,138,159	1,076,341	1,044,074	737,699	670,691	664,955
Contribution deficiency (excess)	<u>\$ (531,633)</u>	<u>\$ (156,697)</u>	<u>\$ (652,714)</u>	<u>\$ (19,932)</u>	<u>\$ 67,941</u>	<u>\$ 121,242</u>	<u>\$ 568,798</u>	<u>\$ 500,909</u>	<u>\$ 672,664</u>
Covered payroll	\$ 10,985,524	\$ 10,203,428	\$ 9,392,914	\$ 9,620,304	\$ 9,014,601	\$ 8,987,729	\$ 9,094,453	\$ 8,902,399	\$ 8,134,360
Contributions as a percentage of covered payroll	9.3%	9.2%	19.2%	11.8%	11.9%	11.6%	8.1%	7.5%	8.2%

¹ GASB 67 became effective in plan year 2014. GASB 67 requires presentation of ten years. Data was not available prior to plan year 2014; therefore, ten years of data is unavailable.

CITY OF PONCA CITY, OKLAHOMA
 SCHEDULE OF MONEY-WEIGHTED INVESTMENT RETURNS
 PONCA CITY EMPLOYEES RETIREMENT SYSTEM
 For the Plan Years Ended December 31
 Last Ten Plan Years¹

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return on plan investments, net of investment expense	-16.01%	15.61%	12.94%	21.82%	-5.33%	18.07%	7.51%	0.64%	7.83%

¹ GASB 67 became effective in plan year 2014. GASB 67 requires presentation of ten years. Data was not available prior to plan year 2014; therefore, ten years of data is unavailable.

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL
OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years¹

	2023	2022	2021	2020	2019
Total OPEB liability:					
Service cost	\$ 14,821	\$ 13,741	\$ 17,445	\$ 12,015	\$ 7,434
Interest cost	7,123	4,877	4,480	6,207	6,789
Differences between expected and actual experience	107,548	(10,647)	3,019	(14,987)	(11,159)
Changes in assumptions and inputs	(4,791)	(20,222)	216	19,899	3,389
Benefit payments	(21,103)	(8,758)	(7,148)	(448)	(448)
Net change in total OPEB liability	103,598	(21,009)	18,012	22,686	6,005
Total OPEB liability, beginning	200,657	221,666	203,654	180,968	174,963
Total OPEB liability, ending	<u>\$ 304,255</u>	<u>\$ 200,657</u>	<u>\$ 221,666</u>	<u>\$ 203,654</u>	<u>\$ 180,968</u>
Covered employee payroll	\$ 2,555,966	\$ 2,927,904	\$ 2,964,068	\$ 2,585,125	\$ 2,387,703
The City's total OPEB liability as a percentage of covered employee payroll	11.90%	6.85%	7.48%	7.88%	7.58%

¹ The City implemented GASB 75 in fiscal year 2019. GASB 75 requires the presentation of ten years. Data was not available prior to fiscal year 2019; therefore, ten years of data is unavailable.

SUPPLEMENTARY INFORMATION

CITY OF PONCA CITY, OKLAHOMA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2023

	Special Revenue Funds							
	Special Projects	Street and Alley	Hotel/Motel Tax	Community Development	Library Grant	Library State Aid	Miscellaneous Trust	Economic Development
<u>ASSETS</u>								
Cash and cash equivalents	\$ 6,256	\$ 441,441	\$ 2,316,647	\$ 2,214,083	\$ 165,204	\$ -	\$ 15,332	\$ -
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	71,747	-	-	-	-	-
Due from other governments	-	22,454	-	440,327	-	-	-	215,188
Total assets	<u>\$ 6,256</u>	<u>\$ 463,895</u>	<u>\$ 2,388,394</u>	<u>\$ 2,654,410</u>	<u>\$ 165,204</u>	<u>\$ -</u>	<u>\$ 15,332</u>	<u>\$ 215,188</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 7,748	\$ 8,485	\$ 1,093	\$ -	\$ -	\$ 15,332	\$ 215,103
Unearned revenue	-	-	-	2,142,489	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	72
Total liabilities	<u>-</u>	<u>7,748</u>	<u>8,485</u>	<u>2,143,582</u>	<u>-</u>	<u>-</u>	<u>15,332</u>	<u>215,175</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	456,147	2,379,909	510,828	165,204	-	-	-
Assigned	6,256	-	-	-	-	-	-	13
Total fund balances	<u>6,256</u>	<u>456,147</u>	<u>2,379,909</u>	<u>510,828</u>	<u>165,204</u>	<u>-</u>	<u>-</u>	<u>13</u>
Total liabilities and fund balances	<u>\$ 6,256</u>	<u>\$ 463,895</u>	<u>\$ 2,388,394</u>	<u>\$ 2,654,410</u>	<u>\$ 165,204</u>	<u>\$ -</u>	<u>\$ 15,332</u>	<u>\$ 215,188</u>

