



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

THE CITY OF PONCA CITY, OKLAHOMA

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

THE CITY OF PONCA CITY, OKLAHOMA

FINANCIAL STATEMENTS

Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
List of Elected and Appointed Officials	i
FINANCIAL SECTION:	
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13 - 14
Statement of Activities	15 - 16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	20
Statement of Net Position – Proprietary Funds	21 - 22
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	23 - 24
Statement of Cash Flows – Proprietary Funds	25 - 26
Statement of Fiduciary Net Position – Pension Trust Fund	27
Statement of Change in Fiduciary Net Position – Pension Trust Fund	28
Notes to Basic Financial Statements	29 - 101

THE CITY OF PONCA CITY, OKLAHOMA

FINANCIAL STATEMENTS

Year Ended June 30, 2019

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	102 - 103
Notes to Budgetary Comparison Schedule	104 - 105
Schedule of the City’s Proportionate Share of the Collective Net Pension Liability - Oklahoma Firefighters Pension & Retirement System	106
Schedule of the City’s Contributions – Oklahoma Firefighters Pension & Retirement System	107
Schedule of the City’s Proportionate Share of the Collective Net Pension Liability (Asset) – Oklahoma Police Pension & Retirement System	108
Schedule of the City’s Contributions – Oklahoma Police Pension & Retirement System	109
Schedule of Changes in Net Pension Liability – Ponca City Employees Retirement System	110
Schedule of Employer Contributions – Ponca City Employees Retirement System	111
Schedule of Money-Weighted Investment Returns – Ponca City Employees Retirement System	112
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios	113
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	114 - 115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	116 - 117
Combining Statement of Net Position – Nonmajor Proprietary Funds	118
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Proprietary Funds	119
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	120
Combining Statement of Net Position – Internal Service Funds	121
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	122
Combining Statement of Cash Flows – Internal Service Funds	123
Schedule of Revenue Bonds and Notes Debt Services Coverage	124
Schedule of Reserve Account Balance	125

THE CITY OF PONCA CITY, OKLAHOMA

FINANCIAL STATEMENTS

Year Ended June 30, 2019

TABLE OF CONTENTS

(Continued)

Page

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 *Government Auditing Standards*

126 - 127

CITY OF PONCA CITY, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

June 30, 2019

City Commission

Homer Nicholson, Mayor

Lanita Chapman

Paul Taylor

Shasta Scott

Ryan Austin

Finance Director/Clerk/Treasurer

Marc LaBossiere



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ponca City Development Authority, which is reported as a discretely presented component unit. 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 Ponca City Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

An Independently Owned Member, RSM US Alliance

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ponca City, Oklahoma, as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on July 1, 2018, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules and statements listed under supplementary information in the accompanying table of contents and other information, including the introductory section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules and statements listed under supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019 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.

Berwick Trahan + Co., P.A.

December 4, 2019
Topeka, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total assets exceeded liabilities (net position) by \$173,464,204 for the fiscal year ended June 30, 2019.
- Total net position is comprised of the following:
 - The net investment in capital assets was \$126,379,662.
 - A net position of \$11,973,620 is restricted by constraints imposed from outside the City, such as debt covenants, grantors, laws or regulations.
 - An unrestricted net position of \$35,110,922 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 \$2.4M during the fiscal year.
- Sales and use tax revenue in the General Fund derived from a 2% rate to provide basic services totaled \$8,262,408, a decrease of 3.1% from the prior year.
- The Ponca City Utility Authority decreased its capital debt and refundable grant obligations by \$6,252,449 during the year ended June 30, 2019.

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.

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 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 unit – This accounts for activities of the City's reporting entity that does not meet the criteria for blending, specifically for the Ponca City Development Authority (PCDA).

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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.

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 service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to financial statements to those in the 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. In the case of the City's assets exceeded liabilities by \$173,464,204 at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its investments in capital assets (e.g., land, buildings, and machinery and equipment), less any related debt used to acquire those assets that are still outstanding. For Fiscal 2019, this investment in capital assets, net of related debt amounted to \$126,379,662. 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.

	NET POSITION (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current assets	\$ 33,044	\$ 33,804	\$ 42,319	\$ 41,834	\$ 75,363	\$ 75,638
Capital assets, net	58,065	39,927	77,669	100,047	135,734	139,974
Other non-current assets	-	449	3,657	2,957	3,657	3,406
Total assets	<u>91,109</u>	<u>74,180</u>	<u>123,645</u>	<u>144,838</u>	<u>214,754</u>	<u>219,018</u>
Deferred outflows of resources	3,771	5,053	266	1,038	4,037	6,091
Current liabilities	2,436	4,076	9,387	6,461	11,823	10,537
Non-current liabilities	19,366	20,106	20,316	18,421	39,682	38,527
Total liabilities	<u>21,802</u>	<u>24,182</u>	<u>29,703</u>	<u>24,882</u>	<u>51,505</u>	<u>49,064</u>
Deferred inflows of resources	2,109	2,259	1,089	322	3,198	2,581
Net position						
Net investment in capital assets	58,065	39,927	57,689	86,452	115,754	126,379
Restricted	14,412	10,481	6,300	1,493	20,712	11,974
Unrestricted	(1,508)	2,384	29,130	32,727	27,622	35,111
Total net position	<u>\$ 70,969</u>	<u>\$ 52,792</u>	<u>\$ 93,119</u>	<u>\$ 120,672</u>	<u>\$ 164,088</u>	<u>\$ 173,464</u>

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

Net Position (continued)

Another major portion of the City's net position, \$11,973,620, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$35,110,922, 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 assets for the government as a whole.

Changes in Net Position

For the year ended June 30, 2019, net position of the primary government changed as follows:

	CHANGES IN NET POSITION (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues						
Program revenues	\$ 5,072	\$ 6,411	\$ 62,522	\$ 59,981	\$ 67,594	\$ 66,392
Taxes and other general revenues	18,095	16,913	519	1,014	18,614	17,927
Total revenues	<u>23,167</u>	<u>23,324</u>	<u>63,041</u>	<u>60,995</u>	<u>86,208</u>	<u>84,319</u>
Expenses						
General government	3,018	3,538	-	-	3,018	3,538
Public safety	14,071	13,120	-	-	14,071	13,120
Streets and highways	3,959	3,920	-	-	3,959	3,920
Culture, parks and recreation	3,945	4,700	-	-	3,945	4,700
Community development	304	674	-	-	304	674
Economic development	2,133	2,061	-	-	2,133	2,061
Interest on long-term debt	72	49	-	-	72	49
Utility Authority	-	-	44,307	42,983	44,307	42,983
Airport	-	-	1,867	1,683	1,867	1,683
Golf Course	-	-	893	902	893	902
RecPlex	-	-	-	742	-	742
Marland Estate	-	-	428	423	428	423
Total expenses	<u>27,502</u>	<u>28,062</u>	<u>47,495</u>	<u>46,733</u>	<u>74,997</u>	<u>74,795</u>
Excess (deficiency) before transfers	(4,335)	(4,738)	15,546	14,262	11,211	9,524
Transfers	7,500	(13,348)	(7,500)	13,348	-	-
Increase (decrease) in net position	<u>\$ 3,165</u>	<u>\$ (18,086)</u>	<u>\$ 8,046</u>	<u>\$ 27,610</u>	<u>\$ 11,211</u>	<u>\$ 9,524</u>

The City's governmental activities' decrease in net assets of \$18,086,678 plus the business-type activities' increase in net assets of \$27,609,949 combined represent an increase of \$9,523,271, or a 5.8% increase. The results indicate the City as a whole experienced an increase in its financial condition from the prior year.

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

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 differently 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.

For the year ended June 30, 2019 total expenses for governmental activities amounted to \$28,062,303. Of these total expenses, taxes, other general revenues, and transfers funded \$3,564,489. Operating and Capital Grants and Contributions funded \$3,666,807. A total of \$2,743,969 was received from charges for services. The transfer of the RecPlex asset from the General Government to a new proprietary fund during the year was the only significant change from the prior year.

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

	Total Expense of Services		Net Revenue (Expense) of Services	
	2018	2019	2018	2019
General government	\$ 3,018	\$ 3,538	\$ (3,018)	\$ (3,538)
Public safety	14,071	13,120	(9,841)	(8,166)
Streets and highways	3,959	3,920	(3,959)	(3,920)
Culture, parks and recreation	3,945	4,700	(3,304)	(3,427)
Community development	304	674	(102)	(491)
Payment to PCDAQ	2,133	2,061	(2,133)	(2,061)
Interest on long-term debt	72	49	(72)	(49)
Total	<u>\$ 27,502</u>	<u>\$ 28,062</u>	<u>\$ (22,429)</u>	<u>\$ (21,652)</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 \$27,609,949 for the year ended June 30, 2019. The majority of this is due to a transfer of the RecPlex asset.
- All non-utility Proprietary Funds reported a net loss for the year ended June 30, 2019, including the RecPlex (-\$337,307), Airport (-\$770,343), and a combined Marland Estate/Wentz Golf Course (-\$743,177). These results include the non-cash depreciation expense, and do not include budgeted cash transfer revenue subsidies from the General Fund.

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

General Fund Budgetary Highlights

Over the course of the year, City Commission revised the General Fund budget at various times. The revised budget included an increase in the overall revenue projections of \$6,764 or 0.03%, and an increase in appropriations of \$617,239 or 2.52%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the City had \$139,974,225 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 \$4,240,043 or 3.12% over the previous year

	CAPITAL ASSETS (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Land	\$ 1,000	\$ 1,042	\$ 1,462	\$ 1,632	\$ 2,462	\$ 2,674
Buildings	27,566	6,353	12,040	32,686	39,606	39,039
Improvements (other than buildings)	25,705	27,659	58,504	56,614	84,209	84,273
Machinery & Equipment	3,531	3,119	5,400	5,813	8,931	8,932
Construction in progress	263	1,754	263	3,302	526	5,056
Totals	<u>\$ 58,065</u>	<u>\$ 39,927</u>	<u>\$ 77,669</u>	<u>\$ 100,047</u>	<u>\$ 135,734</u>	<u>\$ 139,974</u>

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At year-end on June 30, 2019, the City had \$16,180,635 in long-term debt outstanding which represents a decrease of \$5,523,823 from the prior year. This was the result of a bond that was re-financed and paid off during the year. The City's changes in long-term debt by type of debt are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Accrued compensated absences	\$ 863,083	\$ 960,048	\$ 363,289	\$ 373,623	\$ 1,226,372	\$ 1,333,671
Judgments payable	494,933	447,324	-	-	494,933	447,324
Revenue bonds payable	-	-	13,440,000	9,830,000	13,440,000	9,830,000
Notes payable	-	-	6,079,871	3,407,862	6,079,871	3,407,862
Capital lease obligations	-	-	406,282	318,701	406,282	318,701
Use tax recoupment liability	-	805,077	-	-	-	805,077
Refundable grant obligations	-	-	57,000	38,000	57,000	38,000
Totals	<u>\$ 1,358,016</u>	<u>\$ 2,212,449</u>	<u>\$ 20,346,442</u>	<u>\$ 13,968,186</u>	<u>\$ 21,704,458</u>	<u>\$ 16,180,635</u>

See Note 8 to the financial statements for more detail information on the City's long-term debt and changes therein.

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.

The Fiscal 2019-20 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 391 full-time positions for Fiscal 2020, a net increase of one position that resulted from assuming management of the RecPlex facility. While continued efforts for efficiency are likely, no layoffs or additions are planned for the coming year.

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

Capital spending for Fiscal 2020 is budgeted at \$11,451,261, an increase of 30.8% from the prior year. Visible projects for the year include a new pumper truck for the Fire Department, three marked sedans for the Police Department, a 13 yard dump truck for the Street Department, and new climate controlled fishing dock for Lake Ponca. The Ponca City Utility Authority will see construction of a sludge handling bed at the Water Treatment Plant, \$1.62M in electric distribution system improvements, and a \$1.7M project to replace a wastewater collection line on the west side of Ponca City.

Staff was happy to recommend, and have approved, a zero percent rate increase for electric, water, wastewater, and solid waste utility services for the year.

