



Certified Public Accountants

CITY OF PONCA CITY, OKLAHOMA

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

CITY OF PONCA CITY, OKLAHOMA
FINANCIAL STATEMENTS
Year Ended June 30, 2022

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CITY OF PONCA CITY, OKLAHOMA
LIST OF PRINCIPAL OFFICIALS
June 30, 2022

City Commission

Homer Nicholson, Mayor

Lanita Chapman

Paul Taylor

Shasta Scott

Robert Bodick

Finance Director

John Gonsalves



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ponca City, Oklahoma (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Ponca City Development Authority (the PCDA) discretely presented component unit as June 30, 2022, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the PCDA, is based solely on the reports of the auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

BT & Co., P.A.

December 6, 2022
Topeka, Kansas

CITY OF PONCA CITY, OKLAHOMA

Management's Discussion and Analysis

June 30, 2022

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, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$215,826,603 for the fiscal year ended June 30, 2022.
- Total net position is comprised of the following:
 - The net investment in capital assets was \$136,811,538.
 - A net position of \$32,856,718 is restricted by constraints imposed from outside the City, such as debt covenants, grantors, laws or regulations.
 - An unrestricted net position of \$46,158,347 represents the portion available to maintain the City's continuing obligations to citizens, creditors and employees.
- The General Fund maintained its committed fund balance for operating reserve at \$3.0M during the fiscal year.
- Sales and use tax revenue in the General Fund derived from a 2% rate to provide basic services totaled \$9,985,257, an increase of 1.64% from the prior year.
- The City and Ponca City Utility Authority decreased their capital debt and refundable grant obligations by \$4,900,171 during the year ended June 30, 2022.

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.

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

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

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. The differences between governmental fund financial statements and government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The City’s assets and deferred outflows exceeded liabilities and deferred inflows by \$215,826,603 at the close of the most recent fiscal year.

The largest portion of the City’s net position reflects its investment in capital assets (e.g., land, buildings, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. For Fiscal 2022, this investment in capital assets, net of related debt amounted to \$136,811,538. 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	
	2021	2022	2021	2022	2021	2022
Current assets	\$ 37,517	\$ 40,630	\$ 76,388	\$ 64,989	\$ 113,905	\$ 105,619
Capital assets, net	43,502	43,356	117,135	131,744	160,637	175,100
Other non-current assets	-	4,928	2,281	13,538	2,281	18,466
Total assets	81,019	88,914	195,804	210,271	276,823	299,185
Deferred outflows of resources	4,764	4,080	492	373	5,256	4,453
Current liabilities	2,640	4,431	13,174	13,650	15,814	18,081
Non-current liabilities	19,694	9,801	41,239	35,282	60,933	45,083
Total liabilities	22,334	14,232	54,413	48,932	76,747	63,164
Deferred inflows of resources	2,682	12,247	1,911	12,401	4,593	24,648
Net position						
Net investment in capital assets	43,502	43,356	103,728	93,455	147,230	136,811
Unrestricted	5,184	10,051	5,885	36,107	11,069	46,158
Restricted	12,081	13,108	30,359	19,749	42,440	32,857
Total net position	\$ 60,767	\$ 66,515	\$ 139,972	\$ 149,311	\$ 200,739	\$ 215,826

Net Position (continued)

Another major portion of the City's net position, \$32,856,718, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$46,158,347, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

Changes in Net Position

For the year ended June 30, 2022, net position of the primary government changed as follows:

CHANGES IN NET POSITION (in 000's)						
	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenues						
Program revenues	\$ 6,520	\$ 6,202	\$ 67,176	\$ 68,128	\$ 73,696	\$ 74,330
Taxes and other general revenues	20,569	21,036	284	270	20,853	21,306
Total revenues	27,089	27,238	67,460	68,398	94,549	95,636
Expenses						
General government	4,650	3,374	-	-	4,650	3,374
Public safety	17,096	12,173	-	-	17,096	12,173
Streets and highways	3,484	3,597	-	-	3,484	3,597
Culture, parks and recreation	3,953	4,151	-	-	3,953	4,151
Community development	280	1,087	-	-	280	1,087
Economic development	2,428	2,468	-	-	2,428	2,468
Interest on long-term debt	42	91	-	-	42	91
Utility Authority	-	-	43,237	48,290	43,237	48,290
Airport	-	-	1,239	2,244	1,239	2,244
RecPlex	-	-	1,770	900	1,770	900
Golf Course	-	-	843	1,730	843	1,730
Marland Estate	-	-	476	555	476	555
Total expenses	31,933	26,941	47,565	53,719	79,498	80,660
Excess (deficiency) before transfers	(4,844)	297	19,895	14,679	15,051	14,976
Transfers	6,719	5,452	(6,719)	(5,452)	-	-
Increase (decrease) in net position	\$ 1,875	\$ 5,749	\$ 13,176	\$ 9,227	\$ 15,051	\$ 14,976

Changes in Net Position (continued)

The City's governmental activities' increase in net position of \$5,748,662 plus the business-type activities' increase in net position of \$9,227,075 combined represent an increase of \$14,975,737, or 7.5% increase. The results indicate the City as a whole experienced an increase in its financial condition from the prior year.

Governmental Activities

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

For the year ended June 30, 2022 total expenses for governmental activities amounted to \$26,941,953. Of these total expenses, taxes, other general revenues, and transfers funded \$26,488,231. Operating and Capital Grants and Contributions funded \$3,294,422. A total of \$2,907,962 was received from charges for services.

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

	Total Expense of Services		Net Revenue (Expense) of Services	
	2021	2022	2021	2022
General government	\$ 4,650	\$ 3,374	\$ (4,650)	\$ (2,671)
Public safety	17,096	12,173	(12,210)	(7,415)
Streets and highways	3,484	3,597	(2,484)	(3,597)
Culture, parks and recreation	3,953	4,151	(3,494)	(3,680)
Community development	280	1,087	(105)	(817)
Payment to PCDA	2,428	2,468	(2,428)	(2,468)
Interest on long-term debt	42	91	(42)	(91)
Total	<u>\$ 31,933</u>	<u>\$ 26,941</u>	<u>\$ (25,413)</u>	<u>\$ (20,739)</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 \$9,227,075 for the year ended June 30, 2022.
- All non-utility Proprietary Funds reported a net loss for the year ended June 30, 2022, including the RecPlex (-\$817,235), a combined Marland Estate/Wentz Golf Course (-\$728,947), and Airport (-\$725,789). These results include the non-cash depreciation expense, and do not include budgeted cash transfer revenue subsidies from the General Fund.

General Fund Budgetary Highlights

Over the course of the year, City Commission revised the General Fund budget at various times. The revised budget included an increase in the overall revenue projections of \$351,399 or 1.46%, and an increase in appropriations of \$2,254,628 or 8.56%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had \$175,289,871 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 \$14,652,203 or 9.12% over the previous year.

	CAPITAL ASSETS (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 1,064	\$ 1,064	\$ 2,164	\$ 2,320	\$ 3,228	\$ 3,384
Buildings	6,521	6,278	30,024	28,700	36,545	34,978
Improvements	31,764	32,045	67,524	74,329	99,288	106,374
Machinery & equipment	3,292	3,333	5,365	5,799	8,657	9,132
Construction-in-progress	861	636	12,058	20,596	12,919	21,232
Leased asset	-	-	-	190	-	190
Totals	<u>\$ 43,502</u>	<u>\$ 43,356</u>	<u>\$ 117,135</u>	<u>\$ 131,934</u>	<u>\$ 160,637</u>	<u>\$ 175,290</u>

Long-term Debt

At year-end on June 30, 2022, the City had \$41,082,143 in long-term debt outstanding which represents a decrease of \$4,900,171 from the prior year. The City's changes in long-term debt by type of debt are as follows:

	PRIMARY GOVERNMENT LONG-TERM DEBT					
	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Accrued compensated absences	\$ 963,605	\$ 1,131,560	\$ 427,809	\$ 499,760	\$ 1,391,414	\$ 1,631,320
Judgments payable	909,818	754,325	-	-	909,818	754,325
Revenue bonds payable	-	-	40,330,000	35,760,000	40,330,000	35,760,000
Notes payable	-	-	2,793,901	2,503,265	2,793,901	2,503,265
Capital lease obligation	-	-	124,123	25,326	124,123	25,326
Lease obligation payable	-	-	-	189,742	-	189,742
Use tax recoupment liability	433,058	218,165	-	-	433,058	218,165
Totals	<u>\$ 2,306,481</u>	<u>\$ 2,104,050</u>	<u>\$ 43,675,833</u>	<u>\$ 38,978,093</u>	<u>\$ 45,982,314</u>	<u>\$ 41,082,143</u>

See Note 9 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. Fiscal 2020 saw sales tax rebound with an increase of 1.86% over Fiscal 2019.

The Fiscal 2021-22 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 396 full-time positions for Fiscal 2023. While continued efforts for efficiency are likely, no layoffs or additions are planned for the coming year.

Capital spending for Fiscal 2023 is budgeted at \$15,656,580, an increase of 15.09% from the prior year. Visible projects for the year include four marked sedans for the Police Department, a 12 – 14 yard tandem axle dump truck for the Street Department, four grasshopper mowers for the Park Department, and new bathrooms at Lake Ponca Duck Pond Area and Attucks Park. The Ponca City Utility Authority will see new water meters at a cost of \$3 million, three new packer trucks for Solid Waste, a new Scraper for Landfill, and \$1.62M in electric distribution system improvements.

Staff was happy to recommend, and have approved, a five percent rate increase for water, wastewater, and a \$.25 increase for stormwater.

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, 2022

	Primary Government			Component Unit
	Governmental	Business-Type		Ponca City
	Activities	Activities	Total	Development
				Authority
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 35,748,170	\$ 23,340,150	\$ 59,088,320	\$ 9,553,418
Investments	1,700,055	3,869,369	5,569,424	-
Restricted assets:				
Cash and cash equivalents	-	19,748,840	19,748,840	-
Investments	-	630,636	630,636	-
Receivables:				
Accounts receivable, net of allowance	657,375	8,221,986	8,879,361	27,024
Other receivables, net of allowance	928,393	1,064,129	1,992,522	111,567
Leases receivable	-	355,801	355,801	-
Due from other governments	1,840,039	335,922	2,175,961	216,945
Prepaid items	28,805	111,933	140,738	18,567
Internal balance	(551,336)	551,336	-	-
Inventory	278,665	6,758,663	7,037,328	-
Total current assets	40,630,166	64,988,765	105,618,931	9,927,521
Non-current assets:				
Restricted assets:				
Cash and cash equivalents	-	-	-	28,227
Investment in joint venture	-	2,167,383	2,167,383	-
Receivables:				
Leases receivable	-	9,540,783	9,540,783	-
Capital assets:				
Non-depreciable	1,699,962	22,915,604	24,615,566	390,987
Depreciable, net of depreciation	41,656,196	108,828,380	150,484,576	9,582,773
Intangible right to use lease assets (net of accumulated amortization)	-	189,729	189,729	-
Net pension asset	4,927,664	1,640,370	6,568,034	-
Total non-current assets	48,283,822	145,282,249	193,566,071	10,001,987
Total assets	88,913,988	210,271,014	299,185,002	19,929,508
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	\$ 4,080,153	\$ 372,786	\$ 4,452,939	\$ -

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF NET POSITION
(Continued)
June 30, 2022