(Continued)

CITY OF PONCA CITY, OKLAHOMA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 (Continued)
 June 30, 2023

	Capital Projects Funds					Permanent Funds		Total
	Recreation Center	Street Improvement Project	Capital Improvement Project	Public Safety Center	Debt Service	Matzene Book	Cann Estate	
<u>ASSETS</u>								
Cash and cash equivalents	\$ 4,647	\$ 6,197,580	\$ 3,059,210	\$ 2,195,387	\$ 45,502	\$ 1,856	\$ 43,410	\$ 16,706,555
Investments	-	-	-	-	-	50,000	1,240,712	1,290,712
Accounts receivable	-	-	-	-	-	-	-	71,747
Due from other governments	-	215,188	-	358,504	8,843	-	-	1,260,504
Total assets	<u>\$ 4,647</u>	<u>\$ 6,412,768</u>	<u>\$ 3,059,210</u>	<u>\$ 2,553,891</u>	<u>\$ 54,345</u>	<u>\$ 51,856</u>	<u>\$ 1,284,122</u>	<u>\$ 19,329,518</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 211,097	\$ 33,217	\$ -	\$ -	\$ -	\$ 6,278	\$ 498,353
Unearned revenue	-	-	-	-	-	-	-	2,142,489
Due to other funds	-	-	-	-	-	-	-	72
Total liabilities	<u>-</u>	<u>211,097</u>	<u>33,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,278</u>	<u>2,640,914</u>
Fund balances:								
Nonspendable	-	-	-	-	-	50,000	1,240,712	1,290,712
Restricted	4,647	6,201,671	-	2,553,891	54,345	-	-	12,326,642
Assigned	-	-	3,025,993	-	-	1,856	37,132	3,071,250
Total fund balances	<u>4,647</u>	<u>6,201,671</u>	<u>3,025,993</u>	<u>2,553,891</u>	<u>54,345</u>	<u>51,856</u>	<u>1,277,844</u>	<u>16,688,604</u>
Total liabilities and fund balances	<u>\$ 4,647</u>	<u>\$ 6,412,768</u>	<u>\$ 3,059,210</u>	<u>\$ 2,553,891</u>	<u>\$ 54,345</u>	<u>\$ 51,856</u>	<u>\$ 1,284,122</u>	<u>\$ 19,329,518</u>

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2023

	Special Revenue Funds						
	Special Projects	Street and Alley	Hotel/Motel Tax	Community Development	Library Grant	Library State Aid	Miscellaneous Trust
Revenues:							
Taxes	\$ -	\$ -	\$ 663,616	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	221,850	73,643	3,148,665	40,050	10,707	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	8,354	-	-	-	-	-	-
Investment income	-	-	-	24,411	-	-	-
Miscellaneous	-	-	6,663	2,620	-	-	-
Total revenues	<u>8,354</u>	<u>221,850</u>	<u>743,922</u>	<u>3,175,696</u>	<u>40,050</u>	<u>10,707</u>	<u>-</u>
Expenditures:							
Current:							
Public safety	24,150	-	-	-	-	-	-
Streets and highways	-	161,482	-	-	-	-	-
Culture, parks and recreation	-	-	358,461	-	38,750	10,707	-
Community development	-	-	-	1,677,313	-	-	-
Capital outlay	-	-	406,632	1,155,180	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>24,150</u>	<u>161,482</u>	<u>765,093</u>	<u>2,832,493</u>	<u>38,750</u>	<u>10,707</u>	<u>-</u>
Revenues over (under) expenditures	<u>(15,796)</u>	<u>60,368</u>	<u>(21,171)</u>	<u>343,203</u>	<u>1,300</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(15,796)</u>	<u>60,368</u>	<u>(21,171)</u>	<u>343,203</u>	<u>1,300</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	22,052	395,779	2,401,080	167,625	163,904	-	-
Fund balance, end of year	<u>\$ 6,256</u>	<u>\$ 456,147</u>	<u>\$ 2,379,909</u>	<u>\$ 510,828</u>	<u>\$ 165,204</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 (Continued)
 Year Ended June 30, 2023