The voter approved 5-year extension of a ½ cent dedicated sales and use tax for economic development effective February 1, 2019 will assist the Ponca City Development Authority in its mission to add jobs and diversify the City's economic use. 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 into the Ponca City market by international retailers such as Marshall's, Harbor Freight, Atwoods, and addition of restaurants such as Rib Crib and Sakura. 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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ponca City Development Authority
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 24,829,278	\$ 20,647,089	\$ 45,476,367	\$ 7,591,338
Investments	5,644,345	8,489,501	14,133,846	-
Restricted assets:				
Cash and cash equivalents	-	643,972	643,972	15,321
Investments	-	603,377	603,377	-
Receivables:				
Accounts receivable, net of allowance	832,364	7,279,636	8,112,000	16,689
Other receivables, net of allowance	709,512	40,118	749,630	-
Due from other governments	1,629,960	-	1,629,960	524,864
Prepaid expenses	48,545	56,044	104,589	17,877
Internal balance	(98,036)	98,036	-	-
Inventory	207,679	3,976,031	4,183,710	-
Total current assets	<u>33,803,647</u>	<u>41,833,804</u>	<u>75,637,451</u>	<u>8,166,089</u>
Non-current assets:				
Restricted assets:				
Cash and cash equivalents	-	848,980	848,980	-
Investment in joint venture	-	2,107,806	2,107,806	-
Net pension asset	449,341	-	449,341	-
Capital assets:				
Non-depreciable	2,796,253	4,934,220	7,730,473	267,240
Depreciable, net of depreciation	37,130,827	95,112,925	132,243,752	10,015,672
Total non-current assets	<u>40,376,421</u>	<u>103,003,931</u>	<u>143,380,352</u>	<u>10,282,912</u>
Total assets	<u>74,180,068</u>	<u>144,837,735</u>	<u>219,017,803</u>	<u>18,449,001</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	\$ 5,052,872	\$ 1,038,579	\$ 6,091,451	\$ -

(Continued)

CITY OF PONCA CITY, OKLAHOMA

STATEMENT OF NET POSITION
(Continued)

June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ponca City Development Authority
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,894,713	\$ 4,072,396	\$ 6,967,109	\$ 54,581
Accrued interest payable	-	136,584	136,584	-
Advanced revenues	397,654	-	397,654	23,188
Meter deposit liability	-	603,377	603,377	-
Non-current liabilities - due within one year:				
Judgments payable	239,684	-	239,684	-
Notes payable	-	332,202	332,202	-
Capital lease obligations	-	99,670	99,670	-
Revenue bonds payable	-	1,160,000	1,160,000	-
Refundable grant obligations	-	19,000	19,000	-
Use tax recoupment obligation	115,000	-	115,000	-
Estimated liability for claims	333,406	-	333,406	-
Accrued compensated absences	96,005	37,362	133,367	4,695
Total current liabilities	4,076,462	6,460,591	10,537,053	82,464
Non-current liabilities - due in more than one year:				
Judgments payable	207,640	-	207,640	-
Notes payable	-	3,075,660	3,075,660	-
Capital lease obligations	-	219,031	219,031	-
Revenue bonds payable	-	8,670,000	8,670,000	-
Refundable grant obligations	-	19,000	19,000	-
Use tax recoupment obligation	690,077	-	690,077	-
Estimated liability for claims	878,806	-	878,806	-
Accrued compensated absences	864,043	336,261	1,200,304	42,254
Net pension liability	17,372,956	4,321,072	21,694,028	-
Total OPEB liability	92,294	88,674	180,968	-
Landfill closure/post-closure liability	-	1,691,746	1,691,746	-
Security deposits	-	-	-	15,321
Total non-current liabilities	20,105,816	18,421,444	38,527,260	57,575
Total liabilities	24,182,278	24,882,035	49,064,313	140,039
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	2,258,788	321,949	2,580,737	-
<u>NET POSITION</u>				
Net investment in capital assets	39,927,080	86,452,582	126,379,662	10,282,912
Restricted by:				
Enabling legislation	8,219,855	-	8,219,855	-
Statutory requirements	312,906	-	312,906	-
External contracts	1,947,907	1,492,952	3,440,859	-
Unrestricted	2,384,126	32,726,796	35,110,922	8,026,050
Total net position	\$ 52,791,874	\$ 120,672,330	\$ 173,464,204	\$ 18,308,962

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
		Charges for Services and Fines	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	\$ 3,537,850	\$ -	\$ -	\$ -	\$ (3,537,850)	\$ -	\$ (3,537,850)	\$ -
Public safety	13,119,801	2,207,989	2,743,953	2,245	(8,165,614)	-	(8,165,614)	-
Streets and highways	3,920,309	-	-	-	(3,920,309)	-	(3,920,309)	-
Cultural, parks and recreation	4,699,544	352,358	23,331	897,278	(3,426,577)	-	(3,426,577)	-
Community development	674,405	183,622	-	-	(490,783)	-	(490,783)	-
Payment to PCDA	2,060,901	-	-	-	(2,060,901)	-	(2,060,901)	-
Interest on long-term debt	49,493	-	-	-	(49,493)	-	(49,493)	-
Total governmental activities	<u>28,062,303</u>	<u>2,743,969</u>	<u>2,767,284</u>	<u>899,523</u>	<u>(21,651,527)</u>	<u>-</u>	<u>(21,651,527)</u>	<u>-</u>
Business-type activities:								
Electric	29,223,568	37,677,803	-	-	-	8,454,235	8,454,235	-
Broadband	120,947	1,621	-	-	-	(119,326)	(119,326)	-
Water	4,772,309	7,990,243	-	-	-	3,217,934	3,217,934	-
Solid waste	3,491,749	5,280,183	-	-	-	1,788,434	1,788,434	-
Wastewater	3,350,650	6,486,442	-	-	-	3,135,792	3,135,792	-
Stormwater	206,454	575,058	-	-	-	368,604	368,604	-
Administrative costs	1,816,643	73,206	-	-	-	(1,743,437)	(1,743,437)	-
Airport	1,683,236	912,609	-	-	-	(770,627)	(770,627)	-
Golf course	901,953	427,221	-	-	-	(474,732)	(474,732)	-
RecPlex	741,775	399,922	-	-	-	(341,853)	(341,853)	-
Marland Estate	423,418	156,195	-	-	-	(267,223)	(267,223)	-
Total business-type activities	<u>46,732,702</u>	<u>59,980,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,247,801</u>	<u>13,247,801</u>	<u>-</u>
Total primary government	<u>\$ 74,795,005</u>	<u>\$ 62,724,472</u>	<u>\$ 2,767,284</u>	<u>\$ 899,523</u>	<u>(21,651,527)</u>	<u>13,247,801</u>	<u>(8,403,726)</u>	<u>-</u>
Component unit:								
Ponca City Development Authority	\$ 2,237,457	\$ 410,314	\$ -	\$ 1,275,000				\$ (552,143)

(Continued)

CITY OF PONCA CITY, OKLAHOMA

STATEMENT OF ACTIVITIES
(Continued)

For the Year Ended June 30, 2019

	Net (Expenses) Revenues and Change in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ponca City Development Authority
General revenues:				
Taxes:				
Sales and use taxes:				
Unrestricted	\$ 8,262,407	\$ -	\$ 8,262,407	\$ -
Streets and highways	2,065,602	-	2,065,602	-
Economic development	2,065,602	-	2,065,602	2,061,151
Recreation center	2,065,602	-	2,065,602	-
Franchise and public service taxes	458,369	-	458,369	-
Hotel/motel taxes	542,945	-	542,945	-
Ad valorem taxes	285,264	-	285,264	-
Other taxes	10,521	-	10,521	-
Investment income	559,007	1,014,106	1,573,113	129,501
Miscellaneous	553,073	-	553,073	127
Gain on sales of capital assets	44,499	-	44,499	-
Transfers - internal activity	(13,348,042)	13,348,042	-	-
Total general revenues and transfers	3,564,849	14,362,148	17,926,997	2,190,779
Change in net position	(18,086,678)	27,609,949	9,523,271	1,638,636
Net position, beginning of year as previously stated	70,969,534	93,118,507	164,088,041	16,670,326
Prior period adjustment	(90,982)	(56,126)	(147,108)	-
Net position, beginning of year as restated	70,878,552	93,062,381	163,940,933	16,670,326
Net position, end of year	\$ 52,791,874	\$ 120,672,330	\$ 173,464,204	\$ 18,308,962

See accompanying notes to the financial statements.

CITY OF PONCA CITY, OKLAHOMA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,009,204	\$ 12,691,567	\$ 19,700,771
Investments	-	1,144,345	1,144,345
Receivables:			
Accounts receivable, net	780,457	51,907	832,364
Due from other governments	671,012	958,948	1,629,960
Total assets	<u>\$ 8,460,673</u>	<u>\$ 14,846,767</u>	<u>\$ 23,307,440</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 697,928	\$ 1,997,127	\$ 2,695,055
Advanced revenues	397,654	-	397,654
Total liabilities	<u>1,095,582</u>	<u>1,997,127</u>	<u>3,092,709</u>
Fund balances:			
Nonspendable	-	1,144,345	1,144,345
Restricted	-	8,886,982	8,886,982
Committed	2,624,299	-	2,624,299
Assigned	5,095,872	2,818,313	7,914,185
Unassigned	(355,080)	-	(355,080)
Total fund balances	<u>7,365,091</u>	<u>12,849,640</u>	<u>20,214,731</u>
Total liabilities and fund balances	<u>\$ 8,460,673</u>	<u>\$ 14,846,767</u>	<u>\$ 23,307,440</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

Year Ended June 30, 2019

Total fund balance, governmental funds \$ 20,214,731

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

The net pension asset is not an available revenue source and, therefore, is not reported in the funds. 449,341

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. 39,911,789

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.
Pension-related deferred outflows 5,008,804

Some liabilities are not due and payable in the current period and are not included in the fund balance statement, but are included in the governmental activities of the statement of net position.
Judgments payable (447,324)
Use tax recoupment obligation (805,077)
Net pension liability (17,196,289)
Total OPEB liability (92,294)
Accrued compensated absences liability (937,378)
Pension-related deferred inflows (2,248,884)

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 8,934,455

Net position of governmental activities in the statement of net position \$ 52,791,874

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, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 8,731,298	\$ 7,025,015	\$ 15,756,313
Intergovernmental	253,342	1,205,084	1,458,426
Charges for services	2,615,013	2,736	2,617,749
Fines and forfeitures	580,069	28,106	608,175
Licenses and permits	126,219	-	126,219
Investment income	223,637	335,368	559,005
Miscellaneous	74,750	450,624	525,374
Total revenues	<u>12,604,328</u>	<u>9,046,933</u>	<u>21,651,261</u>
Expenditures:			
Current:			
General government	3,003,096	600	3,003,696
Public safety	13,605,171	17,700	13,622,871
Streets and highways	1,626,510	551,043	2,177,553
Culture, parks and recreation	3,134,742	413,845	3,548,587
Community development	-	2,244,246	2,244,246
Capital outlay	500,872	6,786,630	7,287,502
Debt service:			
Principal retirement	-	251,763	251,763
Interest and fiscal charges	-	49,493	49,493
Total expenditures	<u>21,870,391</u>	<u>10,315,320</u>	<u>32,185,711</u>
Deficiency of revenues under expenditures	<u>(9,266,063)</u>	<u>(1,268,387)</u>	<u>(10,534,450)</u>
Other financing sources (uses):			
Transfers in	10,446,161	1,655,000	12,101,161
Transfers out	(1,260,000)	(1,948,667)	(3,208,667)
Sale of capital assets	44,499	-	44,499
Total other financing sources (uses)	<u>9,230,660</u>	<u>(293,667)</u>	<u>8,936,993</u>
Net change in fund balances	(35,403)	(1,562,054)	(1,597,457)
Fund balances, beginning of year	<u>7,400,494</u>	<u>14,411,694</u>	<u>21,812,188</u>
Fund balances, end of year	<u>\$ 7,365,091</u>	<u>\$ 12,849,640</u>	<u>\$ 20,214,731</u>

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Net change in fund balances - total governmental funds: \$ (1,597,457)

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 expense for the period.

Capital asset purchases capitalized	7,031,910
Loss on disposal of capital assets	(19,910)
Capital assets transferred to business-type activities	(22,230,536)
Depreciation expense	(2,921,709)

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 judgment payable	47,609
----------------------------	--------

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	(86,893)
Change in use tax recoupment obligation	(805,077)
Change in net pension asset and liability	2,306,308
Change in total OPEB liability	(1,312)

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.

190,389

Change in net position - statement of activities \$ (18,086,678)

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2019

	Business-Type Activities - Enterprise Funds					Governmental
	Ponca City Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 19,605,338	\$ 488,858	\$ 219,999	\$ 332,894	\$ 20,647,089	\$ 5,128,507
Investments	8,489,501	-	-	-	8,489,501	4,500,000
Restricted assets:						
Cash and cash equivalents	643,972	-	-	-	643,972	-
Investments	603,377	-	-	-	603,377	-
Receivables:						
Utility billing, net of allowance for uncollectible accounts	7,279,636	-	-	-	7,279,636	-
Accounts receivable - other	31,659	3,710	1,319	3,430	40,118	709,512
Prepaid expenses	56,174	(130)	-	-	56,044	48,545
Inventory	3,842,998	55,378	-	77,655	3,976,031	207,679
Total current assets	40,552,655	547,816	221,318	413,979	41,735,768	10,594,243
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	848,980	-	-	-	848,980	-
Investment in joint venture	2,107,806	-	-	-	2,107,806	-
Capital assets:						
Nondepreciable	4,132,295	171,720	170,335	459,870	4,934,220	-
Depreciable, net of accumulated depreciation	62,319,051	9,710,486	21,942,141	1,141,247	95,112,925	15,291
Total noncurrent assets	69,408,132	9,882,206	22,112,476	1,601,117	103,003,931	15,291
Total assets	109,960,787	10,430,022	22,333,794	2,015,096	144,739,699	10,609,534
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred amounts related to pensions	\$ 913,962	\$ 29,839	\$ 7,917	\$ 86,861	\$ 1,038,579	\$ 44,068

(Continued)

CITY OF PONCA CITY, OKLAHOMA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 (Continued)