	Primary Government			Component Unit
	Governmental	Business-Type		Ponca City
	Activities	Activities	Total	Development
				Authority
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,377,786	\$ 6,959,188	\$ 9,336,974	\$ 49,156
Accrued interest payable	-	328,975	328,975	-
Unearned revenues	1,379,474	-	1,379,474	-
Meter deposit liability	-	630,636	630,636	-
Non-current liabilities - due within one year:				
Judgments payable	376,151	-	376,151	-
Notes payable	-	299,770	299,770	-
Note payable - financed purchase	-	25,326	25,326	-
Revenue bonds payable	-	5,319,000	5,319,000	-
Use tax recoupment obligation	11,500	-	11,500	-
Estimated liability for claims	172,725	-	172,725	-
Lease obligation payable	-	36,436	36,436	-
Accrued compensated absences	113,155	49,976	163,131	5,343
Total current liabilities	4,430,791	13,649,307	18,080,098	54,499
Non-current liabilities - due in more than one year:				
Judgments payable	378,174	-	378,174	-
Notes payable	-	2,203,495	2,203,495	-
Revenue bonds payable	-	30,441,000	30,441,000	-
Use tax recoupment obligation	206,665	-	206,665	-
Estimated liability for claims	636,189	-	636,189	-
Lease obligation payable	-	153,306	153,306	-
Accrued compensated absences	1,018,405	449,784	1,468,189	48,091
Net pension liability	7,461,181	-	7,461,181	-
Total OPEB liability	100,328	100,329	200,657	-
Landfill closure/post-closure liability	-	1,934,292	1,934,292	-
Security deposits	-	-	-	28,227
Total non-current liabilities	9,800,942	35,282,206	45,083,148	76,318
Total liabilities	14,231,733	48,931,513	63,163,246	130,817
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	12,247,049	2,803,547	15,050,596	-
Deferred amounts related to leases	-	9,597,496	9,597,496	-
Total deferred inflows of resources	12,247,049	12,401,043	24,648,092	-
<u>NET POSITION</u>				
Net investment in capital assets	43,356,158	93,455,380	136,811,538	9,973,760
Restricted for:				
Enabling legislation	11,124,061	-	11,124,061	-
Statutory requirements	452,233	-	452,233	-
External contracts	1,531,584	-	1,531,584	-
Debt service	-	19,748,840	19,748,840	-
Unrestricted	10,051,323	36,107,024	46,158,347	9,824,931
Total net position	\$ 66,515,359	\$ 149,311,244	\$ 215,826,603	\$ 19,798,691

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Ponca City Development Authority
Primary government:								
Governmental activities:								
General government	\$ 3,374,119	\$ -	\$ 678,354	\$ 25,000	\$ (2,670,765)	\$ -	\$ (2,670,765)	\$ -
Public safety	12,173,356	2,303,020	2,455,057	-	(7,415,279)	-	(7,415,279)	-
Streets and highways	3,597,264	-	-	-	(3,597,264)	-	(3,597,264)	-
Cultural, parks and recreation	4,150,715	334,564	10,728	125,283	(3,680,140)	-	(3,680,140)	-
Community development	1,087,235	270,378	-	-	(816,857)	-	(816,857)	-
Payment to PCDA	2,468,282	-	-	-	(2,468,282)	-	(2,468,282)	-
Interest on long-term debt	90,982	-	-	-	(90,982)	-	(90,982)	-
Total governmental activities	26,941,953	2,907,962	3,144,139	150,283	(20,739,569)	-	(20,739,569)	-
Business-type activities:								
Electric	32,939,178	42,474,646	-	-	-	9,535,468	9,535,468	-
Broadband	1,213,540	986,192	-	-	-	(227,348)	(227,348)	-
Water	4,760,216	8,180,547	-	-	-	3,420,331	3,420,331	-
Solid waste	3,961,536	5,888,652	-	-	-	1,927,116	1,927,116	-
Wastewater	2,943,404	6,754,716	-	-	-	3,811,312	3,811,312	-
Stormwater	210,063	614,815	-	-	-	404,752	404,752	-
Bond accounts	630,393	-	-	-	-	(630,393)	(630,393)	-
Administrative costs	1,631,578	71,182	-	-	-	(1,560,396)	(1,560,396)	-
Airport	2,244,134	1,140,186	-	378,159	-	(725,789)	(725,789)	-
Golf course	900,566	505,623	-	-	-	(394,943)	(394,943)	-
RecPlex	1,729,654	912,419	-	-	-	(817,235)	(817,235)	-
Marland Estate	555,263	221,259	-	-	-	(334,004)	(334,004)	-
Total business-type activities	53,719,525	67,750,237	-	378,159	-	14,408,871	14,408,871	-
Total primary government	\$ 80,661,478	\$ 70,658,199	\$ 3,144,139	\$ 528,442	(20,739,569)	14,408,871	(6,330,698)	-
Component unit:								
Ponca City Development Authority	\$ 2,540,396	\$ 594,509	\$ -	\$ -				\$ (1,945,887)

(Continued)

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF ACTIVITIES
(Continued)
For the Year Ended June 30, 2022

	Net (Expenses) Revenues and Change in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ponca City Development Authority
General revenues and transfers:				
Taxes:				
Sales and use taxes:				
Unrestricted	\$ 9,985,257	\$ -	\$ 9,985,257	\$ -
Streets and highways	2,496,314	-	2,496,314	-
Economic development	2,496,314	-	2,496,314	2,469,032
Public safety center	4,158,859	-	4,158,859	-
Franchise and public service taxes	563,185	-	563,185	-
Hotel/motel taxes	604,159	-	604,159	-
Ad valorem taxes	466,218	-	466,218	-
Other taxes	29,433	-	29,433	-
Investment income (loss)	(125,303)	164,182	38,879	37,267
Miscellaneous	346,440	106,201	452,641	270
Gain on sales of capital assets	15,176	-	15,176	280,083
Transfers - internal activity	5,452,179	(5,452,179)	-	-
Total general revenues and transfers	26,488,231	(5,181,796)	21,306,435	2,786,652
Change in net position	5,748,662	9,227,075	14,975,737	840,765
Net position, beginning of year	60,766,697	139,972,049	200,738,746	18,957,926
Prior period adjustment	-	112,120	112,120	-
Net position, beginning of year restated	60,766,697	140,084,169	200,850,866	18,957,926
Net position, end of year	\$ 66,515,359	\$ 149,311,244	\$ 215,826,603	\$ 19,798,691

See accompanying notes to the financial statements.

CITY OF PONCA CITY, OKLAHOMA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,171,878	\$ 16,404,394	\$ 25,576,272
Investments	-	1,200,055	1,200,055
Prepaid items	4,867	-	4,867
Receivables:			
Accounts receivable, net	595,509	61,866	657,375
Due from other governments	867,781	972,258	1,840,039
Due from other funds	327,157	-	327,157
Total assets	<u>\$ 10,967,192</u>	<u>\$ 18,638,573</u>	<u>\$ 29,605,765</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,041,768	\$ 1,178,832	\$ 2,220,600
Unearned revenues	351,062	1,028,412	1,379,474
Total liabilities	<u>1,392,830</u>	<u>2,207,244</u>	<u>3,600,074</u>
Fund balances:			
Nonspendable	4,867	1,200,055	1,204,922
Restricted	-	11,907,823	11,907,823
Committed	3,278,296	-	3,278,296
Assigned	7,171,322	3,323,451	10,494,773
Unassigned	(880,123)	-	(880,123)
Total fund balances	<u>9,574,362</u>	<u>16,431,329</u>	<u>26,005,691</u>
Total liabilities and fund balances	<u>\$ 10,967,192</u>	<u>\$ 18,638,573</u>	<u>\$ 29,605,765</u>

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balance, governmental funds	\$ 26,005,691
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.	43,299,633
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Pension-related deferred outflows	4,064,872
Net pension asset	4,852,972

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	
Judgments payable	(754,325)
Use tax recoupment obligation	(218,165)
Net pension liability	(7,461,181)
Total OPEB liability	(100,328)
Accrued compensated absences liability	(1,108,240)
Pension-related deferred inflows	(12,132,296)

Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, vehicle maintenance and other such costs, to individual funds. The assets and liabilities of certain of these internal service funds are reported in governmental activities in the statement of net position:	
Net position of internal service funds and internal balance	10,066,726

Net position of governmental activities in the statement of net position	\$ 66,515,359
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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, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 10,577,875	\$ 10,221,864	\$ 20,799,739
Intergovernmental	328,341	1,421,256	1,749,597
Charges for services	2,724,933	4,226	2,729,159
Fines and forfeitures	479,075	17,045	496,120
Licenses and permits	178,803	-	178,803
Investment income (loss)	51,880	(177,183)	(125,303)
Miscellaneous	313,710	32,732	346,442
Total revenues	<u>14,654,617</u>	<u>11,519,940</u>	<u>26,174,557</u>
Expenditures:			
Current:			
General government	2,902,468	-	2,902,468
Public safety	14,326,754	71,950	14,398,704
Streets and highways	1,777,682	272,317	2,049,999
Culture, parks and recreation	3,533,380	468,898	4,002,278
Community development	-	3,348,770	3,348,770
Capital outlay	815,983	2,899,048	3,715,031
Debt service:			
Principal retirement	-	372,025	372,025
Interest and fiscal charges	-	90,982	90,982
Total expenditures	<u>23,356,267</u>	<u>7,523,990</u>	<u>30,880,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,701,650)</u>	<u>3,995,950</u>	<u>(4,705,700)</u>
Other financing sources (uses):			
Transfers in	11,076,354	1,396,475	12,472,829
Transfers out	(2,746,475)	(3,671,714)	(6,418,189)
Sale of capital assets	15,176	-	15,176
Total other financing sources (uses)	<u>8,345,055</u>	<u>(2,275,239)</u>	<u>6,069,816</u>
Net change in fund balances	(356,595)	1,720,711	1,364,116
Fund balances, beginning of year	<u>9,930,957</u>	<u>14,710,618</u>	<u>24,641,575</u>
Fund balances, end of year	<u><u>\$ 9,574,362</u></u>	<u><u>\$ 16,431,329</u></u>	<u><u>\$ 26,005,691</u></u>

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Net change in fund balances - total governmental funds: \$ 1,364,116

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	3,216,221
Capital assets transferred from business-type activities	79,930
Capital assets transferred to business-type activities	(561,761)
Depreciation expense	(2,891,393)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Change in judgments payable	155,493
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Some revenues (expenses) reported in the statement of activities do not provide (require the use of) current financial resources and, therefore, are not reported as revenues (expenditures) in governmental funds:

Change in accrued compensated absences	(165,223)
Change in use tax recoupment obligation	214,893
Change in net pension liability	3,736,352
Change in total OPEB liability	10,505

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.