	Special Revenue Funds	Capital Projects Funds					Permanent Funds		Total
	Economic Development	Recreation Center	Street Improvement Project	Capital Improvement Project	Public Safety Center	Debt Service	Matzene Book	Cann Estate	
Revenues:									
Taxes	\$ 2,579,545	\$ -	\$ 2,579,545	\$ -	\$ 4,297,523	\$ 446,680	\$ -	\$ -	\$ 10,566,909
Intergovernmental	-	-	-	-	-	-	-	-	3,494,915
Charges for services	-	-	-	-	-	-	-	1,460	1,460
Fines and forfeitures	-	-	-	-	-	-	-	-	8,354
Investment income (loss)	-	635	112,572	53,109	37,896	2,794	808	115,658	347,883
Miscellaneous	-	-	-	15,938	-	-	-	-	25,221
Total revenues	2,579,545	635	2,692,117	69,047	4,335,419	449,474	808	117,118	14,444,742
Expenditures:									
Current:									
Public safety	-	-	-	-	46,256	-	-	-	70,406
Streets and highways	-	-	204,166	-	-	-	-	-	365,648
Culture, parks and recreation	-	-	-	-	-	-	-	77,495	485,413
Community development	2,579,532	-	-	-	-	-	-	-	4,256,845
Capital outlay	-	175,096	2,787,190	636,405	-	-	-	14,379	5,174,882
Debt service:									
Principal	-	-	-	-	-	376,150	-	-	376,150
Interest and fiscal charges	-	-	-	-	-	75,433	-	-	75,433
Total expenditures	2,579,532	175,096	2,991,356	636,405	46,256	451,583	-	91,874	10,804,777
Revenues over (under) expenditures	13	(174,461)	(299,239)	(567,358)	4,289,163	(2,109)	808	25,244	3,639,965
Other financing sources (uses):									
Transfers in	-	-	-	400,000	-	-	-	45,000	445,000
Transfers out	-	-	-	(49,455)	(3,778,235)	-	-	-	(3,827,690)
Total other financing sources (uses)	-	-	-	350,545	(3,778,235)	-	-	45,000	(3,382,690)
Net change in fund balances	13	(174,461)	(299,239)	(216,813)	510,928	(2,109)	808	70,244	257,275
Fund balance, beginning of year	-	179,108	6,500,910	3,242,806	2,042,963	56,454	51,048	1,207,600	16,431,329
Fund balance, end of year	\$ 13	\$ 4,647	\$ 6,201,671	\$ 3,025,993	\$ 2,553,891	\$ 54,345	\$ 51,856	\$ 1,277,844	\$ 16,688,604

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 109,627	\$ 528,555	\$ 638,182
Accounts receivables - other	15,359	-	15,359
Inventory	32,312	38,757	71,069
Total current assets	<u>157,298</u>	<u>567,312</u>	<u>724,610</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	388,293	94,351	482,644
Depreciable/amortizable, net of accumulated depreciation/amortization	<u>449,539</u>	<u>404,371</u>	<u>853,910</u>
Total noncurrent assets	<u>837,832</u>	<u>498,722</u>	<u>1,336,554</u>
Total assets	<u>995,130</u>	<u>1,066,034</u>	<u>2,061,164</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>150,697</u>	<u>197,930</u>	<u>348,627</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	36,256	122,008	158,264
Accrued interest payable	-	233	233
Subscription liability	-	12,350	12,350
Accrued compensated absences	2,128	2,748	4,876
Total current liabilities	<u>38,384</u>	<u>137,339</u>	<u>175,723</u>
Noncurrent liabilities:			
Accrued compensated absences	19,149	24,736	43,885
Net pension liability	179,606	270,617	450,223
Total OPEB liability	<u>6,085</u>	<u>6,085</u>	<u>12,170</u>
Total noncurrent liabilities	<u>204,840</u>	<u>301,438</u>	<u>506,278</u>
Total liabilities	<u>243,224</u>	<u>438,777</u>	<u>682,001</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>-</u>	<u>9,158</u>	<u>9,158</u>
<u>NET POSITION</u>			
Net investment in capital assets	837,832	486,372	1,324,204
Unrestricted	<u>64,771</u>	<u>329,657</u>	<u>394,428</u>
Total net position	<u>\$ 902,603</u>	<u>\$ 816,029</u>	<u>\$ 1,718,632</u>