June 30, 2019

	Business-Type Activities - Enterprise Funds					Governmental
	Ponca City Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 3,904,029	\$ 17,158	\$ 58,473	\$ 92,736	\$ 4,072,396	\$ 202,467
Accrued interest payable	136,584	-	-	-	136,584	-
Meter deposit liability	603,377	-	-	-	603,377	-
Current portion - due within one year:						
Notes payable	332,202	-	-	-	332,202	-
Capital lease obligations	99,670	-	-	-	99,670	-
Revenue bonds payable	1,160,000	-	-	-	1,160,000	-
Refundable grant obligations	19,000	-	-	-	19,000	-
Estimated claims liability	-	-	-	-	-	333,406
Accrued compensated absences	31,497	2,172	331	3,362	37,362	1,986
Total current liabilities	6,286,359	19,330	58,804	96,098	6,460,591	537,859
Noncurrent liabilities - due in more than one year:						
Notes payable, net of unamortized premium	3,075,660	-	-	-	3,075,660	-
Capital lease obligations	219,031	-	-	-	219,031	-
Revenue bonds payable	8,670,000	-	-	-	8,670,000	-
Refundable grant obligations	19,000	-	-	-	19,000	-
Estimated claims liability	-	-	-	-	-	878,806
Accrued compensated absences	283,484	19,546	2,976	30,255	336,261	17,875
Net pension liability	3,824,874	125,720	14,605	355,873	4,321,072	176,667
Total OPEB liability	76,007	3,619	1,810	7,238	88,674	-
Landfill closure/post-closure liability	1,691,746	-	-	-	1,691,746	-
Total noncurrent liabilities	17,859,802	148,885	19,391	393,366	18,421,444	1,073,348
Total liabilities	24,146,161	168,215	78,195	489,464	24,882,035	1,611,207
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred amounts related to pensions	295,851	10,134	(7,859)	23,823	321,949	9,904
<u>NET POSITION</u>						
Net investment in capital assets	52,856,783	9,882,206	22,112,476	1,601,117	86,452,582	15,291
Restricted for debt service	1,492,952	-	-	-	1,492,952	-
Unrestricted	32,083,002	399,306	158,899	(12,447)	32,628,760	9,017,200
Total net position	\$ 86,432,737	\$ 10,281,512	\$ 22,271,375	\$ 1,588,670	120,574,294	\$ 9,032,491
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.						
					98,036	
Net position of business-type activities					\$ 120,672,330	

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, 2019

	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
Operating revenues:						
Charges for services:						
Electric	\$ 37,677,803	\$ -	\$ -	\$ -	\$ 37,677,803	\$ -
Broadband	1,621	-	-	-	1,621	-
Water	7,990,243	-	-	-	7,990,243	-
Solid waste	5,280,183	-	-	-	5,280,183	-
Wastewater	6,486,442	-	-	-	6,486,442	-
Stormwater	575,058	-	-	-	575,058	-
Airport	-	912,609	-	-	912,609	-
Golf course	-	-	-	427,221	427,221	-
RecPlex	-	-	399,922	-	399,922	-
Marland Estate	-	-	-	156,195	156,195	-
Other charges for services	73,206	-	-	-	73,206	6,819,303
Total operating revenues	<u>58,084,556</u>	<u>912,609</u>	<u>399,922</u>	<u>583,416</u>	<u>59,980,503</u>	<u>6,819,303</u>
Operating expenses:						
Electric	29,117,583	-	-	-	29,117,583	-
Broadband	120,947	-	-	-	120,947	-
Water	4,646,032	-	-	-	4,646,032	-
Solid waste	4,021,571	-	-	-	4,021,571	-
Wastewater	3,262,619	-	-	-	3,262,619	-
Stormwater	206,454	-	-	-	206,454	-
Administrative	1,784,071	-	-	-	1,784,071	-
Airport	-	1,812,034	-	-	1,812,034	-
Golf course	-	-	-	908,402	908,402	-
RecPlex	-	-	704,425	-	704,425	-
Marland Estate	-	-	-	426,983	426,983	-
City garage	-	-	-	-	-	1,493,979
Insurance claims and administrative	-	-	-	-	-	4,949,204
Total operating expenses	<u>43,159,277</u>	<u>1,812,034</u>	<u>704,425</u>	<u>1,335,385</u>	<u>47,011,121</u>	<u>6,443,183</u>
Operating income (loss)	<u>14,925,279</u>	<u>(899,425)</u>	<u>(304,503)</u>	<u>(751,969)</u>	<u>12,969,382</u>	<u>376,120</u>
Non-operating revenues (expenses):						
Investment income	873,873	6,052	4,546	8,792	893,263	179,207
Income from joint venture	120,843	-	-	-	120,843	-
Change in estimate of post-closure costs	612,528	-	-	-	612,528	-
Miscellaneous	-	-	-	-	-	(261,153)
Interest expense and fiscal charges	(429,776)	-	-	-	(429,776)	-
Gain (loss) on asset retirement	(88,049)	123,030	(37,350)	-	(2,369)	4,253
Net non-operating revenues (expenses)	<u>1,089,419</u>	<u>129,082</u>	<u>(32,804)</u>	<u>8,792</u>	<u>1,194,489</u>	<u>(77,693)</u>
Income (loss) before contributions and transfers	<u>\$ 16,014,698</u>	<u>\$ (770,343)</u>	<u>\$ (337,307)</u>	<u>\$ (743,177)</u>	<u>\$ 14,163,871</u>	<u>\$ 298,427</u>

(Continued)

CITY OF PONCA CITY, OKLAHOMA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 (Continued)

Year Ended June 30, 2019

	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
Capital contributions to/from other funds	\$ (139,895)	\$ -	\$ 22,308,682	\$ 61,749	\$ 22,230,536	\$ -
Transfers from other funds	2,242,000	206,667	300,000	450,000	3,198,667	-
Transfers to other funds	(12,081,161)	-	-	-	(12,081,161)	(10,000)
Net transfers and capital contributions	(9,979,056)	206,667	22,608,682	511,749	13,348,042	(10,000)
Change in net position	6,035,642	(563,676)	22,271,375	(231,428)	27,511,913	288,427
Net position, beginning of year	80,445,555	10,847,756	-	1,825,196		8,744,064
Prior period adjustments	(48,460)	(2,568)	-	(5,098)		-
Net position, beginning of year as restated	80,397,095	10,845,188	-	1,820,098		8,744,064
Net position, end of year	\$ 86,432,737	\$ 10,281,512	\$ 22,271,375	\$ 1,588,670		\$ 9,032,491
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.					98,036	
Change in net position of business-type activities					\$ 27,609,949	

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds					Governmental
	Ponca City	Ponca City	Ponca City	Other	Total	Internal
	Utility Authority	Ponca City Airport	Ponca City RecPlex	Enterprise Funds	Enterprise Funds	Service Funds
Cash flows from operating activities:						
Receipts from customers	\$ 59,119,032	\$ 964,599	\$ 398,603	\$ 582,331	\$ 61,064,565	\$ 6,311,904
Payments to suppliers	(28,712,398)	(684,969)	(230,896)	(429,803)	(30,058,066)	(5,855,785)
Payments to employees	(8,881,780)	(367,495)	(252,254)	(741,248)	(10,242,777)	22,004
Net cash flows from operating activities	21,524,854	(87,865)	(84,547)	(588,720)	20,763,722	478,123
Cash flows from noncapital financing activities:						
Miscellaneous cash collections	-	-	-	-	-	(261,153)
Transfers from other funds	2,242,000	206,667	300,000	450,000	3,198,667	-
Transfers to other funds	(12,081,161)	-	-	-	(12,081,161)	(10,000)
Net cash flows from noncapital financing activities	(9,839,161)	206,667	300,000	450,000	(8,882,494)	(271,153)
Cash flows from capital and related financing activities:						
Proceeds from sale of capital assets	88,049	105,000	-	-	193,049	4,253
Purchase of capital assets	(6,968,597)	(176,084)	-	-	(7,144,681)	(9,429)
Principal paid or retired on capital debt	(6,233,449)	-	-	-	(6,233,449)	-
Payment of grant obligation	(19,000)	-	-	-	(19,000)	-
Payment of capital lease obligations	(87,581)	-	-	-	(87,581)	-
Interest paid on capital debt	(523,629)	-	-	-	(523,629)	-
Contributions to joint venture	(1,000)	-	-	-	(1,000)	-
Net cash flows from capital and related financing activities	(13,745,207)	(71,084)	-	-	(13,816,291)	(5,176)
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	221,385	-	-	-	221,385	-
Purchase of investments	-	-	-	-	-	(5,067)
Interest and dividends	822,483	6,052	4,546	8,792	841,873	179,207
Net cash flows from investing activities	1,043,868	6,052	4,546	8,792	1,063,258	174,140
Net increase (decrease) in cash and cash equivalents	(1,015,646)	53,770	219,999	(129,928)	(871,805)	375,934
Cash and cash equivalents, beginning of year	22,113,936	435,088	-	462,822	23,011,846	4,752,573
Cash and cash equivalents, end of year	\$ 21,098,290	\$ 488,858	\$ 219,999	\$ 332,894	\$ 22,140,041	\$ 5,128,507

(Continued)

CITY OF PONCA CITY, OKLAHOMA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (Continued)

Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds					Governmental
	Ponca City	Ponca City	Ponca City	Other	Total	Internal
	Utility Authority	Ponca City Airport	Ponca City RecPlex	Enterprise Funds	Enterprise Funds	Service Funds
Reconciliation to statement of net position:						
Cash and cash equivalents	\$ 19,605,338	\$ 488,858	\$ 219,999	\$ 332,894	\$ 20,647,089	\$ 5,128,507
Current restricted cash and cash equivalents	643,972	-	-	-	643,972	-
Noncurrent restricted cash and cash equivalents	848,980	-	-	-	848,980	-
Total cash and cash equivalents, end of year	<u>\$ 21,098,290</u>	<u>\$ 488,858</u>	<u>\$ 219,999</u>	<u>\$ 332,894</u>	<u>\$ 22,140,041</u>	<u>\$ 5,128,507</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 14,925,279	\$ (899,425)	\$ (304,503)	\$ (751,969)	\$ 12,969,382	\$ 376,120
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	5,674,759	748,196	158,855	172,121	6,753,931	7,556
Change in assets and liabilities:						
(Increase) decrease in receivables, net	1,039,748	51,990	(1,319)	(1,085)	1,089,334	(507,399)
(Increase) decrease in prepaids	(1,357)	130	-	-	(1,227)	(22,574)
(Increase) decrease in inventories	(791,751)	22,502	-	(7,937)	(777,186)	(1,925)
(increase) decrease in deferred outflows	(677,416)	(22,023)	(7,917)	(65,224)	(772,580)	(33,520)
Increase (decrease) in accounts and other payables	700,787	(8,373)	58,474	6,753	757,641	(3,407)
Increase (decrease) in claims payable	-	-	-	-	-	627,450
Increase (decrease) in customer meter deposits liability	(5,272)	-	-	-	(5,272)	-
Increase (decrease) in accrued compensated absences	6,806	(679)	3,307	900	10,334	7,258
Increase (decrease) in net pension liability	1,249,753	40,629	14,605	120,331	1,425,318	61,840
Increase (decrease) in total OPEB liability	76,007	1,051	1,810	2,140	81,008	-
Increase (decrease) in deferred inflows	(672,489)	(21,863)	(7,859)	(64,750)	(766,961)	(33,276)
Net cash flows from operating activities	<u>\$ 21,524,854</u>	<u>\$ (87,865)</u>	<u>\$ (84,547)</u>	<u>\$ (588,720)</u>	<u>\$ 20,763,722</u>	<u>\$ 478,123</u>
Noncash investing, capital, and financing activities:						
Capital asset contributions to/from other funds	\$ (139,895)	\$ -	\$ 22,308,682	\$ 61,749		\$ -
Premium amortization	48,560	-	-	-		-
Net income in joint venture	119,843	-	-	-		-
Change in landfill closure/post-closure liability	663,918	-	-	-		-

See accompanying notes to financial statements.

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

June 30, 2019

ASSETS

Restricted investments at fair value:	
Guaranteed interest account	\$ 4,027,528
Pooled separate accounts	<u>24,005,336</u>
Total restricted investments	<u>\$ 28,032,864</u>

NET POSITION

Restricted for pension benefits	<u>\$ 28,032,864</u>
---------------------------------	----------------------

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, 2019

Additions:	
Employer contributions	\$ 1,111,711
Investment income	<u>2,024,755</u>
Total additions	<u>3,136,466</u>
Deductions:	
Benefits paid to participants or beneficiaries	1,573,415
Administrative expense	<u>6,771</u>
Total deductions	<u>1,580,186</u>
Change in net position	1,556,280
Net position restricted for pension, beginning of year	<u>26,476,584</u>
Net position restricted for pension, end of year	<u><u>\$ 28,032,864</u></u>

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

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:

Component Unit

Brief Description/Inclusion Criteria

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 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 funds are reported as enterprise funds 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

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:

Component Unit

Brief Description/Inclusion Criteria

Ponca City Development Authority

Created August 4, 1969, to promote and encourage (PCDA) 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 102 S. 5th Street, #3, 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 representation from each government. Financial statements for ALFA for the year ended June 30, 2019 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)

1 - Summary of Significant Accounting Policies (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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation and Accounting (Continued)

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 that 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 below:

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 its major governmental fund and therefore it is displayed in a separate column.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation and Accounting (Continued)

Fund Financial Statements (Continued)

Governmental Funds/Governmental Fund Types (Continued)

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

The nonmajor Recreation Center Tax Fund, Street Improvement Project Fund and Capital Improvement Project Fund 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.

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

1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation and Accounting (Continued)

Fund Financial Statements (Continued)

Governmental Funds/Governmental Fund Types (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.