589,529

Change in net position - statement of activities

\$ 5,748,662

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Ponca City Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Total Enterprise Funds	
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 21,842,088	\$ 282,807	\$ 581,372	\$ 633,883	\$ 23,340,150	\$ 10,171,898
Investments	3,869,369	-	-	-	3,869,369	500,000
Restricted assets:						
Cash and cash equivalents	19,748,840	-	-	-	19,748,840	-
Investments	630,636	-	-	-	630,636	-
Receivables:						
Utility billing, net of allowance for uncollectible accounts	8,221,986	-	-	-	8,221,986	-
Accounts receivable - other	1,048,871	3,191	4,835	7,232	1,064,129	928,393
Leases receivable	331,446	24,355	-	-	355,801	-
Due from other governments	-	335,922	-	-	335,922	-
Prepaid items	111,363	-	-	570	111,933	23,938
Inventory	6,583,681	113,422	3,136	58,424	6,758,663	278,665
Total current assets	62,388,280	759,697	589,343	700,109	64,437,429	11,902,894
Noncurrent assets:						
Restricted assets:						
Investment in joint venture	2,167,383	-	-	-	2,167,383	-
Capital assets:						
Nondepreciable	21,369,589	907,623	170,335	468,057	22,915,604	-
Depreciable, net of accumulated depreciation	71,364,846	16,235,462	20,476,024	752,048	108,828,380	56,525
Intangible right-to-use lease asset	189,729	-	-	-	189,729	-
Receivables:						
Leases receivable	9,131,680	409,103	-	-	9,540,783	-
Net pension asset	1,435,856	32,011	57,163	115,340	1,640,370	74,692
Total noncurrent assets	105,659,083	17,584,199	20,703,522	1,335,445	145,282,249	131,217
Total assets	168,047,363	18,343,896	21,292,865	2,035,554	209,719,678	12,034,111
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred amounts related to pensions	\$ 327,576	\$ 11,812	\$ (736)	\$ 34,134	\$ 372,786	\$ 15,281

(Continued)

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
June 30, 2022

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Ponca City Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Total Enterprise Funds	
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 6,732,534	\$ 32,869	\$ 60,683	\$ 133,102	\$ 6,959,188	\$ 157,186
Accrued interest payable	328,975	-	-	-	328,975	-
Meter deposit liability	630,636	-	-	-	630,636	-
Current portion - due within one year:						
Notes payable	299,770	-	-	-	299,770	-
Note payable - financed purchase	25,326	-	-	-	25,326	-
Revenue bonds payable	5,319,000	-	-	-	5,319,000	-
Estimated claims liability	-	-	-	-	-	172,725
Lease obligation payable	36,436	-	-	-	36,436	-
Due to other funds	-	327,157	-	-	327,157	-
Accrued compensated absences	43,143	2,641	340	3,852	49,976	2,332
Total current liabilities	13,415,820	362,667	61,023	136,954	13,976,464	332,243
Noncurrent liabilities - due in more than one year:						
Notes payable, net of unamortized premium	2,203,495	-	-	-	2,203,495	-
Revenue bonds payable	30,441,000	-	-	-	30,441,000	-
Estimated claims liability	-	-	-	-	-	636,189
Lease obligation payable	153,306	-	-	-	153,306	-
Accrued compensated absences	388,287	23,772	3,061	34,664	449,784	20,988
Total OPEB liability	88,289	2,007	2,007	8,026	100,329	-
Landfill closure/post-closure liability	1,934,292	-	-	-	1,934,292	-
Total noncurrent liabilities	35,208,669	25,779	5,068	42,690	35,282,206	657,177
Total liabilities	48,624,489	388,446	66,091	179,644	49,258,670	989,420
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred amounts related to pensions	2,484,620	76,504	22,218	220,205	2,803,547	114,753
Deferred amounts related to leases	9,201,113	396,383	-	-	9,597,496	-
Total deferred inflows of resources	11,685,733	472,887	22,218	220,205	12,401,043	114,753
<u>NET POSITION</u>						
Net investment in capital assets	54,445,831	17,143,085	20,646,359	1,220,105	93,455,380	56,525
Restricted for debt service	19,748,840	-	-	-	19,748,840	-
Unrestricted	33,870,046	351,290	557,461	449,734	35,228,531	10,888,694
Total net position	\$ 108,064,717	\$ 17,494,375	\$ 21,203,820	\$ 1,669,839	148,432,751	\$ 10,945,219
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.					878,493	
Net position of business-type activities					\$ 149,311,244	

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, 2022

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Ponca City Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:						
Charges for services:						
Electric	\$ 42,474,646	\$ -	\$ -	\$ -	\$ 42,474,646	\$ -
Broadband	986,192	-	-	-	986,192	-
Water	8,180,547	-	-	-	8,180,547	-
Solid waste	5,888,652	-	-	-	5,888,652	-
Wastewater	6,754,716	-	-	-	6,754,716	-
Stormwater	614,815	-	-	-	614,815	-
Airport	-	1,140,186	-	-	1,140,186	-
Golf course	-	-	-	505,623	505,623	-
RecPlex	-	-	912,419	-	912,419	-
Marland Estate	-	-	-	221,259	221,259	-
Other charges for services	71,182	-	-	-	71,182	7,457,484
Total operating revenues	64,970,750	1,140,186	912,419	726,882	67,750,237	7,457,484
Operating expenses:						
Electric	33,002,910	-	-	-	33,002,910	-
Broadband	1,220,385	-	-	-	1,220,385	-
Water	4,792,638	-	-	-	4,792,638	-
Solid waste	3,922,888	-	-	-	3,922,888	-
Wastewater	2,915,345	-	-	-	2,915,345	-
Stormwater	210,063	-	-	-	210,063	-
Bond accounts	-	-	-	-	-	-
Administrative	1,654,759	-	-	-	1,654,759	-
Airport	-	2,264,078	-	-	2,264,078	-
Golf course	-	-	-	919,834	919,834	-
RecPlex	-	-	1,729,654	-	1,729,654	-
Marland Estate	-	-	-	564,559	564,559	-
City garage	-	-	-	-	-	1,982,921
Insurance claims and administrative	-	-	-	-	-	5,367,063
Total operating expenses	47,718,988	2,264,078	1,729,654	1,484,393	53,197,113	7,349,984
Operating income (loss)	17,251,762	(1,123,892)	(817,235)	(757,511)	14,553,124	107,500
Non-operating revenues (expenses):						
Investment income	354,248	12,427	2,302	1,261	370,238	126,356
Income (loss) from joint venture	(113,201)	-	-	-	(113,201)	-
Intergovernmental	-	378,159	-	-	378,159	-
Miscellaneous income	-	-	-	13,346	13,346	773,340
Change in estimate of post-closure costs	(154,976)	-	-	-	(154,976)	-
Gain on disposal of property	30,700	-	-	-	30,700	-
Interest expense and fiscal charges	(775,104)	-	-	-	(775,104)	-
Net non-operating revenues (expenses)	(658,333)	390,586	2,302	14,607	(250,838)	899,696
Income (loss) before capital contributions and transfers	\$ 16,593,429	\$ (733,306)	\$ (814,933)	\$ (742,904)	\$ 14,302,286	\$ 1,007,196

(Continued)

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
(Continued)
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Ponca City Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Total Enterprise Funds
Capital contributions and transfers:					
Capital contributions	\$ 214,775	\$ 150,380	\$ 173,419	\$ 23,187	\$ 561,761
Transfers from other funds	4,061,714	330,000	400,000	750,000	5,541,714
Transfers to other funds	(11,586,354)	-	-	-	(11,586,354)
Net capital contributions and transfers	(7,309,865)	480,380	573,419	773,187	(5,482,879)
Change in net position	9,283,564	(252,926)	(241,514)	30,283	8,819,407
Net position, beginning of year	98,702,987	17,713,347	21,445,334	1,639,556	9,948,023
Prior period adjustment	78,166	33,954	-	-	-
Net position, beginning of year restated	98,781,153	17,747,301	21,445,334	1,639,556	9,948,023
Net position, end of year	<u>\$ 108,064,717</u>	<u>\$ 17,494,375</u>	<u>\$ 21,203,820</u>	<u>\$ 1,669,839</u>	<u>\$ 10,945,219</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.					407,668
Change in net position of business-type activities					<u>\$ 9,227,075</u>

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Ponca City Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:						
Receipts from customers	\$ 63,166,281	\$ 1,114,982	\$ 911,208	\$ 719,650	\$ 65,912,121	\$ 7,689,413
Payments to suppliers	(33,877,341)	(1,269,355)	(604,992)	(565,838)	(36,317,526)	(6,750,871)
Payments to employees	(10,019,534)	(409,190)	(494,775)	(846,080)	(11,769,579)	(1,171,932)
Net cash flows from operating activities	19,269,406	(563,563)	(188,559)	(692,268)	17,825,016	(233,390)
Cash flows from noncapital financing activities:						
Miscellaneous cash collections	-	327,157	-	13,346	340,503	773,340
Transfers from other funds	4,061,714	330,000	400,000	750,000	5,541,714	-
Transfers to other funds	(11,586,354)	-	-	-	(11,586,354)	(10,000)
Net cash flows from noncapital financing activities	(7,524,640)	657,157	400,000	763,346	(5,704,137)	763,340
Cash flows from capital and related financing activities:						
Capital grants	-	465,801	-	-	465,801	-
Purchase of capital assets	(20,919,407)	(511,190)	-	-	(21,430,597)	(21,506)
Proceeds from sale of capital assets	30,700	-	-	-	30,700	-
Principal paid or retired on capital debt	(4,860,636)	-	-	-	(4,860,636)	-
Principal paid of note payable - finance purchase	(98,797)	-	-	-	(98,797)	-
Principal paid on lease obligations	(18,960)	-	-	-	(18,960)	-
Interest paid on capital debt	(817,653)	-	-	-	(817,653)	-
Contributions to joint venture	(1,000)	-	-	-	(1,000)	-
Proceeds from lease obligations	313,502	23,389	-	-	336,891	-
Net cash flows from capital and related financing activities	(26,372,251)	(22,000)	-	-	(26,394,251)	(21,506)
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	2,000,000	-	-	-	2,000,000	-
Interest and dividends	312,174	12,427	2,302	1,261	328,164	126,356
Net cash flows from investing activities	2,312,174	12,427	2,302	1,261	2,328,164	126,356
Net increase (decrease) in cash and cash equivalents	(12,315,311)	84,021	213,743	72,339	(11,945,208)	634,800
Cash and cash equivalents, beginning of year	53,906,239	198,786	367,629	561,544	55,034,198	9,537,098
Cash and cash equivalents, end of year	\$ 41,590,928	\$ 282,807	\$ 581,372	\$ 633,883	\$ 43,088,990	\$ 10,171,898

(Continued)