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION - NONMAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 165,716	\$ -	\$ 165,716
Golf course fees	-	721,517	721,517
Total operating revenues	165,716	721,517	887,233
Operating expenses:			
Personal services	394,839	590,337	985,176
Materials and supplies	54,854	48,816	103,670
Maintenance, operations and contractual services	101,108	372,116	473,224
Depreciation	57,935	64,689	122,624
Amortization	-	12,016	12,016
Total operating expenses	608,736	1,087,974	1,696,710
Operating loss	(443,020)	(366,457)	(809,477)
Non-operating revenues:			
Interest expense	-	(251)	(251)
Investment income	2,365	-	2,365
Total non-operating revenues	2,365	(251)	2,114
Loss before capital contributions and transfers	(440,655)	(366,708)	(807,363)
Capital contributions	106,569	119,587	226,156
Transfers from other funds	220,000	410,000	630,000
Net capital contributions and transfers	326,569	529,587	856,156
Change in net position	(114,086)	162,879	48,793
Net position, beginning of year	1,016,689	653,150	1,669,839
Net position, end of year	\$ 902,603	\$ 816,029	\$ 1,718,632

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 150,357	\$ 728,749	\$ 879,106
Payments to suppliers	(147,903)	(415,904)	(563,807)
Payments to employees	(368,300)	(562,464)	(930,764)
Net cash flows from operating activities	<u>(365,846)</u>	<u>(249,619)</u>	<u>(615,465)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	220,000	410,000	630,000
Net cash flows from noncapital financing	<u>220,000</u>	<u>410,000</u>	<u>630,000</u>
Cash flows from capital and related financing activities:			
Principal paid on subscription liability	-	(12,583)	(12,583)
Interest paid on capital debt	-	(18)	(18)
Net cash flows from capital and related financing activities	<u>-</u>	<u>(12,601)</u>	<u>(12,601)</u>
Cash flows from investing activities:			
Interest and dividends	2,365	-	2,365
Net cash flows from investing activities	<u>2,365</u>	<u>-</u>	<u>2,365</u>
Net increase (decrease) in cash and cash equivalents	(143,481)	147,780	4,299
Balances, beginning of year	253,108	380,775	633,883
Balances, end of year	<u>\$ 109,627</u>	<u>\$ 528,555</u>	<u>\$ 638,182</u>
Reconciliation of operating loss to net cash flows from operating activities:			
Operating loss	\$ (443,020)	\$ (366,457)	\$ (809,477)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation and amortization expense	57,935	76,705	134,640
Change in assets and liabilities:			
(Increase) decrease in receivables, net	(15,359)	7,232	(8,127)
(Increase) decrease in prepaid items	357	213	570
(Increase) decrease in inventories	68	(12,713)	(12,645)
(Increase) decrease in net pension asset	70,067	45,273	115,340
(Increase) decrease in deferred outflows	(138,888)	(175,605)	(314,493)
Increase (decrease) in accounts and other payables	7,634	17,528	25,162
Increase (decrease) in accrued compensated absences	6,792	3,453	10,245
Increase (decrease) in net pension liability	179,606	270,617	450,223
Increase (decrease) in total OPEB liability	2,072	2,072	4,144
Increase (decrease) in deferred inflows	(93,110)	(117,937)	(211,047)
Net cash flows from operating activities	<u>\$ (365,846)</u>	<u>\$ (249,619)</u>	<u>\$ (615,465)</u>
Non-cash capital financing activities:			
Capital asset contributions	<u>\$ 106,569</u>	<u>\$ 119,587</u>	