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

1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation and Accounting (Continued)

Fund Financial Statements (Continued)

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, water, wastewater, stormwater, solid waste and broadband utility services.

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

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

Nonmajor enterprise funds include:

Marland Estate Fund
Lew Wentz Golf Course

Internal Service Funds

The City's Internal Service Fund 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-side statements.

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

1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation and Accounting (Continued)

Fund Financial Statements (Continued)

Proprietary Funds/Proprietary Fund Types (Continued)

Internal Service Funds (Continued)

Internal service funds include:

City Garage Fund
Insurance Imprest Fund

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

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity. Expendable Trust Funds are accounted for in essentially the same manner as proprietary funds. No non-expendable trust funds or pension funds are used and/or maintained. The City reports the Pension Trust Fund as a fiduciary fund.

Pension Trust Fund – used to account for the net position and changes therein of the City Employee Retirement System.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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.
- 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 financial 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 three months or less. Investments in open-end mutual fund shares are also considered cash equivalents and are reported at the funds’ current share prices.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position (Continued)

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 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 its 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 and General Fund 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position (Continued)

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.

Capital Assets and Depreciation

The accounting treatment over 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, property, plant and equipment are accounted for as capital assets. 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 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. Interest costs, net of interest earned on any invested capital debt proceeds, are capitalized when incurred by proprietary funds.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position (Continued)

Capital Assets and Depreciation (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. 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

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.

Deferred Outflows of Resources

Deferred outflows are the consumption of net position that are applicable to a future reporting period. At June 30, 2019, the City has deferred outflows of resources related to pension deferrals.

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, 2019, the City has deferred inflows of resources related to pension deferrals.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position (Continued)

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 are 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 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position (Continued)

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, 2019.

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.

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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position (Continued)

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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position (Continued)

Equity Classification (Continued)

- 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, 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position (Continued)

Equity Classification (Continued)

Governmental Fund Financial Statements (Continued):

- 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

E. Internal and Interfund Balances and Activities (Continued)

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.
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 fiduciary 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 fund and fiduciary 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

E. Internal and Interfund Balances and Activities (Continued)

Fund Financial Statements (Continued):

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 three and one-half cent 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 fiduciary fund presented component unit) per voter approval.
- 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.

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*.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

F. Revenues, Expenditures and Expenses (Continued)

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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

F. Revenues, Expenditures and Expenses (Continued)

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 (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.

Adoption of New Accounting Standards

During the year ended June 30, 2019, the City adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" – The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions and replaces the requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses (see Note 15). Implementation of this Statement resulted in a restatement of beginning net position for the year ended June 30, 2019 in the amount of \$ 147,108.

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

1 - Summary of Significant Accounting Policies (Continued)

F. Revenues, Expenditures and Expenses (Continued)

Adoption of New Accounting Standards (Continued)

During the year ended June 30, 2019, the City also adopted GASB Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements” – The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement did not have a material impact on the City’s financial statements.

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, 2019, 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Stewardship, Compliance and Accountability (Continued)

Deposit and Investment Requirements (Continued)

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.
- 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, 2019, the City had no general obligation debt.

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

2 - Stewardship, Compliance and Accountability (Continued)

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. The PCUA complied with the requirements of the loan agreements in all material respects for the fiscal year ended June 30, 2019.

Revenue Bond Debt

The bond indentures relating to the revenue bond issues of the 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. The PCUA complied with the requirements of the bond indentures in all material respects for the fiscal year ended June 30, 2019.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - Deposits and Investments

At June 30, 2019, the reporting entity held the following deposits and investments:

Type	Credit Rating	Maturities in Years					
		Fair Value	On Demand	Less Than One	1-5	6-10	More Than 10
Petty cash	N/A	\$ 6,400	\$ 6,400	\$ -	\$ -	\$ -	\$ -
Demand accounts	N/A	23,785,004	23,785,004	-	-	-	-
Time deposits	N/A	33,550,000	-	30,550,000	3,000,000	-	-
Money market mutual funds	Not rated	1,492,952	-	1,492,952	-	-	-
Mutual funds - fixed income	Not rated	218,834	-	218,834	-	-	-
Mutual funds - equities	Not rated	804,030	-	804,030	-	-	-
Money market account	N/A	71,481	-	71,481	-	-	-
U.S. government agencies	AA	1,777,841	-	-	-	592,878	1,184,963
Guaranteed interest account	Not rated	4,027,528	-	4,027,528	-	-	-
Pooled separate accounts	Not rated	24,005,336	-	24,005,336	-	-	-
		<u>\$ 89,739,406</u>	<u>\$ 23,791,404</u>	<u>\$ 61,170,161</u>	<u>\$ 3,000,000</u>	<u>\$ 592,878</u>	<u>\$ 1,184,963</u>
Reconciliations to Statement of							
Net Position:							
Cash and cash equivalents		\$ 45,476,367					
Investments		14,133,846					
Current restricted cash and cash equivalents		643,972					
Current restricted investments		603,377					
Noncurrent restricted cash and cash equivalents		848,980					
Pension fund investments		28,032,864					
Total		<u>\$ 89,739,406</u>					

Discretely Presented Component Unit:

Type	Credit Rating	Maturities in Years				
		Fair Value	On Demand	Less Than One	6-10	More Than 10
Money market	AAAm	\$ 7,606,659	\$ -	\$ 7,606,659	\$ -	\$ -

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

3 - Deposits and Investments (Continued)

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, 2019, 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.

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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - Deposits and Investments (Continued)

At June 30, 2019, 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, the City's U.S. government agency securities are valued using level 2 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, 2019, an allowance for uncollectible receivables of \$ 447,199 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.

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 the PCUA related to their required revenue bonds and notes payable, amounts set aside for landfill financial assurance, and deposits held for refund.

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

5 - Restricted Assets (Continued)

The restricted assets as of June 30, 2019, are as follows:

	Cash and Cash Equivalents		Investments	Investment in	Total
	Current	Noncurrent	Current	Joint Venture	
Revenue bond and note payable trustee accounts	\$ 643,972	\$ 848,980	\$ -	\$ -	\$ 1,492,952
Landfill financial assurance	-	-	-	2,107,806	2,107,806
Deposits held for refund	-	-	603,377	-	603,377
	<u>\$ 643,972</u>	<u>\$ 848,980</u>	<u>\$ 603,377</u>	<u>\$ 2,107,806</u>	<u>\$ 4,204,135</u>

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 2019. In that regard, PCUA’s proportionate share of the net investment earnings in the escrow account, which includes unrealized gains and losses on investments, amounts to \$ 120,843 which is reported as “Income (Loss) from Joint Venture”.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - Investment in Joint Venture (Continued)

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, 2019, PCUA's equity interest totaled \$ 2,107,806 which is reported as an investment in joint venture on the statement of net position. For the year ended June 30, 2019, the investment in joint venture balance changed as follows:

Beginning investment in joint venture	\$ 1,986,963
Contribution	1,000
Net income in joint venture	<u>119,843</u>
Ending investment in joint venture	<u><u>\$ 2,107,806</u></u>

7 - Capital Assets

For the year ended June 30, 2019, capital assets balances changed as follows:

	Balance at July 1, 2018	Additions	Transfers	Disposals	Balance at June 30, 2019
Governmental activities:					
Non-depreciable capital assets:					
Land	\$ 1,000,038	\$ 212,568	\$ (170,335)	\$ -	\$ 1,042,271
Construction-in-progress	262,751	2,243,090	(676,058)	(75,801)	1,753,982
Total non-depreciable capital assets	<u>1,262,789</u>	<u>2,455,658</u>	<u>(846,393)</u>	<u>(75,801)</u>	<u>2,796,253</u>
Depreciable capital assets:					
Buildings	40,844,548	-	(24,678,237)	-	16,166,311
Improvements	129,131,816	3,783,410	(309,917)	(51,625)	132,553,684
Machinery and equipment	13,480,962	878,072	(1,061,914)	(421,918)	12,875,202
Total depreciable capital assets	<u>183,457,326</u>	<u>4,661,482</u>	<u>(26,050,068)</u>	<u>(473,543)</u>	<u>161,595,197</u>
Less accumulated depreciation:					
Buildings	(13,279,364)	(607,973)	4,073,635	-	(9,813,702)
Improvements	(103,425,859)	(1,520,081)	-	51,625	(104,894,315)
Machinery and equipment	(9,949,443)	(801,211)	592,290	402,011	(9,756,353)
Total accumulated depreciation	<u>(126,654,666)</u>	<u>(2,929,265)</u>	<u>4,665,925</u>	<u>453,636</u>	<u>(124,464,370)</u>
Net depreciable capital assets	<u>56,802,660</u>	<u>1,732,217</u>	<u>(21,384,143)</u>	<u>(19,907)</u>	<u>37,130,827</u>
Governmental activities capital assets, net	<u>\$ 58,065,449</u>	<u>\$ 4,187,875</u>	<u>\$ (22,230,536)</u>	<u>\$ (95,708)</u>	<u>\$ 39,927,080</u>

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

7 - Capital Assets (Continued)

	Balance at July 1, 2018	Additions	Transfers	Disposals	Balance at June 30, 2019
Business-type activities:					
Non-depreciable capital assets:					
Land	\$ 1,462,333	\$ 1,310	\$ 170,335	\$ (1,971)	\$ 1,632,007
Construction-in-progress	262,253	2,437,898	674,333	(72,271)	3,302,213
Total non-depreciable capital assets	1,724,586	2,439,208	844,668	(74,242)	4,934,220
Depreciable capital assets:					
Buildings	42,593,217	995,946	24,678,238	-	68,267,401
Improvements	144,179,508	2,520,436	292,538	(8,672)	146,983,810
Machinery and equipment	15,719,773	1,241,042	1,081,017	(804,277)	17,237,555
Total depreciable capital assets	202,492,498	4,757,424	26,051,793	(812,949)	232,488,766
Less accumulated depreciation:					
Buildings	(30,557,321)	(950,882)	(4,073,635)	-	(35,581,838)
Improvements	(85,676,225)	(4,702,143)	-	8,680	(90,369,688)
Machinery and equipment	(10,314,805)	(1,100,906)	(592,290)	583,686	(11,424,315)
Total accumulated depreciation	(126,548,351)	(6,753,931)	(4,665,925)	592,366	(137,375,841)
Net depreciable capital assets	75,944,147	(1,996,507)	21,385,868	(220,583)	95,112,925
Business-type capital assets, net	\$ 77,668,733	\$ 442,701	\$ 22,230,536	\$ (294,825)	\$ 100,047,145

Discretely Presented Component Unit: Ponca City Development Authority	Balance at July 1, 2018	Additions	Disposals	Balance at June 30, 2019
Non-depreciable capital assets:				
Land	\$ 259,640	\$ -	\$ -	\$ 259,640
Construction-in-progress	-	7,600	-	7,600
Total non-depreciable capital assets	259,640	7,600	-	267,240
Depreciable capital assets:				
Buildings	8,716,118	2,430,897	-	11,147,015
Office equipment and furniture	72,322	12,856	(30,865)	54,313
Total depreciable capital assets	8,788,440	2,443,753	(30,865)	11,201,328
Less accumulated depreciation	(977,346)	(228,094)	19,784	(1,185,656)
Net depreciable capital assets	7,811,094	2,215,659	(11,081)	10,015,672
Capital assets, net	\$8,070,734	\$2,223,259	\$ (11,081)	\$10,282,912

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

7 - Capital Assets (Continued)

Depreciation:

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 233,960
Public safety	225,367
Streets and highways	1,894,786
Cultural, parks and recreation	567,596
Internal service funds	7,556
	7,556
Total	\$ 2,929,265

Business-Type Activities:

PCUA	\$ 5,674,759
Airport	748,196
RecPlex	158,855
Marland Estate	97,182
Golf	74,939
	74,939
Total	\$ 6,753,931

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

7 - Capital Assets (Continued)

YMCA Contract for the Construction of Aquatic Facility

The City entered into an operating agreement with the YMCA for the joint ownership and construction of a recreation center, the Ponca City RecPlex. The YMCA's financial contribution funded construction of the swimming pools and aquatic facilities that are part of the RecPlex. The City developed and built the facility and grounds, and the YMCA managed and operated it. The initial term of the operating agreement was ten years, but could be terminated by either party upon not less than 180 days of notice. The facility opened in December 2010. After years of financial struggle, the YMCA relinquished management and operational responsibilities to the City at the close of December 2018. The City then satisfied an outstanding YMCA line of credit balance with a local bank of just under \$ 1,000,000 in lieu of buying out the YMCA's depreciated value of the aquatic facilities. The City is in the process of upgrading the RecPlex facility and equipment for the long-term benefit of our community, including enhanced programming and services, and re-building membership.

8 - Long-Term Debt

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

Governmental Activities Long-Term Debt

Governmental activities long-term debt for the year ended June 30, 2019 consisted of the following:

Accrued compensated absences:

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

Current portion	\$ 96,005
Non-current portion	<u>864,043</u>
Total accrued compensated absences	<u><u>\$ 960,048</u></u>

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

8 - Long-Term Debt (Continued)

Governmental Activities Long-Term Debt (Continued)

Judgments payable:

Court-assessed judgments to be paid with ad valorem taxes over a three-year period. Judgements are held by the City as an investment as a result of its paying the original judgment holders in full.