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Ponca City Utility Authority	Ponca City Airport	Ponca City RecPlex	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation to statement of net position:						
Cash and cash equivalents	\$ 21,842,088	\$ 282,807	\$ 581,372	\$ 633,883	\$ 23,340,150	\$ 10,171,898
Current restricted cash and cash equivalents	19,748,840	-	-	-	19,748,840	-
Total cash and cash equivalents, end of year	<u>\$ 41,590,928</u>	<u>\$ 282,807</u>	<u>\$ 581,372</u>	<u>\$ 633,883</u>	<u>\$ 43,088,990</u>	<u>\$ 10,171,898</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 17,251,762	\$ (1,123,892)	\$ (817,235)	\$ (757,511)	\$ 14,553,124	\$ 107,500
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	5,599,771	1,022,641	621,510	139,934	7,383,856	10,534
Amortization expense	18,973	-	-	-	18,973	-
Change in assets and liabilities:						
(Increase) decrease in receivables, net	(1,290,598)	1,306	(1,211)	(7,232)	(1,297,735)	231,929
(Increase) decrease in lease receivables and related deferrals	(497,352)	(26,510)	-	-	(523,862)	-
(Increase) decrease in prepaids	(52,339)	-	-	(570)	(52,909)	2,706
(Increase) decrease in inventories	(794,818)	(44,970)	1,086	(7,854)	(846,556)	(28,356)
(Increase) decrease in net pension asset	(1,435,856)	(32,011)	(57,162)	(115,341)	(1,640,370)	(74,687)
(Increase) decrease in deferred outflows - pension	105,139	3,385	1,042	9,517	119,083	4,572
Increase (decrease) in accounts and other payables	106,920	(357,763)	22,977	34,387	(193,479)	5,739
Increase (decrease) in claims payable	-	-	-	-	-	(517,751)
Increase (decrease) in customer meter deposit liability	(16,524)	-	-	-	(16,524)	-
Increase (decrease) in accrued compensated absences	66,473	1,693	(4,444)	8,229	71,951	2,732
Increase (decrease) in net pension liability	(571,056)	(32,610)	37,279	(66,334)	(632,721)	(12,582)
Increase (decrease) in total OPEB liability	(9,244)	(210)	(210)	(840)	(10,504)	-
Increase (decrease) in deferred inflows - pension	788,155	25,378	7,809	71,347	892,689	34,274
Net cash flows from operating activities	<u>\$ 19,269,406</u>	<u>\$ (563,563)</u>	<u>\$ (188,559)</u>	<u>\$ (692,268)</u>	<u>\$ 17,825,016</u>	<u>\$ (233,390)</u>
Noncash investing, capital, and financing activities:						
Capital asset contributions	\$ 214,775	\$ 150,380	\$ 173,419	\$ 23,187		\$ -
Net income (loss) in joint venture	(114,201)	-	-	-		-
Change in landfill closure/post-closure liability	(111,902)	-	-	-		-

See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
June 30, 2022

ASSETS

Restricted investments at fair value:	
Guaranteed interest account	\$ 4,003,803
Pooled separate accounts	<u>27,598,632</u>
Total restricted investments	<u><u>\$ 31,602,435</u></u>

NET POSITION

Restricted for pension benefits	<u><u>\$ 31,602,435</u></u>
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See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
Year Ended June 30, 2022

Additions:	
Employer contributions	\$ 996,874
Investment income (loss)	(4,371,736)
	<hr/>
Total additions	(3,374,862)
	<hr/>
Deductions:	
Benefits paid to participants or beneficiaries	1,648,757
Administrative expense	4,500
	<hr/>
Total deductions	1,653,257
	<hr/>
Change in net position	(5,028,119)
Net position restricted for pension, beginning of year	36,630,554
	<hr/>
Net position restricted for pension, end of year	\$ 31,602,435
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See accompanying notes to financial statements.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The City's financial reporting entity comprises the following:

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

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, *The Financial Reporting Entity*, and includes all component units of which the City is fiscally accountable.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance the City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Commission to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority-generated resources. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Blended Component Units

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

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

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

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

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

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

Discretely Presented Component Units

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

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

Joint Venture

The City is a participant with other local Oklahoma governments in the Association for Landfill Financial Assurance (ALFA) to fund landfill closure and post-closure care costs (see Note 6). ALFA is a not-for-profit Oklahoma corporation authorized by state law and approved by the Oklahoma Department of Environmental Quality as a financial assurance mechanism for landfill closure and post-closure care costs on behalf of each ALFA participant. ALFA's board of directors consists of one representative from each government. Financial statements for ALFA for the year ended June 30, 2022 may be obtained from its administrative offices at 100 E Street, Suite 200, Ardmore, OK 73401.

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

B. Basis of Presentation and Accounting

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

Governmental Funds/Governmental Fund Types

General Fund

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

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

Special Revenue Funds

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

Nonmajor funds:

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

Capital Projects Funds

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

Nonmajor funds:

- Recreation Center Fund
- Street Improvement Project Fund
- Capital Improvement Project Fund
- Public Safety Center Fund

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

Permanent Funds

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

Nonmajor funds:
Matzene Book Fund
Cann Estate Fund

Debt Service Fund

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

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 30 days of the period end.

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

Proprietary Funds/Proprietary Fund Types

Enterprise Funds

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

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

The City reports three major enterprise funds:

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

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

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

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

Nonmajor enterprise funds include:

Marland Estate
Lew Wentz Golf Course

Internal Service Funds

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

Internal service funds include:

City Garage Fund
Insurance Imprest Fund

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

Fiduciary Funds

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

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

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

Basis of Accounting

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

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

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

D. Assets, Liabilities and Net Position

Cash and Cash Equivalents

For the purposes of the statements of net position, balance sheets, and statement of cash flows, “cash and cash equivalents” includes all demand and savings accounts, money market investment in trust accounts, certificates of deposit and short-term investments with an original maturity of 12 months or less. Investments in open-end mutual fund shares are also considered cash equivalents and are reported at the funds’ current share prices.

Investments

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

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

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

Receivables

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

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

Inventory

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

Restricted Assets

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

Capital Assets and Depreciation

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

In the government-wide financial statements, 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

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

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.

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.

Leases

The City is a party as lessor and lessee for various noncancellable leases of buildings, infrastructure, and equipment. The corresponding lease receivable or lease payable are recorded in an amount equal to the present value of the expected future minimum lease payments received or paid, respectively, discounted by an applicable interest rate.

Deferred Outflows of Resources

Deferred outflows are the consumption of net position that are applicable to a future reporting period. At June 30, 2022, 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, 2022, the City has deferred inflows of resources related to pension deferrals and lease deferrals.

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.

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

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.

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, 2022.

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

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.

Equity Classification

Government-wide Statements:

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

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

Governmental Fund Financial Statements:

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

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that

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

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.
- 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)

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 discretely presented component unit (Ponca City Development Authority) are reported as if they were external transactions.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental, proprietary 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.
3. Interfund reimbursements – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expense in the respective funds.
4. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

F. Revenues, Expenditures and Expenses

Sales Tax

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

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

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

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

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. At the present time, the City levies a property tax to fund the annual debt service requirements of court-assessed judgments.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, who are elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13½ percent.

Property taxes levied by the City are billed and collected by the Kay County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid are attached by an enforceable lien on the property in the following October. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 30 days of year-end.

Cigarette, Tobacco, and Tobacco Products Tax

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

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

Operating Revenue and Expenses

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

Expenditures and Expenses

In the government-wide statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified by character as current (further reported by function), capital outlay and debt service. In proprietary fund financial statements, expenses are reported by operating and non-operating. In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expense relating to use of economic resources. Fiduciary funds report additions and deductions to net position.

Use of Estimates

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

2 - **Stewardship, Compliance and Accountability**

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

Deficit Fund Balances or Net Position

Title II, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2022, the City reported no individual fund deficits.

Deposit and Investment Requirements

In accordance with State Law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds or certain letters of credit. As required by 12 U.S.C.A. Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

Investments of a City (excluding Public Trusts) are limited by State Law to the following:

- a) Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.

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

- 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, 2022, the City had no general obligation debt.

Notes Payable

The loan agreements with the Oklahoma Water Resources Board relating to construction notes payable of PCUA contain a number of financial restrictions or covenants. These include covenants requiring a flow of funds through special accounts, reserve account balances and a notes payable debt service coverage requirement. The PCUA complied with the requirements of the loan agreements in all material respects for the fiscal year ended June 30, 2022.

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, 2022.

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

3 - Deposits and Investments

At June 30, 2022, the reporting entity held the following deposits and investments:

Type	Credit Rating	Maturities in Years			
		Fair Value	On Demand	Less Than One	1-5
Petty cash	N/A	\$ 6,600	\$ 6,600	\$ -	\$ -
Demand accounts	N/A	52,081,710	52,081,710	-	-
Time deposits	N/A	12,050,015	-	8,050,015	4,000,000
Money market mutual funds	Not rated	19,748,840	-	19,748,840	-
Mutual funds - fixed income	Not rated	193,380	-	193,380	-
Mutual funds - equities	Not rated	858,688	-	858,688	-
Money market account	N/A	97,987	-	97,987	-
Guaranteed interest account	Not rated	4,003,803	-	4,003,803	-
Pooled separate accounts	Not rated	27,598,632	-	27,598,632	-
		<u>\$ 116,639,655</u>	<u>\$ 52,088,310</u>	<u>\$ 60,551,345</u>	<u>\$ 4,000,000</u>
Reconciliations to Statement of					
Net Position:					
Cash and cash equivalents		\$ 59,088,320			
Investments		5,569,424			
Current restricted cash and cash equivalents		19,748,840			
Current restricted investments		630,636			
Pension fund investments		31,602,435			
Total		<u>\$ 116,639,655</u>			

Discretely Presented Component Unit:

Type	Credit Rating	Maturities in Years		
		Fair Value	On Demand	Less Than One
Money market	AAAm	\$ 9,581,645	\$ -	\$ 9,581,645

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, 2022, 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

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

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.

At June 30, 2022, the City had no concentration of credit risk as defined above.

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

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

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

4 - Receivables

Accounts receivable of the governmental activities includes fines, taxes and miscellaneous receivables. Accounts receivable for governmental activities are shown net of an allowance for uncollectibles. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. At June 30, 2022, an allowance for uncollectible receivables of \$ 417,807 was recorded for governmental activities. Accounts receivable of the business-type activities includes customers utilities services provided, both billed and unbilled, due at year end. It is the City’s policy to write off uncollectible accounts throughout the year in the business-type activities and not to record an allowance for uncollectible accounts on the statement of net position.

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

5 - Restricted Assets

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

The restricted assets as of June 30, 2022, are as follows:

	Cash and Cash Equivalents Current	Investments Current	Investment in Joint Venture	Total
Revenue bond and note payable trustee accounts	\$ 19,748,840	\$ -	\$ -	\$ 19,748,840
Landfill financial assurance	-	-	2,167,383	2,167,383
Deposits held for refund	-	630,636	-	630,636
	<u>\$ 19,748,840</u>	<u>\$ 630,636</u>	<u>\$ 2,167,383</u>	<u>\$ 22,546,859</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 year 2022. PCUA's proportionate share of the net investment earnings in the escrow account, which includes unrealized gains and losses on investments, amounts to (\$ 114,201) which is reported as "Income (Loss) from Joint Venture".