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 June 30, 2023

	City Garage	Insurance Imprest Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 299,865	\$ 11,040,903	\$ 11,340,768
Investments	-	500,000	500,000
Accounts receivables - other	-	593,218	593,218
Prepaid items	-	24,893	24,893
Inventory	244,390	-	244,390
Total current assets	<u>544,255</u>	<u>12,159,014</u>	<u>12,703,269</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net of accumulated depreciation	87,035	-	87,035
Total assets	<u>631,290</u>	<u>12,159,014</u>	<u>12,790,304</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	120,312	57,862	178,174
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	116,694	105,304	221,998
Estimated claims liability	-	217,911	217,911
Accrued compensated absences	2,748	357	3,105
Total current liabilities	<u>119,442</u>	<u>323,572</u>	<u>443,014</u>
Noncurrent liabilities:			
Estimated claims liability	-	589,578	589,578
Accrued compensated absences	24,735	3,211	27,946
Net pension liability	134,745	73,413	208,158
Total noncurrent liabilities	<u>159,480</u>	<u>666,202</u>	<u>825,682</u>
Total liabilities	<u>278,922</u>	<u>989,774</u>	<u>1,268,696</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	15,525	-	15,525
<u>NET POSITION</u>			
Net investment in capital assets	87,035	-	87,035
Unrestricted	370,120	11,227,102	11,597,222
Total net position	<u>\$ 457,155</u>	<u>\$ 11,227,102</u>	<u>\$ 11,684,257</u>

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION - INTERNAL SERVICE FUNDS
 Year Ended June 30, 2023

	City Garage	Insurance Imprest Fund	Total
Operating revenues:			
Charges for services	\$ 2,337,000	\$ 5,600,560	\$ 7,937,560
Total operating revenues	2,337,000	5,600,560	7,937,560
Operating expenses:			
Personal services	339,216	404,217	743,433
Materials and supplies	1,878,465	-	1,878,465
Other services and charges	41,079	4,442,238	4,483,317
Depreciation expense	16,096	-	16,096
Total operating expenses	2,274,856	4,846,455	7,121,311
Operating income	62,144	754,105	816,249
Non-operating revenues (expenses):			
Investment income	-	226,947	226,947
Gain on sale of fixed assets	1,726	-	1,726
Miscellaneous expense	-	(295,884)	(295,884)
Total non-operating revenues (expenses)	1,726	(68,937)	(67,211)
Income before transfers	63,870	685,168	749,038
Transfers to other funds	(10,000)	-	(10,000)
Change in net position	53,870	685,168	739,038
Net position, beginning of year	403,285	10,541,934	10,945,219
Net position, end of year	\$ 457,155	\$ 11,227,102	\$ 11,684,257

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 Year Ended June 30, 2023

	City Garage	Insurance Imprest Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 2,428,908	\$ 5,843,827	\$ 8,272,735
Payments to suppliers	(1,837,067)	(4,426,583)	(6,263,650)
Payments to employees	(318,551)	(397,847)	(716,398)
Net cash flows from operating activities	<u>273,290</u>	<u>1,019,397</u>	<u>1,292,687</u>
Cash flows from noncapital financing activities:			
Miscellaneous cash payments	-	(295,884)	(295,884)
Transfers to other funds	(10,000)	-	(10,000)
Net cash flows from noncapital financial activities	<u>(10,000)</u>	<u>(295,884)</u>	<u>(305,884)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(46,606)	-	(46,606)
Proceeds from the sale of capital assets	1,726	-	1,726
Net cash flows from capital and related financing activities	<u>(44,880)</u>	<u>-</u>	<u>(44,880)</u>
Cash flows from investing activities:			
Interest and dividends	-	226,947	226,947
Net cash flows from investing activities	<u>-</u>	<u>226,947</u>	<u>226,947</u>
Net increase in cash and cash equivalents	218,410	950,460	1,168,870
Balances, beginning of year	81,455	10,090,443	10,171,898
Balances, end of year	<u>\$ 299,865</u>	<u>\$ 11,040,903</u>	<u>\$ 11,340,768</u>
Reconciliation of operating income to net cash flows from operating activities:			
Operating income	\$ 62,144	\$ 754,105	\$ 816,249
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation expense	16,096	-	16,096
Change in assets and liabilities:			
(Increase) decrease in receivables, net	91,908	243,267	335,175
(Increase) decrease in prepaid expenses	-	(955)	(955)
(Increase) decrease in inventory	34,275	-	34,275
(Increase) decrease in net pension asset	64,141	10,551	74,692
(Increase) decrease in deferred outflows	(110,562)	(52,331)	(162,893)
Increase (decrease) in accounts and other payables	48,202	16,610	64,812
Increase (decrease) in claims payable	-	(1,425)	(1,425)
Increase (decrease) in accrued compensated absences	6,595	1,136	7,731
Increase (decrease) in net pension liability	134,745	73,413	208,158
Increase (decrease) in deferred inflows	(74,254)	(24,974)	(99,228)
Net cash flows from operating activities	<u>\$ 273,290</u>	<u>\$ 1,019,397</u>	<u>\$ 1,292,687</u>