Current portion	\$ 239,684
Non-current portion	<u>207,640</u>
Total judgments payable	<u><u>\$ 447,324</u></u>

Use tax recoupment liability:

Current portion	\$ 115,000
Non-current portion	<u>690,077</u>
Total use tax recoupment liability	<u><u>\$ 805,077</u></u>

Business-Type Activities Long-Term Debt

Business-type activities long-term debt for the year ended June 30, 2019 consisted of the following:

Revenue Bonds Payable:

2012A Utility System Revenue Note to Banc of America Public

Capital Corp, dated March 1, 2012, original issue amount \$ 16,090,000, secured by gross revenues of the system, interest rate of 2.7%, final maturity date August 1, 2025.

	<u><u>\$ 9,830,000</u></u>
Current portion	\$ 1,160,000
Non-current portion	<u>8,670,000</u>
Total revenue bonds payable	<u><u>\$ 9,830,000</u></u>

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

8 - Long-Term Debt (Continued)

Notes Payable:

1999A Promissory Note to Oklahoma Water Resources Board, dated December 23, 1999, original issue amount of \$ 2,370,907, secured by a pledge and assignment of revenues derived from water, sewer, electric and garbage systems, non-interest bearing, administrative fee of 0.5%, final maturity August 15, 2019.	\$ 59,273
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 water, sanitary sewer, garbage, and electric systems, interest rate of 2.61% per annum plus an administrative fee of 0.5% per annum, final maturity September 15, 2029.	3,119,785
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 water, sanitary sewer, garbage, 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>228,804</u>
 Total notes payable	 <u>\$ 3,407,862</u>
Current portion	\$ 332,202
Non-current portion	<u>3,075,660</u>
 Total notes payable	 <u>\$ 3,407,862</u>

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

8 - Long-Term Debt (Continued)

Refundable Grant Obligations:

\$ 380,000 refundable grant obligation for water line improvements, dated July 1, 2001, payable in semi-annual installments of \$ 9,500, final payment due July 1, 2021, non-interest bearing.	\$ 38,000
Current portion	\$ 19,000
Non-current portion	19,000
Total refundable grant obligations	\$ 38,000

Capital Lease Obligations:

Lease of equipment through August 2022, payable in monthly installments of \$ 8,500 with interest calculated at 4.02%.	\$ 318,701
Current portion payable from restricted assets	\$ 99,670
Non-current portion	219,031
Total capital lease obligations	\$ 318,701

Capital Assets Financed by Lease Obligations:

Total cost of capital assets financed by outstanding lease obligations	\$ 462,746
Less: accumulated depreciation	(133,040)
Net capital assets financed by lease obligations	\$ 329,706

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

8 - Long-Term Debt (Continued)

Accrued Compensated Absences:

Accrued Compensated Absences:

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

Current portion	\$ 37,362
Non-current portion	336,261
	336,261

Total accrued compensated absences	\$ 373,623
	373,623

Discretely Presented Component Unit Long-Term Debt:

Accrued Compensated Absences:

Accrued compensated absences reported as a fund liability within the component unit statement of net assets at June 30, 2019 are as follows:

Current portion	\$ 4,695
Non-current portion	42,254
	42,254

Total accrued compensated absences	\$ 46,949
	46,949

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

8 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

	Balance at July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Amounts due within one year
Governmental activities:					
Judgments payable	\$ 494,933	\$ 204,154	\$ (251,763)	\$ 447,324	\$ 239,684
Accrued compensated absences	863,083	138,547	(41,582)	960,048	96,005
Use tax recoupment liability	-	837,984	(32,907)	805,077	115,000
Governmental activities long-term liabilities	<u>\$ 1,358,016</u>	<u>\$ 1,180,685</u>	<u>\$ (326,252)</u>	<u>\$ 2,212,449</u>	<u>\$ 450,689</u>
Business-type activities:					
Direct borrowings and placements:					
Notes payable	\$ 6,031,311	\$ -	\$ (2,623,449)	\$ 3,407,862	\$ 332,202
Premium on notes payable	48,560	-	(48,560)	-	-
Revenue bonds payable	13,440,000	-	(3,610,000)	9,830,000	1,160,000
Refundable grant obligations	57,000	-	(19,000)	38,000	19,000
Capital lease obligations	406,282	-	(87,581)	318,701	99,670
Accrued compensated absences	363,289	24,149	(13,815)	373,623	37,362
Business-type activities long-term liabilities	<u>\$ 20,346,442</u>	<u>\$ 24,149</u>	<u>\$ (6,402,405)</u>	<u>\$ 13,968,186</u>	<u>\$ 1,648,234</u>
Discretely presented component unit:					
Accrued compensated absences	<u>\$ 32,058</u>	<u>\$ 14,891</u>	<u>\$ -</u>	<u>\$ 46,949</u>	<u>\$ 4,695</u>

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

8 - Long-Term Debt (Continued)

Debt Service Requirements to Maturity – Primary Government

The annual debt service requirements to maturity for long-term debt as of June 30, 2019 are as follows:

Year Ending June 30,	Judgments Payable	
	Principal	Interest
2019	\$ 239,684	\$ 44,732
2020	139,589	34,723
2021	68,051	20,415
	<u>\$ 447,324</u>	<u>\$ 99,870</u>

Year Ending June 30,	Business-type Activities			
	Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2020	\$ 332,202	\$ 85,886	\$ 1,160,000	\$ 257,648
2021	281,781	78,474	1,250,000	225,720
2022	290,636	71,059	1,330,000	191,430
2023	299,770	63,410	1,420,000	154,912
2024	309,016	55,666	1,510,000	115,965
2025 - 2029	1,697,903	150,348	3,160,000	95,445
2030- 2034	196,554	2,685	-	-
Total	<u>\$ 3,407,862</u>	<u>\$ 507,528</u>	<u>\$ 9,830,000</u>	<u>\$ 1,041,120</u>

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

8 - Long-Term Debt (Continued)

Debt Service Requirements to Maturity – Primary Government (Continued)

Year Ending June 30,	Capital Lease Obligations		Refundable Grant Obligations
	Principal	Interest	Principal
2020	\$ 99,670	\$ 10,811	\$ 19,000
2021	94,908	7,075	19,000
2022	98,797	3,185	-
2023	25,326	170	-
2024	-	-	-
Total	<u>\$ 318,701</u>	<u>\$ 21,241</u>	<u>\$ 38,000</u>

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, 2019, the City fully complied with the requirement.

9 - 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 \$ 1,691,746 reported as “Landfill Closures/Post-Closure Cost” at June 30, 2019, represents the cumulative amount to date based on the use of 55.82% of the estimated capacity of the landfill. PCUA will recognize the remaining estimated cost and closure and post-closure care of \$ 1,338,970 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 2019. However, PCUA expects its landfill to remain in operation for another 34.5 years with closure scheduled for the year 2054. 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)

9 - Landfill Closure and Post-Closure Liability (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.

10 - 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

10 - Interfund Balances and Activities (Continued)

Interfund transfers for the year ended June 30, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
PCUA	General	\$ 10,446,161
General	PCUA	300,000
General	Nonmajor Enterprise Funds	450,000
General	Nonmajor Governmental Funds	20,000
General	Ponca City Airport	190,000
General	Ponca City RecPlex	300,000
PCUA	Nonmajor Governmental Funds	1,635,000
Nonmajor Governmental Funds	PCUA	1,932,000
Nonmajor Governmental Funds	Ponca City Airport	16,667
Internal Service Funds	PCUA	10,000
		<u>\$ 15,299,828</u>

Reconciliation to Fund Financial Statements:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 10,446,161	\$ 1,260,000
Nonmajor Governmental Funds	1,655,000	1,948,667
PCUA	2,242,000	12,081,161
Ponca City Airport	206,667	-
Ponca City RecPlex	300,000	-
Nonmajor Enterprise Funds	450,000	-
Internal Service Funds	-	10,000
	<u>\$ 15,299,828</u>	<u>\$ 15,299,828</u>

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

11 - 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:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Permanent fund principal	\$ -	\$ 1,144,345	\$ 1,144,345
Restricted for:			
Street and alley	-	239,640	239,640
Tourism	-	2,335,598	2,335,598
Grants	-	152,026	152,026
Library	-	202,195	202,195
Street improvements	-	5,032,556	5,032,556
Recreation center	-	851,701	851,701
Debt service	-	73,266	73,266
Committed to:			
Operating reserve	2,400,000	-	2,400,000
E-911/Cap	224,299	-	224,299
Assigned to:			
Other purposes	5,095,872	-	5,095,872
Special projects	-	26,743	26,743
Capital improvements	-	2,683,243	2,683,243
Matzene Book	-	495	495
Cann Estate	-	107,832	107,832
Unassigned	(355,080)	-	(355,080)
 Total fund balances	 <u>\$ 7,365,091</u>	 <u>\$ 12,849,640</u>	 <u>\$ 20,214,731</u>

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

11 - Fund Balances and Net Position (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	\$ -	\$ 239,640	\$ -
Hotel/motel tax	2,335,598	-	-
Grants	-	-	152,026
Library grant	-	-	202,195
Street improvement project	5,032,556	-	-
Recreation center tax	851,701	-	-
Debt service	-	73,266	-
Net pension asset	-	-	449,341
Matzene book	-	-	50,000
Cann Estate	-	-	1,094,345
	\$ 8,219,855	\$ 312,906	\$ 1,947,907
Restricted net position - business-type activities:			
Debt service	\$ -	\$ -	\$ 1,492,952

12 - Operating Leases

The Ponca City Development Authority leases office space on a month-to-month basis to different industries at the industrial park. Additional office space is leased and subleased, all on multiple-year terms. All paying leases for office space expired before the end of the year. The Authority is currently in negotiations to resume the leasing of office space.

Operating lease income received during the year ended June 30, 2019 amounted to \$ 373,006.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

13 - Pledged Future Revenues

Utility Gross Revenue Pledge – The City has pledged future gross utility system revenues to repay \$ 16,090,000 of 2012A Series Utility System Revenue Notes. Proceeds of the bonds provided financing for utility system capital assets and other improvements. The bonds are payable through 2025. The total principal and interest payable for the remainder of the life of these bonds \$ 10,871,120. The bonds are payable from gross utility system revenues and the debt service payments on the bonds this year were \$ 1,377,550 which was 2.4% of pledged system revenues of \$ 57,436,292.

Utility Net Revenues Pledge – The City has also pledged future net electric, water, wastewater, broadband and garbage revenues to repay \$ 20,735,907 of 1999A, 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 2030. The total principal and interest payable for the remainder of the life of these notes is \$ 3,915,413. The notes are payable from the above mentioned utility revenues. The debt service payments on the notes this year were \$ 2,737,092 which was 12.7% pledged net utility revenues of \$ 21,495,495.

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
- 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Firefighters Pension and Retirement System (OFPRS) (Continued)

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 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$ 165.66 per month. Benefits vest with 11 years or more of service.

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

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Firefighters Pension and Retirement System (OFPRS) (Continued)

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 pension plan from the City were \$ 534,726. 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 \$ 1,232,057. 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, 2019, the City reported a liability of \$ 13,822,537 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 1.227964%.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Firefighters Pension and Retirement System (OFPRS) (Continued)

For the year ended June 30, 2019, the City recognized pension expense of \$ 15,042. At June 30, 2019 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
	<hr/>	<hr/>
Differences between expected and actual experience	\$ 2,887,139	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,148,541
Changes in proportion and differences between City contributions and proportionate share of contributions	-	393,280
City contributions subsequent to the measurement date	<hr/> 534,726	<hr/> -
Total	<hr/> <hr/> \$ 3,421,865	<hr/> <hr/> \$ 1,541,821

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Firefighters Pension and Retirement System (OFPRS) (Continued)

The \$ 534,726 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, 2020. 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,	
2020	\$ 566,158
2021	405,347
2022	(103,417)
2023	291,207
2024	186,023
	<u>\$ 1,345,318</u>

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Firefighters Pension and Retirement System (OFPRS) (Continued)

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, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	4.37%
Domestic equity	7.01%
International equity	8.83%
Real estate	6.58%
Other assets	5.70%

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

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Firefighters Pension and Retirement System (OFPRS) (Continued)

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 18,104,784	\$ 13,822,537	\$ 10,226,110

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 liability, deferred outflows of resources and deferred inflows of resources relates 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Police Pension and Retirement System (OPPRS) (Continued)

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

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

Monthly benefits 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 \$ 351,731. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$ 368,151 during the fiscal year. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an annual basis of \$ 368,151. These on-behalf payments did not meet the criteria of a special funding situation.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Police Pension and Retirement System (OPPRS) (Continued)

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

At June 30, 2019, the City reported an asset of \$ 449,341 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based on this information, the City's proportional share was .9433 percent.

For the year ended June 30, 2019, the City recognized pension expense of \$ 318,401. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,654	\$ 421,033
Change in assumptions	196,244	-
Net difference between projected and actual earnings on pension plan investments	233,988	-
Changes in proportion and differences between City contributions and proportionate share of contributions	8,504	-
City contributions subsequent to the measurement date	<u>351,731</u>	<u>-</u>
Total	<u>\$ 793,121</u>	<u>\$ 421,033</u>

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Police Pension and Retirement System (OPPRS) (Continued)

The \$ 351,731 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020.