The sum of the deposits made and PCUA's share of the net income or loss on the escrow account represents the equity interest in this joint venture. At June 30, 2022, PCUA's equity interest totaled \$ 2,167,383 which is reported as an investment in joint venture on the statement of net position. For the year ended June 30, 2022, the investment in joint venture balance changed as follows:

Beginning investment in joint venture	\$ 2,280,584
Contribution	1,000
Net income in joint venture	<u>(114,201)</u>
Ending investment in joint venture	<u>\$ 2,167,383</u>

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

7 - Capital Assets

For the year ended June 30, 2022, capital assets balances changed as follows:

	Balance at July 1, 2021	Additions	Transfers	Disposals	Balance at June 30, 2022
Governmental activities:					
Non-depreciable capital assets:					
Land	\$ 1,064,326	\$ -	\$ -	\$ -	\$ 1,064,326
Construction-in-progress	860,866	779,660	(736,343)	(268,547)	635,636
Total non-depreciable capital assets	1,925,192	779,660	(736,343)	(268,547)	1,699,962
Depreciable capital assets:					
Buildings	16,744,060	-	-	-	16,744,060
Improvements	140,115,060	1,526,083	736,343	(87,251)	142,290,235
Machinery and equipment	13,910,403	1,011,914	-	(679,345)	14,242,972
Total depreciable capital assets	170,769,523	2,537,997	736,343	(766,596)	173,277,267
Less accumulated depreciation:					
Buildings	(10,222,941)	(242,646)	-	-	(10,465,587)
Improvements	(108,350,685)	(1,894,580)	-	-	(110,245,265)
Machinery and equipment	(10,618,900)	(764,701)	-	473,382	(10,910,219)
Total accumulated depreciation	(129,192,526)	(2,901,927)	-	473,382	(131,621,071)
Net depreciable capital assets	41,576,997	(363,930)	736,343	(293,214)	41,656,196
Governmental activities capital assets, net	\$ 43,502,189	\$ 415,730	\$ -	\$ (561,761)	\$ 43,356,158
Business-type activities:					
Non-depreciable capital assets:					
Land	\$ 2,164,230	\$ 155,506	\$ -	\$ -	\$ 2,319,736
Construction-in-progress	12,058,200	13,630,864	(5,093,196)	-	20,595,868
Total non-depreciable capital assets	14,222,430	13,786,370	(5,093,196)	-	22,915,604
Depreciable capital assets:					
Buildings	68,324,762	-	-	-	68,324,762
Improvements	166,687,134	6,494,191	5,093,196	-	178,274,521
Machinery and equipment	18,664,633	1,711,800	-	(298,200)	20,078,233
Total depreciable capital assets	253,676,529	8,205,991	5,093,196	(298,200)	266,677,516
Less accumulated depreciation:					
Buildings	(38,301,027)	(1,323,415)	-	-	(39,624,442)
Improvements	(99,162,873)	(4,782,730)	-	-	(103,945,603)
Machinery and equipment	(13,299,580)	(1,277,711)	-	298,200	(14,279,091)
Total accumulated depreciation	(150,763,480)	(7,383,856)	-	298,200	(157,849,136)
Net depreciable capital assets	102,913,049	822,135	5,093,196	-	108,828,380
Lease assets:					
Buildings	-	208,702	-	-	208,702
Less accumulated amortization:					
Buildings	-	(18,973)	-	-	(18,973)
Total lease assets being amortized, net	-	189,729	-	-	189,729
Business-type capital assets, net	\$ 117,135,479	\$ 14,798,234	\$ -	\$ -	\$ 131,933,713

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

Discretely Presented Component Unit: Ponca City Development Authority	Balance at July 1, 2021	Additions	Disposals	Balance at June 30, 2022
Non-depreciable capital assets:				
Land	\$ 259,640	\$ -	\$ 106,050	\$ 153,590
Construction-in-progress	26,420	212,977	2,000	237,397
Total non-depreciable capital assets	286,060	212,977	108,050	390,987
Depreciable capital assets:				
Buildings	11,611,020	8,130	-	11,619,150
Office equipment and furniture	68,910	18,100	(27,537)	59,473
Total depreciable capital assets	11,679,930	26,230	(27,537)	11,678,623
Less accumulated depreciation	(1,800,663)	(322,724)	27,537	(2,095,850)
Net depreciable capital assets	9,879,267	(296,494)	-	9,582,773
Capital assets, net	\$ 10,165,327	\$ (83,517)	\$ 108,050	\$ 9,973,760

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	\$ 321,724
Public safety	215,474
Streets and highways	1,811,532
Cultural, parks and recreation	542,662
Internal service funds	10,535
Total	<u>\$ 2,901,927</u>

Business-Type Activities:

PCUA	\$ 5,599,771
Airport	1,022,641
RecPlex	621,510
Marland Estate	78,630
Golf	61,304
Total	<u>\$ 7,383,856</u>

**Discretely Presented Component Unit:
Ponca City Development Authority**

\$ 322,724

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

8 - Leases Receivable

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

Leases receivable:

The City has a building, infrastructure, and equipment lease with Oklahoma Municipal Power Authority (OMPA) with a term of 240 months. An initial receivable was recorded in the amount of \$ 9,947,141. Payments are made at an interest rate of 1.936%.	\$ 9,463,126
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The City has a building lease with Johnson Controls with a term of 216 months. An initial receivable was recorded in the amount of \$ 160,884. Payments are made at an interest rate of 3.832%.	85,206
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The City has a land and building lease with Ponca City Development Authority (PCDA) with a term of 25 years. An initial receivable was recorded in the amount of \$ 439,259. Payments are made at an interest rate of 2.469%.	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;">348,252</div>
---	---

Total leases receivable	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;">\$ 9,896,584</div>
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Current portion	\$ 355,801
Non-current portion	<div style="border-bottom: 3px double black; display: inline-block; width: 100px;">9,540,783</div>

Total leases receivable	<div style="border-bottom: 3px double black; display: inline-block; width: 100px;">\$ 9,896,584</div>
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The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$ 722,771.

9 - 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.

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

Governmental Activities Long-Term Debt

Governmental activities long-term debt for the year ended June 30, 2022 consisted of the following:

Accrued compensated absences:

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

Current portion	\$ 113,155
Non-current portion	<u>1,018,405</u>
Total accrued compensated absences	<u><u>\$ 1,131,560</u></u>

Judgments payable:

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

Current portion	\$ 376,151
Non-current portion	<u>378,174</u>
Total judgments payable	<u><u>\$ 754,325</u></u>

Use tax recoupment liability:

Current portion	\$ 11,500
Non-current portion	<u>206,665</u>
Total use tax recoupment liability	<u><u>\$ 218,165</u></u>

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

Business-Type Activities Long-Term Debt

Business-type activities long-term debt for the year ended June 30, 2022 consisted of the following:

Revenue Bonds Payable:

2019 Utility System Revenue Note to JPMorgan Chase Bank, N.A., dated July 25, 2019, original issue amount of \$ 22,000,000, secured by gross utility revenues, interest rate of 2.16%, final maturity February 1, 2029	\$ 19,650,000
2021A Utility System Revenue Note to Truist (formerly BB&T), dated February 17, 2021, original issue amount of \$ 12,000,000, secured by gross revenues, interest rate of 1.67%, final maturity date of March 1, 2031	10,895,000
2021B Utility System Revenue Note to Truist (formerly BB&T), dated February 17, 2021, original issue amount of \$ 6,550,000 secured by gross revenues, interest rate of 0.99%, final maturity date of August 1, 2025	5,215,000
Total revenue bonds payable	<u>\$ 35,760,000</u>
Current portion	\$ 5,319,000
Non-current portion	<u>30,441,000</u>
Total revenue bonds payable	<u>\$ 35,760,000</u>

Notes Payable:

Series 2007 Clean Water SRF Promissory Note to Oklahoma Water Resources Board, dated October 9, 2007, original issue amount \$ 5,565,000, secured by a pledge and assignment of revenues, derived from water, solid waste, wastewater, and electric systems, interest rate of 2.61% per annum plus an administrative fee of 0.5% per annum, final maturity September 15, 2029.	\$ 2,330,476
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, solid waste, wastewater, and electric systems, interest rate of 2.09% per annum plus an administrative fee of 0.5% per annum, final maturity March 15, 2030.	172,789
Total notes payable	<u>\$ 2,503,265</u>
Current portion	\$ 299,770
Non-current portion	<u>2,203,495</u>
Total notes payable	<u>\$ 2,503,265</u>

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

Note Payable – Financed Purchase:

Lease of equipment payable in monthly installments through August 2022, including interest calculated at 4.02%.	\$ 25,326
	<u>25,326</u>
Current portion payable from restricted assets	\$ 25,326
	<u>25,326</u>

Capital Assets Financed by Note Payable:

Total cost of capital assets financed by outstanding lease obligations	\$ 462,746
Less: accumulated depreciation	<u>(437,384)</u>
Net capital assets financed by lease obligations	\$ 25,362
	<u>25,362</u>

Lease Obligations Payable:

Lease Obligations Payable:

On 12/27/2021, PCUA entered into a 60 month lease as lessee for the use of an office and warehouse space. An initial liability was recorded in the amount of \$ 208,702. Annual fixed payments of \$18,960, \$37,650, and \$39,378 are made at an interest rate of 0.64% for the first year, two following years, and then final year, respectively. The value of the right of use asset as of 6/30/2022 was \$208,702 with accumulated amortization of \$18,973. This is included in the building lease asset class shown in note 4 above. PCUA has 2 extension options for 12 months each.

	\$ 189,742
	<u>189,742</u>
Current portion	\$ 36,436
Non-current portion	<u>153,306</u>
Total lease obligations payable	\$ 189,742
	<u>189,742</u>

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

Accrued Compensated Absences:

Accrued Compensated Absences:

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

Current portion	\$ 49,976
Non-current portion	449,784
	<hr/>
Total accrued compensated absences	\$ 499,760
	<hr/> <hr/>

Discretely Presented Component Unit Long-Term Debt:

Accrued Compensated Absences:

Accrued compensated absences reported as a liability within the component unit statement of net position at June 30, 2022 are as follows:

Current portion	\$ 5,343
Non-current portion	48,091
	<hr/>
Total accrued compensated absences	\$ 53,434
	<hr/> <hr/>

Changes in Long-Term Liabilities

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Amounts due within one year
Governmental activities:					
Judgments payable	\$ 909,818	\$ 216,532	\$ (372,025)	\$ 754,325	\$ 376,151
Accrued compensated absences	963,605	1,101,276	(933,321)	1,131,560	113,155
Use tax recoupment liability	433,058	-	(214,893)	218,165	11,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities long-term liabilities	\$ 2,306,481	\$ 1,317,808	\$ (1,520,239)	\$ 2,104,050	\$ 500,806
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Business-type activities:					
Direct borrowings and placements:					
Notes payable	\$ 2,793,901	\$ -	\$ (290,636)	\$ 2,503,265	\$ 299,770
Revenue bonds payable	40,330,000	-	(4,570,000)	35,760,000	5,319,000
Note payable - finance purchase	124,123	-	(98,797)	25,326	25,326
Lease obligations payable	-	208,702	(18,960)	189,742	36,436
Accrued compensated absences	427,809	499,760	(427,809)	499,760	49,976
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Business-type activities long-term liabilities	\$ 43,675,833	\$ 708,462	\$ (5,406,202)	\$ 38,978,093	\$ 5,730,508
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Discretely presented component unit:					
Accrued compensated absences	\$ 47,294	\$ 6,140	\$ -	\$ 53,434	\$ 5,343
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Debt Service Requirements to Maturity – Primary Government

The annual debt service requirements to maturity for long-term debt as of June 30, 2022 are as follows:

Year Ending June 30,	Judgments Payable	
	Principal	Interest
2023	\$ 376,151	\$ 75,433
2024	305,997	68,417
2025	72,177	21,653
	<u>\$ 754,325</u>	<u>\$ 165,503</u>

Year Ending June 30,	Business-type Activities			
	Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2023	\$ 299,770	\$ 63,410	\$ 5,319,000	\$ 634,984
2024	309,016	55,666	5,412,000	542,429
2025	318,904	47,386	5,506,000	448,163
2026	328,928	38,991	4,845,000	352,040
2027	339,268	30,332	4,174,000	265,340
2023 - 2032	907,379	36,325	10,504,000	332,322
Total	<u>\$ 2,503,265</u>	<u>\$ 272,110</u>	<u>\$ 35,760,000</u>	<u>\$ 2,575,278</u>

Year Ending June 30,	Note Payable - Finance Purchase	
	Principal	Interest
2023	<u>\$ 25,326</u>	<u>\$ 170</u>

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

Year Ending June 30,	Lease Obligations Payable	
	Principal	Interest
2023	\$ 36,436	\$ 1,214
2024	36,669	981
2025	38,632	746
2026	38,879	499
2027	39,126	252
Total	<u>\$ 189,742</u>	<u>\$ 3,692</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, 2022, the City fully complied with the requirement.