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF NOTE DEBT SERVICE COVERAGE
Year Ended June 30, 2023

	Electric	Broadband	Water	Solid Waste	Wastewater	Total
Gross revenues of the system:						
Utility charges for service	\$ 43,170,452	\$ 1,694,632	\$ 8,509,589	\$ 5,964,808	\$ 6,598,668	\$ 65,938,149
Investment income	391,123	11,767	78,390	155,823	121,344	758,447
Total operating revenues	43,561,575	1,706,399	8,587,979	6,120,631	6,720,012	66,696,596
Operation and maintenance expenses:						
Personal services	3,502,422	516,545	1,796,678	2,883,794	1,432,709	10,132,148
Materials and supplies	124,494	32,103	687,913	19,390	141,205	1,005,105
Maintenance, operations and contractual services	2,430,230	337,554	1,581,106	1,044,338	916,696	6,309,924
Electricity purchased	26,046,212	-	-	-	-	26,046,212
Total operating expenses	32,103,358	886,202	4,065,697	3,947,522	2,490,610	43,493,389
Net revenues available for debt service	\$ 11,458,217	\$ 820,197	\$ 4,522,282	\$ 2,173,109	\$ 4,229,402	\$ 23,203,207
Maximum annual debt service*						\$ 6,317,164
Coverage						3.67
Required coverage						1.25

* Maximum annual debt services is based on 2023 debt service requirements for Oklahoma
Water Resources Board Notes Payable Series 2007 and 2009A and Utility Systems Revenue Notes Series 2019, 2021A and 2021B



Certified Public Accountants

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

To the Honorable Mayor and City Commission
City of Ponca City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ponca City, Oklahoma (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 5, 2023. Our report includes a reference to other auditors who audited the financial statements of the Ponca City Development Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Report on Compliance and Other Matters

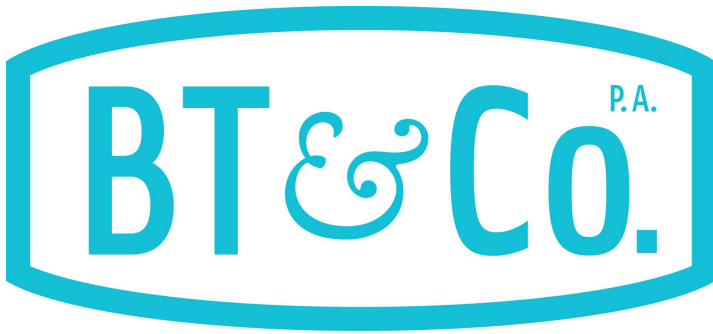
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

BT + Co., P.A.

December 5, 2023
Topeka, Kansas



Certified Public Accountants

CITY OF PONCA CITY, OKLAHOMA

SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2023

CITY OF PONCA CITY, OKLAHOMA
SINGLE AUDIT REPORT
Year Ended June 30, 2023

TABLE OF CONTENTS

The City of Ponca City, Oklahoma financial statements and related notes for the year ended June 30, 2023 were audited by BT&Co., P.A. and issued under a separate cover.

The 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* was issued by BT&Co., P.A. under a separate cover.

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1 - 3
Schedule of Expenditures of Federal Awards	4 - 5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7 - 8



Certified Public Accountants

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INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Mayor and Members of the City Commission
City of Ponca City, Oklahoma:

Report on Compliance for Each Major Federal Program

Opinions on each Major Federal Program

We have audited the City of Ponca City, Oklahoma’s (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2023. The City’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each of the major federal programs. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Auditors' Responsibilities for the Audit of Compliance

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended June 30, 2023, and have issued our report thereon dated December 5, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BT + Co., P.A.