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,	
2020	\$ 242,798
2021	97,293
2022	(251,557)
2023	(80,983)
2024	12,806
	<hr/>
	\$ 20,357
	<hr/> <hr/>

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

14 - Employee Pension Plans (Continued)

Oklahoma State Police Pension and Retirement System (OPPRS) (Continued)

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Wage inflation:	3.50%
Salary increases:	3.5% to 10.00% average, including inflation
Investment rate of return:	7.50% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2018, 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Police Pension and Retirement System (OPPRS) (Continued)

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	4.53%
Domestic equity	5.86%
International equity	8.83%
Real estate	6.58%
Private equity	9.21%
Commodities	5.06%

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

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 - Employee Pension Plans (Continued)

Oklahoma State Police Pension and Retirement System (OPPRS) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension (asset) liability	\$ 2,084,353	\$ (449,341)	\$ (2,591,292)

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 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - Employee Pension Plans (Continued)

City of Ponca City Retirement Plan (Continued)

Plan Description, Contribution Information and Funding Policies (Continued)

The Plan has a December 31 year-end. The City has elected to use December 31, 2018, as its measurement date; therefore, net pension liability and related deferred inflows are reported as of December 31, 2018. Pension payments made by the City from the measurement date to June 30, 2019, 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 relates 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.

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

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 - Employee Pension Plans (Continued)

City of Ponca City Retirement Plan (Continued)

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, 2018 is \$ 1,144,282.

Plan Membership

Active plan members	205
Inactive plan members entitled to but not yet receiving benefits	121
Disabled plan members entitled to benefits	8
Retired plan members or beneficiaries currently receiving benefits	<u>185</u>
Total	<u>519</u>

Investment Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (5.33%). 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - Employee Pension Plans (Continued)

City of Ponca City Retirement Plan (Continued)

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

At June 30, 2019, the City reported a liability of \$ 7,871,491 for its net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. 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, 2018, and June 30, 2019, 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</u>
Balance, January 1, 2018	\$ 32,297,539	\$ 26,988,131	\$ 5,309,408
Changes for the year:			
Service cost	374,374	-	374,374
Interest	2,310,085	-	2,310,085
Benefit payments	(1,526,518)	(1,526,518)	-
Differences between expected and actual experience	(469,166)	-	(469,166)
Employer contributions	-	1,076,341	(1,076,341)
Other contributions	-	-	-
Net investment income	-	(1,415,856)	1,415,856
Administrative expenses	-	(7,275)	7,275
Net changes	<u>688,775</u>	<u>(1,873,308)</u>	<u>2,562,083</u>
Balance, December 31, 2018	<u>\$ 32,986,314</u>	<u>\$ 25,114,823</u>	<u>\$ 7,871,491</u>

Plan fiduciary net position as a percentage of the total pension liability is 76.14%.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - Employee Pension Plans (Continued)

City of Ponca City Retirement Plan (Continued)

For the year ended June 30, 2019, the City recognized pension expense of \$ 906,926. At June 30, 2019, 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	\$ -	\$ 419,468
Effects of changes in assumptions	-	198,415
Net differences between expected and net investment income	1,462,529	-
Employer contributions made after measurement date	<u>413,936</u>	<u>-</u>
Total deferred outflows and inflows of resources	<u>\$ 1,876,465</u>	<u>\$ 617,883</u>

The \$ 413,936 reported as deferred outflows of resources related to pension 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, 2020.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 - Employee Pension Plans (Continued)

City of Ponca City Retirement Plan (Continued)

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
2020	\$ 58,800
2021	29,293
2022	88,211
2023	668,342
	\$ 844,646

Actuarial Assumptions

Key assumptions used in the plan actuarial valuation were:

Discount rate	7.25%
Long-term expected rate of return	7.25%
Measurement date	December 31, 2018
Inflation	2.25%
Projected salary increase	Table S-5 plus 0%
Mortality	RP-2006
Actuarial cost method	Entry age normal

The long-term expected rate of return on pension plan investments as 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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 - Employee Pension Plans (Continued)

City of Ponca City Retirement Plan (Continued)

Discount rate: The discount rate used to measure the total pension liability was 7.25%. 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 liability to changes in the discount rate: The following presents the net pension liability of the Plan calculated using the discount rate of 7.25%, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Employers' net pension liability	\$ 11,948,200	\$ 7,871,491	\$ 4,471,178

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.

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

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

Employees Covered by Benefit Terms

At June 30, 2019, the following City employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>304</u>
	<u>305</u>

Total OPEB Liability

The City's total OPEB liability of \$ 180,968 was measured and determined by an actuarial valuation performed as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount rate	3.43%
Interest discount rate	3.43% per year, compounded annually
Mortality	RPA-2000 Mortality Table projected to 2020 for males and females
Retirement date	Age 65
Pre-retirement termination	Table T-3 of the Actuary's Pension Handbook (excluding mortality)
Trend	5% per year
Actuarial cost method	Entry age normal

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 174,963
Changes for the year:	
Service cost	7,434
Interest cost	6,789
Differences between expected and actual experience	(11,159)
Changes in assumptions and inputs	3,389
Benefit payments	(448)
Net changes	6,005
Balance at June 30, 2019	\$ 180,968

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:

	1% Decrease (2.43%)	Discount Rate (3.43%)	1% Increase (4.43%)
Total OPEB liability	\$ 195,339	\$ 180,968	\$ 167,995

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

15 - Post-Employment Benefit Other Than Pensions (OPEB) (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%)	Healthcare Cost Trend Rates (5%)	1% Increase (6%)
Total OPEB liability	\$ 165,116	\$ 180,968	\$ 199,575

OPEB Expense

For the year ended June 30, 2019, the City recognized OPEB expense of \$ 6,453.

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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

(Continued)

16 - Risk Management (Continued)

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)

16 - Risk Management (Continued)

Claims Liability Analysis

At June 30, 2019, the City's workers' compensation and health care claims liability was \$ 1,212,212 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:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Care</u>	<u>Total</u>
Claim liability, June 30, 2016	\$ 949,953	\$ 628,867	\$ 1,578,820
Claims and changes in estimates	(371,718)	3,314,820	2,943,102
Claims payments	(284,278)	(3,492,129)	(3,776,407)
Claim liability, June 30, 2017	293,957	451,558	745,515
Claims and changes in estimates	254,393	2,945,196	3,199,589
Claims payments	(313,525)	(3,046,817)	(3,360,342)
Claim liability, June 30, 2018	234,825	349,937	584,762
Claims and changes in estimates	387,617	4,084,127	4,471,744
Claims payments	(215,259)	(3,629,035)	(3,844,294)
Claim liability, June 30, 2019	<u>\$ 407,183</u>	<u>\$ 805,029</u>	<u>\$ 1,212,212</u>

Reconciliation to Statement of Net Position:

Current portion	\$ 333,406
Noncurrent portion	<u>878,806</u>
Total	<u>\$ 1,212,212</u>

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - Risk Management (Continued)

Claims Liability Analysis (Continued)

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.

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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 payment of the incentives are conditional upon annual appropriation of the funds by the Authority.

Approximately 79.24% of the Authority's revenues were derived from sales tax collections during 2019. Any significant change in sales tax appropriations by the City could have significant impact on operations.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - 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. 84, "Fiduciary Activities" – The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will become effective for the City in the fiscal year ended June 30, 2020.

GASB Statement No. 87 "Leases" – This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement will become effective for the City in the fiscal year ended June 30, 2021.

GASB Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement will become effective for the City in the fiscal year ended June 30, 2021.

GASB Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61" – This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement will become effective for the City in the fiscal year ended June 30, 2020.

GASB Statement No. 91, "Conduit Debt Obligations" – The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement will become effective for the City in the fiscal year ended June 30, 2022.

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

19 - Subsequent Event

In July 2019, PCUA issued Sales Tax Revenue Note, Series 2019 in the amount of \$ 22,000,000 for a new Public Safety Center. The final maturity of the note will be February 1, 2029.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PONCA CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Sales	\$ 7,500,000	\$ 7,500,000	\$ 7,532,731	\$ 32,731
Use	600,000	600,000	729,677	129,677
Franchise	490,000	490,000	458,369	(31,631)
E911	397,000	397,000	383,602	(13,398)
Weed	15,000	15,000	10,521	(4,479)
Total taxes	<u>9,002,000</u>	<u>9,002,000</u>	<u>9,114,900</u>	<u>112,900</u>
Intergovernmental:				
Cigarette tax	156,000	156,000	112,634	(43,366)
Alcoholic beverage tax	115,000	115,000	150,694	35,694
Grants	29,700	42,100	42,108	8
Total intergovernmental	<u>300,700</u>	<u>313,100</u>	<u>305,436</u>	<u>(7,664)</u>
Charges for services:				
Recreation programs	28,000	28,000	30,787	2,787
Wentz camp	38,000	38,000	30,072	(7,928)
Administrative services	2,623,719	2,623,719	2,623,719	-
Police services	130,000	130,000	141,129	11,129
Ambulance services	1,450,000	1,450,000	1,779,767	329,767
Animal control receipts	15,000	15,000	17,371	2,371
Library receipts	15,500	15,500	13,599	(1,901)
Rentals	178,700	178,700	210,786	32,086
Miscellaneous charges	34,746	9,110	18,886	9,776
Total charges for services	<u>4,513,665</u>	<u>4,488,029</u>	<u>4,866,116</u>	<u>378,087</u>
Fines and forfeitures	<u>602,000</u>	<u>602,000</u>	<u>573,123</u>	<u>(28,877)</u>
Licenses and permits	<u>120,800</u>	<u>120,800</u>	<u>133,166</u>	<u>12,366</u>
Investment income	<u>100,000</u>	<u>120,000</u>	<u>223,637</u>	<u>103,637</u>
Miscellaneous	<u>12,300</u>	<u>12,300</u>	<u>11,669</u>	<u>(631)</u>
Total revenues	<u>14,651,465</u>	<u>14,658,229</u>	<u>15,228,047</u>	<u>569,818</u>
Other financing sources:				
Sale of capital assets	15,000	15,000	44,499	29,499
Transfers from other funds	7,822,442	7,822,442	7,822,442	-
Total other financing sources	<u>7,837,442</u>	<u>7,837,442</u>	<u>7,866,941</u>	<u>29,499</u>
Total revenues and other financing sources	<u>\$ 22,488,907</u>	<u>\$ 22,495,671</u>	<u>\$ 23,094,988</u>	<u>\$ 599,317</u>

(Continued)

CITY OF PONCA CITY, OKLAHOMA

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (Continued)

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures and transfers:				
City commissioners	\$ 14,300	\$ 14,300	\$ 6,263	\$ 8,037
City manager	1,017,209	1,017,209	861,667	155,542
Central municipal activity	1,447,303	2,047,303	2,031,389	15,914
Finance	518,825	578,425	522,347	56,078
Municipal court	262,652	262,652	241,002	21,650
City attorney	283,428	283,428	277,392	6,036
Community development	617,393	617,393	601,716	15,677
Animal control	248,764	248,764	229,837	18,927
Emergency management	175,469	175,469	164,432	11,037
Police admin	5,999,521	6,001,521	5,483,308	518,213
Communications/911	704,167	704,167	639,532	64,635
Fire	5,592,441	5,761,941	5,637,099	124,842
Fire-Ambulance	1,408,353	1,408,353	980,958	427,395
Street admin	1,469,239	1,238,853	1,120,032	118,821
Engineering admin	657,843	657,843	537,264	120,579
Traffic engineering	468,861	468,861	460,219	8,642
Park maintenance	1,806,133	1,807,133	1,640,546	166,587
Recreation programs	395,755	411,280	381,355	29,925
Ambuc pool	76,956	76,956	67,714	9,242
Wentz camp	95,083	95,083	69,351	25,732
Marland's Grand Home	151,695	151,695	138,218	13,477
Library	1,064,812	1,064,812	1,038,750	26,062
Total expenditures and transfers	<u>24,476,202</u>	<u>25,093,441</u>	<u>23,130,391</u>	<u>1,963,050</u>
Revenue and other financing sources under expenditures and transfers	<u>\$ (1,987,295)</u>	<u>\$ (2,597,770)</u>	<u>(35,403)</u>	<u>\$ (1,363,733)</u>
Fund balances, beginning of year			<u>7,400,494</u>	
Fund balances, end of year			<u>\$ 7,365,091</u>	

CITY OF PONCA CITY, OKLAHOMA

NOTES TO BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2019

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.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO BUDGETARY COMPARISON SCHEDULE
(Continued)

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

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.2280%	1.2410%	1.2426%	1.3474%	1.2648%
City's proportionate share of the net pension liability	\$ 13,822,537	\$ 15,613,535	\$ 15,180,723	\$ 14,301,304	\$ 13,007,400
City's covered payroll ²	\$ 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	379%	412%	437%	403%	363%
Plan fiduciary net position as a percentage of the total pension liability	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

	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 534,726	\$ 507,012	\$ 530,980	\$ 486,600	\$ 497,357
Contributions in relation to the statutorily required contribution	<u>534,726</u>	<u>507,012</u>	<u>530,980</u>	<u>486,600</u>	<u>497,357</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,765,054	\$ 3,650,547	\$ 3,792,730	\$ 3,475,715	\$ 3,552,540
Contributions as a percentage of covered payroll	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

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.9433%	0.9858%	1.0033%	1.0509%	0.9876%
City's proportionate share of the net pension liability (asset)	\$ (449,341)	\$ 75,831	\$ 1,536,471	\$ 42,849	\$ (332,521)
City's covered payroll ²	\$ 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	-15.61%	2.58%	51.93%	1.51%	-11.88%
Plan fiduciary net position as a percentage of the total pension liability (asset)	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