10 - Landfill Closure and Post-Closure Liability

Oklahoma laws and regulations require PCUA to perform certain closure activities for its landfill and to provide certain maintenance and monitoring functions at the site for thirty years after it ceases operations. Although closure and post-closure care costs will be paid only near or after the date the facility stops accepting waste, PCUA reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$ 1,934,292 reported as "Landfill Closures/Post-Closure Cost" at June 30, 2022, represents the cumulative amount to date based on the use of 59.78% of the estimated capacity of the landfill. PCUA will recognize the remaining estimated cost and closure and post-closure care of \$ 1,301,393 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 2022. However, PCUA expects its landfill to remain in operation for another 31 years with closure scheduled for the year 2053. Therefore, actual cost may be higher due to inflation, changes in technology, or changes in laws and regulations.

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.

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

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

11 - Interfund Balances and Activities

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

The due to/from balance in the amount of \$ 327,157 between the general fund and the Ponca City Airport fund at June 30, 2022 eliminates short-term negative cash.

Interfund transfers for the year ended June 30, 2022 were as follows:

Transfer To	Transfer From	Amount
General	PCUA	\$ 11,076,354
Nonmajor Governmental Funds	General	886,475
Nonmajor Governmental Funds	PCUA	510,000
PCUA	General	380,000
PCUA	Nonmajor Governmental Funds	3,671,714
PCUA	Internal Service Funds	10,000
Ponca City Airport	General	330,000
Ponca City RecPlex	General	400,000
Nonmajor Enterprise Funds	General	750,000
		<u>\$ 18,014,543</u>

Reconciliation to Fund Financial Statements:

	Transfer In	Transfer Out
General Fund	\$ 11,076,354	\$ 2,746,475
Nonmajor Governmental Funds	1,396,475	3,671,714
PCUA	4,061,714	11,586,354
Ponca City Airport	330,000	-
Ponca City RecPlex	400,000	-
Nonmajor Enterprise Funds	750,000	-
Internal Service Funds	-	10,000
	<u>\$ 18,014,543</u>	<u>\$ 18,014,543</u>

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

12 - Fund Balances and Net Position

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

	General Fund	Other Governmental Funds	Total
Fund balances:			
Nonspendable:			
Prepaid items	\$ 4,867	\$ -	\$ 4,867
Permanent fund principal	-	1,200,055	1,200,055
Restricted for:			
Street and alley	-	395,779	395,779
Tourism	-	2,401,080	2,401,080
Grants	-	167,625	167,625
Library	-	163,904	163,904
Street improvements	-	6,500,910	6,500,910
Recreation center	-	179,108	179,108
Public Safety Center	-	2,042,963	2,042,963
Debt service	-	56,454	56,454
Committed to:			
Operating reserve	3,000,000	-	3,000,000
E-911/Cap	278,296	-	278,296
Assigned to:			
Other purposes	7,171,322	-	7,171,322
Special projects	-	22,052	22,052
Capital improvements	-	3,242,806	3,242,806
Matzene Book	-	1,048	1,048
Cann Estate	-	57,545	57,545
Unassigned	(880,123)	-	(880,123)
Total fund balances	<u>\$ 9,574,362</u>	<u>\$ 16,431,329</u>	<u>\$ 26,005,691</u>

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

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

	<u>Enabling Legislation</u>	<u>Statutory Requirements</u>	<u>External Contracts</u>
Restricted net position - governmental activities:			
Street and alley	\$ -	\$ 395,779	\$ -
Hotel/motel tax	2,401,080	-	-
Grants	-	-	167,625
Library grant	-	-	163,904
Street improvement project	6,500,910	-	-
Recreation center tax	179,108	-	-
Public Safety Center tax	2,042,963	-	-
Debt service	-	56,454	-
Matzene book	-	-	50,000
Cann Estate	-	-	1,150,055
	<hr/>	<hr/>	<hr/>
Total restricted net position	<u>\$ 11,124,061</u>	<u>\$ 452,233</u>	<u>\$ 1,531,584</u>
			<u>Debt Service</u>
Restricted net position - business-type activities			<u>\$ 19,748,840</u>

13 - Pledged Future Revenues

Utility Gross Revenue Pledge – The City has pledged future gross utility system revenues to repay \$ 22,000,000 of 2019, \$ 12,000,000 of 2021A, and \$ 6,550,000 of 2021B Series Utility System Revenue Notes. Proceeds of the bonds provided financing for utility system capital assets and other improvements. The bonds are payable through 2029, 2031 and 2025, respectively. The total principal and interest payable for the remainder of the life of these bonds is \$ 38,335,278. The bonds are payable from gross utility system revenues, and the debt service payments on the bonds this year were \$ 5,291,553, which was 8.24% of pledged system revenues of \$ 64,202,663.

Utility Net Revenues Pledge – The City has also pledged future net utility system revenues to repay \$ 6,140,000 of 2007 and 2009A Series OWRB Notes Payable. Proceeds from the notes provided financing for utility system capital assets and improvements. The notes are payable through 2029 and 2030, respectively. The total principal and interest payable for the remainder of the life of these notes is \$ 2,775,375. The notes are payable from the above-mentioned utility revenues. The debt service payments on the notes this year were \$ 361,695 which was 1.66% pledged net utility revenues of \$ 21,728,017.

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

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.

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.

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

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

Contributions: The contribution requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$ 568,342. 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 \$ 826,186. 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, 2022, the City reported a liability of \$ 7,461,181 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was 1.132943%.

For the year ended June 30, 2022, the City recognized pension expense of \$ 646,868. At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,706,001	\$ 131,031
Change in assumptions	-	165,489
Net difference between projected and actual earnings on pension plan investments	-	5,931,320
Changes in proportion and differences between City contributions and proportionate share of contributions	-	866,079
City contributions subsequent to the measurement date	568,342	-
Total	<u>\$ 3,274,343</u>	<u>\$ 7,093,919</u>

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

The \$ 568,342 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ (861,542)
2024	(944,333)
2025	(1,093,356)
2026	(1,488,687)
	<u>\$ (4,387,918)</u>

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.53%
Domestic equity	5.73%
International equity	8.50%
Real estate	7.97%
Other assets	4.73%

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

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
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contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2020, the pension plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows: 25.2% effective September 1, 2020; 36.0% effective July 1, 2021; 37.8% effective July 1, 2022; and 36.0% effective July 1, 2027. The pension plan will also receive \$ 40,625 each year from July 1, 2020 through June 30, 2027. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the City calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$ 11,659,644	\$ 7,461,181	\$ 3,946,213

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

Oklahoma State Police Pension and Retirement System (OPPRS)

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

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

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

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

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

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

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

Contributions: The contribution requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$ 374,031. The State of Oklahoma also made on-behalf contributions to OPPRS to the Plan during the year. In the government-wide statement of activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$ 222,519. These on-behalf payments did not meet the criteria of a special funding situation.

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

At June 30, 2022, the City reported an asset of \$ 3,762,672 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based on this information, the City's proportion was 0.7844 percent.

CITY OF PONCA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
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For the year ended June 30, 2022, the City recognized pension expense of \$ (376,651). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,023	\$ 148,512
Change in assumptions	57,218	-
Net difference between projected and actual earnings on pension plan investments	-	2,744,738
Changes in proportion and differences between City contributions and proportionate share of contributions	11,680	-
City contributions subsequent to the measurement date	<u>374,031</u>	
Total	<u>\$ 496,952</u>	<u>\$ 2,893,250</u>

The \$ 374,031 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2023.

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,	
2023	\$ (622,695)
2024	(544,637)
2025	(691,950)
2026	(918,118)
2027	<u>7,071</u>
	<u>\$ (2,770,329)</u>

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

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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 12.00% average, including inflation
Investment rate of return:	7.50% net of pension plan investment expense
Mortality rates:	Active participants: RP-2000 Combined Blue Collar Healthy Employees (generational using Scale AA) with age set back four years Active participants (post-retirement) and nondisabled pensioners: RP-2000 Combined Blue Collar Healthy Employees (generational using Scale AA) Disabled pensioners: RP-2000 Combined Blue Collar Healthy Employees with age set forward four years (no generational improvement)

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private equity	9.36%

Discount rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required

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

rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension asset	\$ 1,411,198	\$ 3,762,672	\$ 5,751,425

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

City of Ponca City Retirement Plan

Plan Description, Contribution Information and Funding Policies

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

The Plan has a December 31 year-end. The City has elected to use December 31, 2021, as its measurement date; therefore, the net pension asset and related deferred outflows and deferred inflows are reported as of December 31, 2021. Pension payments made by the City from the measurement date to June 30, 2022, are reported as deferred outflows.

Summary of Significant Accounting Policies

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

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

Eligibility Factors and Benefit Provisions

Governing authority	City Commission
Determination of contribution requirements	City ordinance, actuarially determined
Employer	Actuarially determined
Plan member	0%
Period required to vest	5 years – 50%; additional 10% vesting each year thereafter
Eligibility for benefits	Age 65 with 5 years of credited service or age 55 with 10 years credited service
Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Benefits paid	1⅔% of average compensation multiplied by accrual service not to exceed 30 years; early retirement reduced by 5% each year up to 10 years

Contributions

The basis for determining the City's contributions is an actuarially determined contribution rate that is calculated each year in the Plan's actuarial valuation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. The actuarially determined employer contribution for the measurement period ending December 31, 2021 is \$ 785,213.

Plan Membership

Active plan members	211
Inactive plan members entitled to but not yet receiving benefits	122
Disabled plan members entitled to benefits	5
Retired plan members or beneficiaries currently receiving benefits	<u>197</u>
Total	535

Investment Rate of Return

For the plan year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.61%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The cash flows used as inputs in the calculation are determined on a monthly basis.

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

At June 30, 2022, the City reported an asset of \$ 2,805,362 for its net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension

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

asset was determined by an actuarial valuation as of December 31, 2021. 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, 2021 and June 30, 2022, that would have had a significant impact on the net pension asset. The following table reports the components of changes in net pension asset:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance, January 1, 2021	\$ 35,284,122	\$ 34,041,986	\$ 1,242,136
Changes for the year:			
Service cost	432,848	-	432,848
Interest	2,438,192	-	2,438,192
Benefit payments	(1,651,043)	(1,651,043)	-
Differences between expected and actual experience	(737,405)	-	(737,405)
Employer contributions	-	941,910	(941,910)
Net investment income	-	5,248,223	(5,248,223)
Administration expenses	-	(9,000)	9,000
Net changes	<u>482,592</u>	<u>4,530,090</u>	<u>(4,047,498)</u>
Balance, December 31, 2021	<u>\$ 35,766,714</u>	<u>\$ 38,572,076</u>	<u>\$ (2,805,362)</u>

Plan fiduciary net position as a percentage of the total pension liability is 107.84%.

For the year ended June 30, 2022, the City recognized pension expense of \$ (1,258,381). At June 30, 2022, 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	\$ -	\$ 918,161
Effects of changes in assumptions	193,253	-
Net differences between expected and net investment income	-	4,145,266
Employer contributions made after measurement date	<u>488,391</u>	<u>-</u>
Total deferred outflows and inflows of resources	<u>\$ 681,644</u>	<u>\$ 5,063,427</u>

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

The \$ 488,391 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2023.