December 5, 2023
Topeka, Kansas

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Number	Expenditures	Amounts Paid to Subrecipients
U.S. Department of Housing and Urban Development:				
Passed through Oklahoma Department of Commerce:				
Small Cities Program	14.228	18609CDBG22	\$ 73,643	\$ -
COVID-19 - Community Development Block Grant	14.228	18118CDBGCR20	1,741,125	1,296,582
Total U.S. Department of Housing and Urban Development			<u>1,814,768</u>	<u>1,296,582</u>
U.S. Department of the Interior:				
Passed through Oklahoma Historical Preservation Office:				
Certified Local Government Program	15.904	21-605	3,809	-
Certified Local Government Program	15.904	22-605	28,333	-
Total U.S. Department of the Interior			<u>32,142</u>	<u>-</u>
U.S. Department of Justice:				
Bulletproof Vest Partnership Program	16.607	-	5,493	-
COPS Anti-Methamphetamine Program	16.710	-	15,414	-
Edward Byrne Law Enforcement Assistance	16.738	0-BJA-2021-35004	1,482	-
Edward Byrne Law Enforcement Assistance	16.738	15PBJA-22-GG-02846-JAGX	15,053	3,763
Total U.S. Department of Justice			<u>37,442</u>	<u>3,763</u>
U.S. Department of Labor:				
Passed through Oklahoma Department of Commerce/Oklahoma Department of Libraries:				
WIOA Cluster:				
Adult Online HS Library Grant	17.258	PO430_3374	5,500	-
Total U.S. Department of Labor			<u>5,500</u>	<u>-</u>
U.S. Department of Transportation:				
Passed through Oklahoma Aeronautics Commission:				
Northern Oklahoma Flight Academy	20.106	-	8,500	-
Passed through Oklahoma Department of Transportation:				
Standing Bear Trails Phase 6	20.219	STP-136E (219)EH	10,992	10,992
Total U.S. Department of Transportation			<u>19,492</u>	<u>10,992</u>
U.S. Department of Treasury:				
Passed through State of Oklahoma:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	-	971,683	-
Total U.S. Department of Treasury			<u>971,683</u>	<u>-</u>
National Aeronautics and Space Administration:				
Passed through American Library Association:				
NASA @ My Library	43.001	-	1,285	-
Total National Aeronautics and Space Administration			<u>1,285</u>	<u>-</u>
National Endowment for the Humanities:				
Passed through Oklahoma Humanities:				
COVID-19 - Ponca City Marland Mansion ARPA	45.129	Y21.350	6,250	-
Total National Endowment for the Humanities			<u>6,250</u>	<u>-</u>

(Continued)

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Number	Expenditures	Amounts Paid to Subrecipients
U.S. Institute of Museum and Library Services:				
Passed through Oklahoma Department of Libraries:				
Continuing Education Grant- Dept Library Development	45.310	-	\$ 963	\$ -
COVID-19 - ARPA Targeted Grants to Libraries	45.310	F-23-227	1,420	-
State Aid Grant	45.310	-	10,707	-
Total U.S. Institute of Museum and Library Services			<u>13,090</u>	<u>-</u>
U.S. Department of Homeland Security:				
Passed through Oklahoma Department of Emergency Management:				
Public Assistance May 19 Flood	97.036	FEMA DR4438PW	20,740	-
Public Assistance Oct 22 Ice Storm	97.036	FEMA DR 4575	140,000	-
Emergency Management Performance Grant	97.042	85-606	7,427	-
Emergency Management Performance Grant	97.042	85-606	22,281	-
Total U.S. Department of Homeland Security			<u>190,448</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 3,092,100</u>	<u>\$ 1,311,337</u>

See accompanying notes to schedule of
expenditures of federal awards.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Ponca City, Oklahoma (the City) under programs of the federal government for the year ended June 30, 2023. The City's reporting entity is defined in Note 1 to the City's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position, or, where applicable, cash flows of the City. All federal awards passed through other government agencies are included on the schedule.

2 - Summary of Significant Accounting Policies

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3 - Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF PONCA CITY, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2023

Section I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Noncompliance material to financial statements:	None

Federal Awards

Type of auditors’ report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a):	None

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grants
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as a low-risk auditee:	Yes
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(Continued)

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.