	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 351,731	\$ 373,962	\$ 381,790	\$ 384,640	\$ 369,058
Contributions in relation to the statutorily required contribution	<u>351,731</u>	<u>373,962</u>	<u>381,790</u>	<u>384,640</u>	<u>369,058</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 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%

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

PONCA CITY EMPLOYEES RETIREMENT SYSTEM

For the Plan Years Ended December 31

Last Ten Plan Years¹

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 374,374	\$ 379,515	\$ 419,990	\$ 368,696	\$ 361,995
Interest	2,310,085	2,231,107	2,220,237	2,098,830	1,936,407
Benefit payments	(1,526,518)	(1,446,819)	(1,317,363)	(1,275,713)	(1,145,393)
Difference between expected and actual experience	(469,166)	(25,392)	(267,164)	452,433	252,776
Change in assumptions	-	-	(799,669)	-	902,741
Net change in total pension liability	688,775	1,138,411	256,031	1,644,246	2,308,526
Total pension liability, beginning of period	32,297,539	31,159,128	30,903,097	29,258,851	26,950,325
Total pension liability, end of period	32,986,314	32,297,539	31,159,128	30,903,097	29,258,851
Fiduciary net pension:					
Employer contributions	1,076,341	1,044,074	737,699	670,691	664,955
Net investment income (loss)	(1,415,856)	4,128,637	1,644,552	143,006	1,667,346
Benefit payments	(1,526,518)	(1,446,819)	(1,317,363)	(1,275,713)	(1,145,393)
Administration expenses	(7,275)	(31,516)	(22,516)	(29,266)	(23,006)
Net change in fiduciary net position	(1,873,308)	3,694,376	1,042,372	(491,282)	1,163,902
Fiduciary net position, beginning of period	26,988,131	23,293,755	22,251,383	22,742,665	21,578,763
Fiduciary net position, end of period	25,114,823	26,988,131	23,293,755	22,251,383	22,742,665
Net pension liability	\$ 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	76%	84%	75%	72%	78%
Covered payroll	\$ 9,014,601	\$ 8,987,729	\$ 9,094,453	\$ 8,902,399	\$ 8,134,360
Net pension liability as a percentage of covered payroll	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

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,144,282	\$ 1,165,316	\$ 1,306,497	\$ 1,171,600	\$ 1,337,619
Contributions in relation to the actuarially determined contributions	1,076,341	1,044,074	737,699	670,691	664,955
Contribution deficiency (excess)	\$ 67,941	\$ 121,242	\$ 568,798	\$ 500,909	\$ 672,664
Covered payroll	\$ 9,014,601	\$ 8,987,729	\$ 9,094,453	\$ 8,902,399	\$ 8,134,360
Contributions as a percentage of covered payroll	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.

Methods and assumptions for actuarially determined contribution:

- Actuarial cost method - entry age normal cost method, level percent of pay
- Asset valuation method - market value of assets, as of the measurement date
- Salary increases - 1.88% to 4.18% (varies by age)
- Investment rate of return - 7.25%
- Mortality table - RP-2006

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

	2018	2017	2016	2015	2014
Annual money-weighted rate of return on plan investments, net of investment expense	-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 Fiscal Year¹

	2019
Total OPEB liability:	
Service cost	\$ 7,434
Interest cost	6,789
Differences between expected and actual experience	(11,159)
Changes in assumptions and inputs	3,389
Benefit payments	(448)
Net change in total OPEB liability	6,005
Total OPEB liability, beginning	174,963
Total OPEB liability, ending	\$ 180,968
Covered payroll	\$ 2,387,703
The City's total OPEB liability as a percentage of covered payroll	7.58%

¹ GASB 75 became effective 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, 2019

	Special Revenue Funds						
	Special Projects	Street and Alley	Hotel/Motel Tax	Community Development	Library Grant	Library State Aid	Miscellaneous Trust
<u>ASSETS</u>							
Cash and cash equivalents	\$ 28,543	\$ 234,897	\$ 2,316,144	\$ (209,038)	\$ 201,195	\$ 2,684	\$ 14,973
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	49,821	-	1,000	-	-
Due from other governments	-	17,066	-	433,825	-	-	-
Total assets	<u>\$ 28,543</u>	<u>\$ 251,963</u>	<u>\$ 2,365,965</u>	<u>\$ 224,787</u>	<u>\$ 202,195</u>	<u>\$ 2,684</u>	<u>\$ 14,973</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 1,800	\$ 12,323	\$ 30,367	\$ 72,761	\$ -	\$ 2,684	\$ 14,973
Total liabilities	<u>1,800</u>	<u>12,323</u>	<u>30,367</u>	<u>72,761</u>	<u>-</u>	<u>2,684</u>	<u>14,973</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	239,640	2,335,598	152,026	202,195	-	-
Assigned	26,743	-	-	-	-	-	-
Total fund balances	<u>26,743</u>	<u>239,640</u>	<u>2,335,598</u>	<u>152,026</u>	<u>202,195</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 28,543</u>	<u>\$ 251,963</u>	<u>\$ 2,365,965</u>	<u>\$ 224,787</u>	<u>\$ 202,195</u>	<u>\$ 2,684</u>	<u>\$ 14,973</u>

(Continued)

CITY OF PONCA CITY, OKLAHOMA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
(Continued)

June 30, 2019

	Special Revenue Funds	Capital Projects Funds			Permanent Funds			Total
	Economic Development	Recreation Center	Street Improvement Project	Capital Improvement Project	Debt Service	Matzene Book	Cann Estate	
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	\$ 683,948	\$ 5,754,052	\$ 3,477,516	\$ 68,468	\$ 495	\$ 117,690	\$ 12,691,567
Investments	-	-	-	-	-	50,000	1,094,345	1,144,345
Accounts receivable	-	-	-	-	-	-	1,086	51,907
Due from other governments	167,753	167,753	167,753	-	4,798	-	-	958,948
Total assets	\$ 167,753	\$ 851,701	\$ 5,921,805	\$ 3,477,516	\$ 73,266	\$ 50,495	\$ 1,213,121	\$ 14,846,767
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 167,753	\$ -	\$ 889,249	\$ 794,273	\$ -	\$ -	\$ 10,944	\$ 1,997,127
Total liabilities	167,753	-	889,249	794,273	-	-	10,944	1,997,127
Fund balances:								
Nonspendable	-	-	-	-	-	50,000	1,094,345	1,144,345
Restricted	-	851,701	5,032,556	-	73,266	-	-	8,886,982
Assigned	-	-	-	2,683,243	-	495	107,832	2,818,313
Total fund balances	-	851,701	5,032,556	2,683,243	73,266	50,495	1,202,177	12,849,640
Total liabilities and fund balances	\$ 167,753	\$ 851,701	\$ 5,921,805	\$ 3,477,516	\$ 73,266	\$ 50,495	\$ 1,213,121	\$ 14,846,767

CITY OF PONCA CITY, OKLAHOMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2019

	Special Revenue Funds						
	Special Projects	Street and Alley	Hotel/Motel Tax	Community Development	Library Grant	Library State Aid	Miscellaneous Trust
Revenues:							
Taxes	\$ -	\$ -	\$ 542,945	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	215,320	-	969,472	9,361	10,931	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	28,106	-	-	-	-	-	-
Investment income	-	-	-	1,160	-	-	-
Miscellaneous	-	2,000	1,766	1,458	-	-	-
Total revenues	28,106	217,320	544,711	972,090	9,361	10,931	-
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	17,700	-	-	-	-	-	-
Streets and highways	-	158,923	-	-	-	-	-
Culture, parks and recreation	-	-	293,336	-	34,046	10,931	-
Community development	-	-	-	178,644	-	-	-
Capital outlay	-	92,512	870,403	811,519	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	17,700	251,435	1,163,739	990,163	34,046	10,931	-
Revenues over (under) expenditures	10,406	(34,115)	(619,028)	(18,073)	(24,685)	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	10,406	(34,115)	(619,028)	(18,073)	(24,685)	-	-
Fund balance, beginning of year	16,337	273,755	2,954,626	170,099	226,880	-	-
Fund balance, end of year	\$ 26,743	\$ 239,640	\$ 2,335,598	\$ 152,026	\$ 202,195	\$ -	\$ -

CITY OF PONCA CITY, OKLAHOMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Year Ended June 30, 2019

	Special Revenue Funds	Capital Projects Funds			Debt Service	Permanent Funds		Total
	Economic Development	Recreation Center	Street Improvement Project	Capital Improvement Project		Matzene Book	Cann Estate	
Revenues:								
Taxes	\$ 2,065,602	\$ 2,065,602	\$ 2,065,602	\$ -	\$ 285,264	\$ -	\$ -	\$ 7,025,015
Intergovernmental	-	-	-	-	-	-	-	1,205,084
Charges for services	-	-	-	-	-	-	2,736	2,736
Fines and forfeitures	-	-	-	-	-	-	-	28,106
Investment income	-	17,364	174,450	100,454	3,731	447	37,762	335,368
Miscellaneous	-	-	-	445,400	-	-	-	450,624
Total revenues	2,065,602	2,082,966	2,240,052	545,854	288,995	447	40,498	9,046,933
Expenditures:								
Current:								
General government	-	-	-	-	-	600	-	600
Public safety	-	-	-	-	-	-	-	17,700
Streets and highways	-	-	392,120	-	-	-	-	551,043
Culture, parks and recreation	-	4,701	-	-	-	-	70,831	413,845
Community development	2,065,602	-	-	-	-	-	-	2,244,246
Capital outlay	-	-	2,730,803	2,275,393	-	-	6,000	6,786,630
Debt service:								
Principal	-	-	-	-	251,763	-	-	251,763
Interest and fiscal charges	-	-	-	-	49,493	-	-	49,493
Total expenditures	2,065,602	4,701	3,122,923	2,275,393	301,256	600	76,831	10,315,320
Revenues over (under) expenditures	-	2,078,265	(882,871)	(1,729,539)	(12,261)	(153)	(36,333)	(1,268,387)
Other financing sources (uses):								
Transfers in	-	-	-	1,635,000	-	-	20,000	1,655,000
Transfers out	-	(1,932,000)	-	(16,667)	-	-	-	(1,948,667)
Total other financing sources (uses)	-	(1,932,000)	-	1,618,333	-	-	20,000	(293,667)
Net change in fund balances	-	146,265	(882,871)	(111,206)	(12,261)	(153)	(16,333)	(1,562,054)
Fund balance, beginning of year as previously stated	-	705,436	5,915,427	2,794,449	85,527	50,648	1,218,510	14,411,694
Fund balance, end of year	\$ -	\$ 851,701	\$ 5,032,556	\$ 2,683,243	\$ 73,266	\$ 50,495	\$ 1,202,177	\$ 12,849,640

CITY OF PONCA CITY, OKLAHOMA

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 284,104	\$ 48,790	\$ 332,894
Accounts receivable - other	-	3,430	3,430
Inventory	43,113	34,542	77,655
Total current assets	<u>327,217</u>	<u>86,762</u>	<u>413,979</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	388,293	71,577	459,870
Depreciable, net of accumulated depreciation	662,995	478,252	1,141,247
Total noncurrent assets	<u>1,051,288</u>	<u>549,829</u>	<u>1,601,117</u>
Total assets	<u>1,378,505</u>	<u>636,591</u>	<u>2,015,096</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	35,131	51,730	86,861
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	23,957	68,779	92,736
Accrued compensated absences	809	2,553	3,362
Total current liabilities	<u>24,766</u>	<u>71,332</u>	<u>96,098</u>
Noncurrent liabilities:			
Accrued compensated absences	7,281	22,974	30,255
Net pension liability	138,063	217,810	355,873
Total OPEB liability	3,619	3,619	7,238
Total noncurrent liabilities	<u>148,963</u>	<u>244,403</u>	<u>393,366</u>
Total liabilities	<u>173,729</u>	<u>315,735</u>	<u>489,464</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	6,332	17,491	23,823
<u>NET POSITION</u>			
Net investment in capital assets	1,051,288	549,829	1,601,117
Unrestricted	182,287	(194,734)	(12,447)
Total net position	<u>\$ 1,233,575</u>	<u>\$ 355,095</u>	<u>\$ 1,588,670</u>

CITY OF PONCA CITY, OKLAHOMA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - NONMAJOR PROPRIETARY FUNDS

Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 156,195	\$ -	\$ 156,195
Golf course fees	-	427,221	427,221
Miscellaneous	-	-	-
Total operating revenues	156,195	427,221	583,416
Operating expenses:			
Personal services	235,076	499,569	734,645
Materials and supplies	14,180	40,352	54,532
Maintenance, operations and contractual services	80,545	293,542	374,087
Depreciation	97,182	74,939	172,121
Total operating expenses	426,983	908,402	1,335,385
Operating loss	(270,788)	(481,181)	(751,969)
Non-operating revenues (expenses):			
Investment income	8,792	-	8,792
Loss before contributions and transfers	(261,996)	(481,181)	(743,177)
Capital contributions	-	61,749	61,749
Transfers from other funds	170,000	280,000	450,000
Net transfers and capital contributions	170,000	341,749	511,749
Change in net position	(91,996)	(139,432)	(231,428)
Net position, beginning of year as previously stated	1,328,423	496,773	1,825,196
Prior period adjustments	(2,852)	(2,246)	(5,098)
Net position, beginning of year as restated	1,325,571	494,527	1,820,098
Net position, end of year	\$ 1,233,575	\$ 355,095	\$ 1,588,670