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
2023	\$ (1,257,405)
2024	(1,977,124)
2025	(1,056,506)
2026	(579,139)
	<u>\$ (4,870,174)</u>

Actuarial Assumptions

Key assumptions used in the plan actuarial valuation were:

Discount rate	7.00%
Long-term expected rate of return	7.00%
Measurement date	December 31, 2021
Inflation	2.25%
Projected salary increase	1.88% to 4.18%
Mortality	Pri-2012 Total data set base rate mortality table projected generationally using the Principal Mortality Improvement Scale (Principal 2017-10)
Actuarial cost method	Entry age normal, level percent of pay

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

Discount rate: The discount rate used to measure the total pension liability was 7.00%. Because the City intends to fund the plan to cover all benefits, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return was adjusted to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension asset to changes in the discount rate: The following presents the net pension asset of the City calculated using the discount rate of 7.00%, as well as what the City's net pension asset

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

would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's net pension (asset) liability	\$ 1,661,736	\$ (2,805,362)	\$ (6,528,909)

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

Plan Description, Benefits Provided and Contributions

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

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

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

Employees Covered by Benefit Terms

At June 30, 2022, the following City employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>369</u>
Total employees	370

Total OPEB Liability

The City's total OPEB liability of \$ 200,657 was measured and determined by an actuarial valuation performed as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest discount rate	3.55% per year, compounded annually
Mortality	RPA-2000 Mortality Table projected to 2020 for males and females
Retirement date	Age 63
Pre-retirement termination	Table T-3 of the Actuary's Pension Handbook (excluding mortality)
Trend	5% per year
Actuarial cost method	Entry age normal

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 221,666
Changes for the year:	
Service cost	13,741
Interest cost	4,877
Differences between expected and actual experience	(10,647)
Changes in assumptions and inputs	(20,222)
Benefit payments	(8,758)
Net changes	(21,009)
Balance at June 30, 2022	\$ 200,657

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 (2.55%)	Discount Rate (3.55%)	1% Increase (4.55%)
Total OPEB liability	\$ 217,078	\$ 200,657	\$ 186,972

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

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

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

	1% Decrease (4.00%)	Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 181,528	\$ 200,657	\$ 223,558

OPEB Expense

For the year ended June 30, 2022, the City recognized OPEB expense of \$ 12,251.

16 - Risk Management

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

The City management these various risks of loss as follows:

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

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

Claims Liability Analysis

At June 30, 2022, the City's workers' compensation and health care claims liability was \$ 808,914 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:

	Workers' Compensation	Health Care	Total
Claim liability, June 30, 2019	\$ 407,183	\$ 805,029	\$ 1,212,212
Claims and changes in estimates	199,713	2,538,893	2,738,606
Claims payments	(282,943)	(2,953,225)	(3,236,168)
Claim liability, June 30, 2020	323,953	390,697	714,650
Claims and changes in estimates	282,141	4,387,174	4,669,315
Claims payments	(238,060)	(3,819,240)	(4,057,300)
Claim liability, June 30, 2021	368,034	958,631	1,326,665
Claims and changes in estimates	3,983,545	(528,066)	3,455,479
Claims payments	(3,738,476)	(234,754)	(3,973,230)
Claim liability, June 30, 2022	<u>\$ 613,103</u>	<u>\$ 195,811</u>	<u>\$ 808,914</u>

Reconciliation to Statement of Net Position:

Current portion	\$ 172,725
Noncurrent portion	<u>636,189</u>
Total	<u>\$ 808,914</u>

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

Liability Protection Plan

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

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

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

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

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

Workers' Compensation

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

17 - Commitments, Contingencies and Concentrations

Contingencies

Litigation:

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

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Grant Program Involvement:

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

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

Ponca City Development Authority

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

Approximately 73.02% of the Authority's revenues were derived from sales tax collections during 2022. Any significant change in sales tax appropriations by the City could have a significant impact on operations.

18 - **Adoption of new Accounting Standards**

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

GASB Statement No. 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement resulted in the reclassification of certain capital leases as direct obligation financings and reporting certain lease receivables, lease obligations, and leased assets, along with deferred inflows of resources and accumulated amortization. Beginning net position was increased by \$ 112,120 in business-type activities, \$ 78,166 in PCUA, and \$ 33,954 in the Ponca City Airport fund as part of the entry to record the beginning balance of leases receivable and associated deferred inflows of resources.

19 - **Recently Issued Accounting Standards**

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

GASB Statement No. 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, 2023.

GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a

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

period of time in an exchange or exchange-like transaction. This Statement will become effective for the City in the fiscal year ended June 30, 2023.

GASB Statement No 96, "Subscription-Based Information Technology Arrangements" – The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This Statement will become effective for the City in the fiscal year ended June 30, 2023.

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

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

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

20 - Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PONCA CITY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes:				
Sales	\$ 7,944,167	\$ 8,074,167	\$ 8,868,087	\$ 793,920
Use	871,471	871,471	1,117,170	245,699
Franchise	418,002	418,002	563,185	145,183
E911	378,555	378,555	365,841	(12,714)
Weed	18,392	18,392	29,433	11,041
Total taxes	9,630,587	9,760,587	10,943,716	1,183,129
Intergovernmental:				
Cigarette tax	124,250	124,250	134,980	10,730
Alcoholic beverage tax	182,193	182,193	197,976	15,783
Grants	29,708	29,708	35,385	5,677
Total intergovernmental	336,151	336,151	368,341	32,190
Charges for services:				
Recreation programs	40,000	40,000	43,425	3,425
Wentz camp	30,000	30,000	26,240	(3,760)
Administrative services	2,785,272	2,785,272	2,785,273	1
Police services	142,000	142,000	113,815	(28,185)
Ambulance services	1,716,016	1,716,016	1,876,790	160,774
Animal control receipts	16,000	16,000	17,581	1,581
Library receipts	13,000	13,000	7,099	(5,901)
Rentals	201,404	201,404	269,742	68,338
Miscellaneous charges	89,124	310,523	273,176	(37,347)
Total charges for services	5,032,816	5,254,215	5,413,141	158,926
Fines and forfeitures	526,461	526,461	472,876	(53,585)
Licenses and permits	165,149	165,149	185,002	19,853
Investment income	150,000	150,000	51,880	(98,120)
Miscellaneous	6,100	6,100	4,934	(1,166)
Total revenues	15,847,264	16,198,663	17,439,890	1,241,227
Other financing sources:				
Sale of capital assets	15,000	15,000	15,176	176
Transfers from other funds	8,291,081	8,291,081	8,291,081	-
Total other financing sources	8,306,081	8,306,081	8,306,257	176
Total revenues and other financing sources	\$ 24,153,345	\$ 24,504,744	\$ 25,746,147	\$ 1,241,403

(Continued)

CITY OF PONCA CITY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(Continued)
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures and transfers:				
City commissioners	\$ 14,300	\$ 14,300	\$ 7,075	\$ 7,225
City manager	1,082,881	1,103,008	873,550	229,458
Central municipal activity	2,078,120	3,319,595	3,376,292	(56,697)
Finance	545,826	576,782	505,297	71,485
Municipal court	277,576	284,696	258,577	26,119
City attorney	164,108	213,500	187,343	26,157
Community development	823,054	798,396	732,002	66,394
Animal control	265,120	276,952	249,027	27,925
Emergency management	187,335	197,980	171,060	26,920
Police admin	6,327,748	6,520,068	5,895,946	624,122
Communications/911	669,818	807,028	783,283	23,745
Fire	6,040,798	6,254,218	5,898,541	355,677
Fire-Ambulance	1,305,968	1,416,181	1,044,629	371,552
Street admin	1,587,599	1,669,971	1,197,259	472,712
Engineering admin	626,437	641,296	587,838	53,458
Traffic engineering	495,278	518,077	507,885	10,192
Park maintenance	2,056,189	2,158,887	2,080,436	78,451
Recreation programs	456,706	463,845	417,970	45,875
Ambuc pool	77,046	77,046	64,465	12,581
Wentz camp	93,156	93,156	60,584	32,572
Marland's Grand Home	99,080	101,254	82,088	19,166
Library	1,070,629	1,093,164	1,121,595	(28,431)
Total expenditures and transfers	26,344,772	28,599,400	26,102,742	2,496,658
Revenue and other financing sources over (under) expenditures and transfers	<u>\$ (2,191,427)</u>	<u>\$ (4,094,656)</u>	(356,595)	<u>\$ 3,738,061</u>
Fund balances, beginning of year			9,930,957	
Fund balances, end of year			<u>\$ 9,574,362</u>	

CITY OF PONCA CITY, OKLAHOMA
NOTES TO BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

Budget Law

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

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

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

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

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

Budgetary Accounting

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

Footnotes to Budgetary Comparison Schedules

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Last Ten Fiscal Years¹

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

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

SUPPLEMENTARY INFORMATION

CITY OF PONCA CITY, OKLAHOMA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue Funds							
	Special Projects	Street and Alley	Hotel/Motel Tax	Community Development	Library Grant	Library State Aid	Miscellaneous Trust	Economic Development
<u>ASSETS</u>								
Cash and cash equivalents	\$ 22,052	\$ 377,838	\$ 2,397,505	\$ 1,440,453	\$ 163,904	\$ -	\$ 14,884	\$ -
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	60,577	-	-	-	-	-
Due from other governments	-	20,166	-	147,984	-	-	-	216,945
Total assets	<u>\$ 22,052</u>	<u>\$ 398,004</u>	<u>\$ 2,458,082</u>	<u>\$ 1,588,437</u>	<u>\$ 163,904</u>	<u>\$ -</u>	<u>\$ 14,884</u>	<u>\$ 216,945</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 2,225	\$ 57,002	\$ 392,400	\$ -	\$ -	\$ 14,884	\$ 216,945
Unearned revenue	-	-	-	1,028,412	-	-	-	-
Total liabilities	<u>-</u>	<u>2,225</u>	<u>57,002</u>	<u>1,420,812</u>	<u>-</u>	<u>-</u>	<u>14,884</u>	<u>216,945</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	395,779	2,401,080	167,625	163,904	-	-	-
Assigned	22,052	-	-	-	-	-	-	-
Total fund balances	<u>22,052</u>	<u>395,779</u>	<u>2,401,080</u>	<u>167,625</u>	<u>163,904</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 22,052</u>	<u>\$ 398,004</u>	<u>\$ 2,458,082</u>	<u>\$ 1,588,437</u>	<u>\$ 163,904</u>	<u>\$ -</u>	<u>\$ 14,884</u>	<u>\$ 216,945</u>

(Continued)

CITY OF PONCA CITY, OKLAHOMA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 (Continued)
 June 30, 2022