CITY OF PONCA CITY, OKLAHOMA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS

Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 156,195	\$ 426,136	\$ 582,331
Payments to suppliers	(111,702)	(318,101)	(429,803)
Payments to employees	(242,941)	(498,307)	(741,248)
Net cash flows from operating activities	<u>(198,448)</u>	<u>(390,272)</u>	<u>(588,720)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	170,000	280,000	450,000
Net cash flows from noncapital financing	<u>170,000</u>	<u>280,000</u>	<u>450,000</u>
Cash flows from investing activities:			
Interest and dividends	8,792	-	8,792
Net cash flows from investing activities	<u>8,792</u>	<u>-</u>	<u>8,792</u>
Net decrease in cash and cash equivalents	(19,656)	(110,272)	(129,928)
Balances, beginning of year	303,760	159,062	462,822
Balances, end of year	<u>\$ 284,104</u>	<u>\$ 48,790</u>	<u>\$ 332,894</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating loss	\$ (270,788)	\$ (481,181)	\$ (751,969)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation expense	97,182	74,939	172,121
Change in assets and liabilities:			
(Increase) decrease in receivables, net	-	(1,085)	(1,085)
(Increase) decrease in inventories	(9,242)	1,305	(7,937)
(Increase) decrease in deferred outflows	(27,029)	(38,195)	(65,224)
Increase (decrease) in accounts and other payables	(7,735)	14,488	6,753
Increase (decrease) in accrued compensated absences	(4,637)	5,537	900
Increase (decrease) in net pension liability	49,867	70,464	120,331
Increase (decrease) in net OPEB liability	767	1,373	2,140
Increase (decrease) in deferred inflows	(26,833)	(37,917)	(64,750)
Net cash flows from operating activities	<u>\$ (198,448)</u>	<u>\$ (390,272)</u>	<u>\$ (588,720)</u>
Non-cash capital financing activities:			
Lew Wentz Golf Course:			
Capital assets contributed		<u>\$ 61,749</u>	

CITY OF PONCA CITY, OKLAHOMA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2019

	City Garage	Insurance Imprest Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 120,920	\$ 5,007,587	\$ 5,128,507
Investments	-	4,500,000	4,500,000
Accounts receivables - other	67,952	641,560	709,512
Prepaid expenses	-	48,545	48,545
Inventory	207,679	-	207,679
Total current assets	<u>396,551</u>	<u>10,197,692</u>	<u>10,594,243</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net of accumulated depreciation	15,291	-	15,291
Total noncurrent assets	<u>15,291</u>	<u>-</u>	<u>15,291</u>
Total assets	<u>411,842</u>	<u>10,197,692</u>	<u>10,609,534</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	32,358	11,710	44,068
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	116,128	86,339	202,467
Estimated claims liability	-	333,406	333,406
Accrued compensated absences	1,794	192	1,986
Total current liabilities	<u>117,922</u>	<u>419,937</u>	<u>537,859</u>
Noncurrent liabilities:			
Estimated claims liability	-	878,806	878,806
Accrued compensated absences	16,145	1,730	17,875
Net pension liability	131,264	45,403	176,667
Total noncurrent liabilities	<u>147,409</u>	<u>925,939</u>	<u>1,073,348</u>
Total liabilities	<u>265,331</u>	<u>1,345,876</u>	<u>1,611,207</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	8,140	1,764	9,904
<u>NET POSITION</u>			
Net investment in capital assets	15,291	-	15,291
Unrestricted	155,438	8,861,762	9,017,200
Total net position	<u>\$ 170,729</u>	<u>\$ 8,861,762</u>	<u>\$ 9,032,491</u>

CITY OF PONCA CITY, OKLAHOMA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - INTERNAL SERVICE FUNDS

Year Ended June 30, 2019

	City Garage	Insurance Imprest Fund	Total
Operating revenues:			
Charges for services	\$ 1,431,217	\$ 5,388,086	\$ 6,819,303
Total operating revenues	1,431,217	5,388,086	6,819,303
Operating expenses:			
Personal services	271,830	335,918	607,748
Materials and supplies	1,178,682	-	1,178,682
Other services and charges	35,911	4,613,286	4,649,197
Depreciation expense	7,556	-	7,556
Total operating expenses	1,493,979	4,949,204	6,443,183
Operating income (loss)	(62,762)	438,882	376,120
Non-operating revenues (expenses):			
Investment income	-	179,207	179,207
Miscellaneous income (expense)	469	(261,622)	(261,153)
Gain on disposal of assets	4,253	-	4,253
Net non-operating revenues (expenses)	4,722	(82,415)	(77,693)
Income before transfers	(58,040)	356,467	298,427
Other financing uses:			
Transfers to other funds	(10,000)	-	(10,000)
Change in net position	(68,040)	356,467	288,427
Net position, beginning of year	238,769	8,505,295	8,744,064
Net position, end of year	\$ 170,729	\$ 8,861,762	\$ 9,032,491

CITY OF PONCA CITY, OKLAHOMA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year Ended June 30, 2019

	City Garage	Insurance Imprest Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,442,851	\$ 4,869,053	\$ 6,311,904
Payments to suppliers	(1,222,016)	(4,633,769)	(5,855,785)
Payments to employees	(267,441)	289,445	22,004
Net cash flows from operating activities	<u>(46,606)</u>	<u>524,729</u>	<u>478,123</u>
Cash flows from noncapital financing activities:			
Miscellaneous cash collections	469	(261,622)	(261,153)
Transfers to/from other funds	(10,000)	-	(10,000)
Net cash flows from noncapital financial activities	<u>(9,531)</u>	<u>(261,622)</u>	<u>(271,153)</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	4,253	-	4,253
Purchase of capital assets	(9,429)	-	(9,429)
Net cash flows from investing activities	<u>(5,176)</u>	<u>-</u>	<u>(5,176)</u>
Cash flows from investing activities:			
Purchase of investments	-	(5,067)	(5,067)
Interest and dividends	-	179,207	179,207
Net cash flows from investing activities	<u>-</u>	<u>174,140</u>	<u>174,140</u>
Net increase (decrease) in cash and cash equivalents	(61,313)	437,247	375,934
Balances, beginning of year	182,233	4,570,340	4,752,573
Balances, end of year	<u>\$ 120,920</u>	<u>\$ 5,007,587</u>	<u>\$ 5,128,507</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (62,762)	\$ 438,882	\$ 376,120
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation expense	7,556	-	7,556
Change in assets and liabilities:			
(Increase) decrease in receivables, net	11,634	(519,033)	(507,399)
(Increase) decrease in prepaid expenses	-	(22,574)	(22,574)
(Increase) decrease in inventory	(1,925)	-	(1,925)
(Increase) decrease in deferred outflows	(24,442)	(9,078)	(33,520)
Increase (decrease) in accounts and other payables	(5,498)	2,091	(3,407)
Increase (decrease) in claims payable	-	627,450	627,450
Increase (decrease) in accrued compensated absences	8,002	(744)	7,258
Increase (decrease) in net pension liability	45,093	16,747	61,840
Increase (decrease) in deferred inflows	(24,264)	(9,012)	(33,276)
Net cash flows from operating activities	<u>\$ (46,606)</u>	<u>\$ 524,729</u>	<u>\$ 478,123</u>

CITY OF PONCA CITY, OKLAHOMA

SCHEDULE OF REVENUE BONDS AND NOTES DEBT SERVICE COVERAGE

Year Ended June 30, 2019

	Electric	Water	Solid Waste	Broadband	Wastewater	Total
Gross revenues of the system:						
Utility charges for service	\$ 37,677,803	\$ 7,990,243	\$ 5,280,183	\$ 1,621	\$ 6,486,442	\$ 57,436,292
Investment income	391,296	125,756	159,946	14,896	137,485	829,379
Total operating revenues	38,069,099	8,115,999	5,440,129	16,517	6,623,927	58,265,671
Operation and maintenance expenses:						
Personal services	2,769,514	1,480,571	2,484,058	46,587	1,193,212	7,973,942
Materials and supplies	132,714	411,408	38,181	38,554	76,086	696,943
Maintenance, operations and contractual services	1,823,113	1,335,321	829,618	24,476	773,307	4,785,835
Electricity purchased	22,432,518	-	-	-	-	22,432,518
Total operating expenses	27,157,859	3,227,300	3,351,857	109,617	2,042,605	35,889,238
Net revenues available for debt service	\$ 10,911,240	\$ 4,888,699	\$ 2,088,272	\$ (93,100)	\$ 4,581,322	\$ 22,376,433
Maximum annual debt service*						1,776,011
Coverage						12.60
Required coverage						1.25

* Maximum annual debt services is based on 2020 debt service requirements for Oklahoma Water Resources Board Notes Payable Series 2007 and 2009A Clean Water SRF Promissory Note, and Series 2012A Utility Systems Revenue Note

CITY OF PONCA CITY, OKLAHOMA

SCHEDULE OF RESERVE ACCOUNT BALANCE

June 30, 2019

<u>Description</u>	<u>Required Reserves</u>	<u>Reserve Balance June 30, 2019</u>	<u>Excess Balance (Under) Required Reserves</u>
Notes payable:			
2012A Banc of America Public	\$ 848,980	\$ 848,980	\$ -



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

3630 SW Burlingame Road Topeka, Kansas 66611 | t: 785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandccpa.com

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
The 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, 2019, 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 4, 2019. 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.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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.

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

Compliance and Other Matters

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

Purpose of this Report

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

Berwick Trahan + Co., P.A.

December 4, 2019
Topeka, Kansas



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

CITY OF PONCA CITY, OKLAHOMA

SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2019

CITY OF PONCA CITY, OKLAHOMA

SINGLE AUDIT REPORT

Year Ended June 30, 2019

TABLE OF CONTENTS

The City of Ponca City, Oklahoma financial statements and related notes for the year ended June 30, 2019 were audited by Berberich Trahan & 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 Berberich Trahan & 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
Notes to Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	6 - 7



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

3630 SW Burlingame Road Topeka, Kansas 66611 | t: 785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcccpa.com

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

We have audited the City of Ponca City, Oklahoma's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the discretely presented component unit, the Ponca City Development Authority (the Authority), which expended \$ 1,275,000 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of the Authority because the Authority engaged other auditors to perform an audit of compliance.

Management's Responsibility

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

Auditors' Responsibility

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

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.

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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 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 and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 4, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We did not audit the financial statements of the Ponca City Development Authority, which is reported as a discretely presented component unit. 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 Ponca City Development Authority, is based solely on the report of the other auditors. 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 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 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Berberich Trahan & Co., P.A.

December 4, 2019
Topeka, Kansas

CITY OF PONCA CITY, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA 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	CDBG-17-17035	\$ 13,435	\$ -
Small Cities Program	14.228	CDBG-18-17285	85,116	-
Total U.S. Department of Housing and Urban Development			98,551	-
U.S. Department of the Interior:				
Passed through Oklahoma Department of Wildlife Conservation:				
Fish and Wildlife Cluster:				
Deep Water Boating Access Project	15.605	F-100 D-1	734,449	-
Total Fish and Wildlife Cluster			734,449	-
Passed through Oklahoma Historical Preservation Office:				
Certified Local Government Program	15.904	17-605	6,547	-
Certified Local Government Program	15.904	18-605	22,787	-
Total U.S. Department of the Interior			763,783	-
U.S. Department of Justice:				
Passed through Bureau of Justice Assistance:				
Bulletproof Vest Partnership Program	16.607	None	2,245	-
Edward Byrne Law Enforcement Assistance	16.738	201-H2566-OK-DJ	13,358	3,358
Total U.S. Department of Justice			15,603	3,358
U.S. Department of Transportation:				
Passed through Oklahoma Highway Safety Office:				
Highway Safety Cluster:				
Traffic Safety Project	20.600	PT-18-03-19-11	2,673	-
Traffic Safety Project	20.600	PT-19-03-17-12	11,127	-
Total Highway Safety Cluster			13,800	-
Total U.S. Department of Transportation			13,800	-
U.S. Institute of Museum and Library Services:				
Passed through Oklahoma Department of Libraries:				
Continuing Education Grant	45.310	None	1,041	-
State Aid Grant	45.310	None	10,931	-
Total U.S. Institute of Museum and Library Services			11,972	-
U.S. Department of Homeland Security:				
Passed through Oklahoma Department of Emergency Management:				
Hazard Mitigation Grant	97.039	FEMA 4247 DR-OK (HMGP)	31,955	-
Hazard Mitigation Grant	97.039	FEMA 4315 DR-OK (HMGP)	24,910	-
Emergency Management Performance Grant - 17	97.042	85-606	7,427	-
Emergency Management Performance Grant - 18	97.042	85-606	22,281	-
Total U.S. Department of Homeland Security			86,573	-
Total expenditures of federal awards			\$ 990,282	\$ 3,358

See accompanying notes to schedule of expenditures of federal awards.

CITY OF PONCA CITY, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2019

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, 2019. The City's reporting entity is defined in Note 1 to the City's basic financial statements. The City's basic financial statements include the operations of the discretely presented component unit, the Ponca City Development Authority (the Authority), which expended \$ 1,275,000 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2019. 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. 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, 2019

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 program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
15.605	Fish and Wildlife Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
--	------------

Auditee qualified as a low-risk auditee:	No
--	----

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.