	Capital Projects Funds					Permanent Funds		
	Recreation Center	Street Improvement Project	Capital Improvement Project	Public Safety Center	Debt Service	Matzene Book	Cann Estate	Total
<u>ASSETS</u>								
Cash and cash equivalents	\$ 187,693	\$ 6,581,334	\$ 3,426,308	\$ 1,681,532	\$ 47,667	\$ 1,048	\$ 62,176	\$ 16,404,394
Investments	-	-	-	-	-	50,000	1,150,055	1,200,055
Accounts receivable	-	-	-	-	-	-	1,289	61,866
Due from other governments	-	216,945	-	361,431	8,787	-	-	972,258
Total assets	<u>\$ 187,693</u>	<u>\$ 6,798,279</u>	<u>\$ 3,426,308</u>	<u>\$ 2,042,963</u>	<u>\$ 56,454</u>	<u>\$ 51,048</u>	<u>\$ 1,213,520</u>	<u>\$ 18,638,573</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 8,585	\$ 297,369	\$ 183,502	\$ -	\$ -	\$ -	\$ 5,920	\$ 1,178,832
Unearned revenue	-	-	-	-	-	-	-	1,028,412
Total liabilities	<u>8,585</u>	<u>297,369</u>	<u>183,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,920</u>	<u>2,207,244</u>
Fund balances:								
Nonspendable	-	-	-	-	-	50,000	1,150,055	1,200,055
Restricted	179,108	6,500,910	-	2,042,963	56,454	-	-	11,907,823
Assigned	-	-	3,242,806	-	-	1,048	57,545	3,323,451
Total fund balances	<u>179,108</u>	<u>6,500,910</u>	<u>3,242,806</u>	<u>2,042,963</u>	<u>56,454</u>	<u>51,048</u>	<u>1,207,600</u>	<u>16,431,329</u>
Total liabilities and fund balances	<u>\$ 187,693</u>	<u>\$ 6,798,279</u>	<u>\$ 3,426,308</u>	<u>\$ 2,042,963</u>	<u>\$ 56,454</u>	<u>\$ 51,048</u>	<u>\$ 1,213,520</u>	<u>\$ 18,638,573</u>

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2022

	Special Revenue Funds						
	Special Projects	Street and Alley	Hotel/Motel Tax	Community Development	Library Grant	Library State Aid	Miscellaneous Trust
Revenues:							
Taxes	\$ -	\$ -	\$ 604,159	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	235,217	-	1,128,001	22,310	10,728	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	17,045	-	-	-	-	-	-
Investment income	-	-	-	415	-	-	-
Miscellaneous	-	-	4,945	6,710	-	-	-
Total revenues	17,045	235,217	609,104	1,135,126	22,310	10,728	-
Expenditures:							
Current:							
Public safety	25,250	-	-	-	-	-	-
Streets and highways	-	98,725	-	-	-	-	-
Culture, parks and recreation	-	-	347,078	-	38,798	10,728	-
Community development	-	-	-	852,456	-	-	-
Capital outlay	-	-	555,016	304,683	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	25,250	98,725	902,094	1,157,139	38,798	10,728	-
Revenues over (under) expenditures	(8,205)	136,492	(292,990)	(22,013)	(16,488)	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	(8,205)	136,492	(292,990)	(22,013)	(16,488)	-	-
Fund balance, beginning of year	30,257	259,287	2,694,070	189,638	180,392	-	-
Fund balance, end of year	\$ 22,052	\$ 395,779	\$ 2,401,080	\$ 167,625	\$ 163,904	\$ -	\$ -

(Continued)

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 (Continued)
 Year Ended June 30, 2022

	Special Revenue Funds		Capital Projects Funds				Permanent Funds		
	Economic Development	Recreation Center	Street Improvement Project	Capital Improvement Project	Public Safety Center	Debt Service	Matzene Book	Cann Estate	Total
Revenues:									
Taxes	\$ 2,496,314	\$ -	\$ 2,496,314	\$ -	\$ 4,158,859	\$ 466,218	\$ -	\$ -	\$ 10,221,864
Intergovernmental	-	-	-	25,000	-	-	-	-	1,421,256
Charges for services	-	-	-	-	-	-	-	4,226	4,226
Fines and forfeitures	-	-	-	-	-	-	-	-	17,045
Investment income (loss)	-	1,675	29,175	14,063	7,314	621	25	(230,471)	(177,183)
Miscellaneous	-	-	-	20,000	-	-	-	1,077	32,732
Total revenues	2,496,314	1,675	2,525,489	59,063	4,166,173	466,839	25	(225,168)	11,519,940
Expenditures:									
Current:									
Public safety	-	-	-	-	46,700	-	-	-	71,950
Streets and highways	-	-	173,592	-	-	-	-	-	272,317
Culture, parks and recreation	-	-	-	-	-	-	-	72,294	468,898
Community development	2,496,314	-	-	-	-	-	-	-	3,348,770
Capital outlay	-	258,143	1,069,397	710,385	-	-	-	1,424	2,899,048
Debt service:									
Principal	-	-	-	-	-	372,025	-	-	372,025
Interest and fiscal charges	-	-	-	-	-	90,982	-	-	90,982
Total expenditures	2,496,314	258,143	1,242,989	710,385	46,700	463,007	-	73,718	7,523,990
Revenues over (under) expenditures	-	(256,468)	1,282,500	(651,322)	4,119,473	3,832	25	(298,886)	3,995,950
Other financing sources (uses):									
Transfers in	-	-	-	1,351,475	-	-	-	45,000	1,396,475
Transfers out	-	-	-	-	(3,671,714)	-	-	-	(3,671,714)
Total other financing sources (uses)	-	-	-	1,351,475	(3,671,714)	-	-	45,000	(2,275,239)
Net change in fund balances	-	(256,468)	1,282,500	700,153	447,759	3,832	25	(253,886)	1,720,711
Fund balance, beginning of year	-	435,576	5,218,410	2,542,653	1,595,204	52,622	51,023	1,461,486	14,710,618
Fund balance, end of year	\$ -	\$ 179,108	\$ 6,500,910	\$ 3,242,806	\$ 2,042,963	\$ 56,454	\$ 51,048	\$ 1,207,600	\$ 16,431,329

CITY OF PONCA CITY, OKLAHOMA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 253,108	\$ 380,775	\$ 633,883
Accounts receivables - other	-	7,232	7,232
Prepaid items	357	213	570
Inventory	32,380	26,044	58,424
Total current assets	285,845	414,264	700,109
Noncurrent assets:			
Capital assets:			
Nondepreciable	388,293	79,764	468,057
Depreciable, net of accumulated depreciation	400,905	351,143	752,048
Net pension asset	70,067	45,273	115,340
Total noncurrent assets	859,265	476,180	1,335,445
Total assets	1,145,110	890,444	2,035,554
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	11,809	22,325	34,134
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	28,622	104,480	133,102
Accrued compensated absences	1,449	2,403	3,852
Total current liabilities	30,071	106,883	136,954
Noncurrent liabilities:			
Accrued compensated absences	13,036	21,628	34,664
Total OPEB liability	4,013	4,013	8,026
Total noncurrent liabilities	17,049	25,641	42,690
Total liabilities	47,120	132,524	179,644
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	93,110	127,095	220,205
<u>NET POSITION</u>			
Net investment in capital assets	789,198	430,907	1,220,105
Unrestricted	227,491	222,243	449,734
Total net position	\$ 1,016,689	\$ 653,150	\$ 1,669,839

CITY OF PONCA CITY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 221,259	\$ -	\$ 221,259
Golf course fees	-	505,623	505,623
Total operating revenues	221,259	505,623	726,882
Operating expenses:			
Personal services	293,345	459,313	752,658
Materials and supplies	51,111	38,429	89,540
Maintenance, operations and contractual services	141,473	360,788	502,261
Depreciation	78,630	61,304	139,934
Total operating expenses	564,559	919,834	1,484,393
Operating loss	(343,300)	(414,211)	(757,511)
Non-operating revenues:			
Other income	-	13,346	13,346
Investment income	1,261	-	1,261
Total non-operating revenues	1,261	13,346	14,607
Loss before capital contributions and transfers	(342,039)	(400,865)	(742,904)
Capital contributions	-	23,187	23,187
Transfers from other funds	320,000	430,000	750,000
Net capital contributions and transfers	320,000	453,187	773,187
Change in net position	(22,039)	52,322	30,283
Net position, beginning of year	1,038,728	600,828	1,639,556
Net position, end of year	\$ 1,016,689	\$ 653,150	\$ 1,669,839

CITY OF PONCA CITY, OKLAHOMA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 221,259	\$ 498,391	\$ 719,650
Payments to suppliers	(185,815)	(380,023)	(565,838)
Payments to employees	(332,038)	(514,042)	(846,080)
Net cash flows from operating activities	(296,594)	(395,674)	(692,268)
Cash flows from noncapital financing activities:			
Miscellaneous cash collections	-	13,346	13,346
Transfers from other funds	320,000	430,000	750,000
Net cash flows from noncapital financing	320,000	443,346	763,346
Cash flows from investing activities:			
Interest and dividends	1,261	-	1,261
Net cash flows from investing activities	1,261	-	1,261
Net increase in cash and cash equivalents	24,667	47,672	72,339
Balances, beginning of year	228,441	333,103	561,544
Balances, end of year	\$ 253,108	\$ 380,775	\$ 633,883
Reconciliation of operating loss to net cash flows from operating activities:			
Operating loss	\$ (343,300)	\$ (414,211)	\$ (757,511)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation expense	78,630	61,304	139,934
Change in assets and liabilities:			
(Increase) decrease in receivables, net	-	(7,232)	(7,232)
(Increase) decrease in prepaid items	(357)	(213)	(570)
(Increase) decrease in inventories	4,913	(12,767)	(7,854)
(Increase) decrease in net pension asset	(70,068)	(45,273)	(115,341)
(Increase) decrease in deferred outflows	4,206	5,311	9,517
Increase (decrease) in accounts and other payables	2,213	32,174	34,387
Increase (decrease) in accrued compensated absences	6,282	1,947	8,229
Increase (decrease) in net pension liability	(10,226)	(56,108)	(66,334)
Increase (decrease) in total OPEB liability	(420)	(420)	(840)
Increase (decrease) in deferred inflows	31,533	39,814	71,347
Net cash flows from operating activities	\$ (296,594)	\$ (395,674)	\$ (692,268)
Non-cash capital financing activities:			
Capital asset contributions	\$ -	\$ 23,187	

CITY OF PONCA CITY, OKLAHOMA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2022

	City Garage	Insurance Imprest Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 81,455	\$ 10,090,443	\$ 10,171,898
Investments	-	500,000	500,000
Accounts receivables - other	91,908	836,485	928,393
Prepaid items	-	23,938	23,938
Inventory	278,665	-	278,665
Total current assets	452,028	11,450,866	11,902,894
Noncurrent assets:			
Capital assets:			
Depreciable, net of accumulated depreciation	56,525	-	56,525
Net pension asset	64,141	10,551	74,692
Total noncurrent assets	120,666	10,551	131,217
Total assets	572,694	11,461,417	12,034,111
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	9,750	5,531	15,281
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	68,492	88,694	157,186
Estimated claims liability	-	172,725	172,725
Accrued compensated absences	2,089	243	2,332
Total current liabilities	70,581	261,662	332,243
Noncurrent liabilities:			
Estimated claims liability	-	636,189	636,189
Accrued compensated absences	18,799	2,189	20,988
Total noncurrent liabilities	18,799	638,378	657,177
Total liabilities	89,380	900,040	989,420
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	89,779	24,974	114,753
<u>NET POSITION</u>			
Net investment in capital assets	56,525	-	56,525
Unrestricted	346,760	10,541,934	10,888,694
Total net position	\$ 403,285	\$ 10,541,934	\$ 10,945,219

CITY OF PONCA CITY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION - INTERNAL SERVICE FUNDS
 Year Ended June 30, 2022

	City Garage	Insurance Imprest Fund	Total
Operating revenues:			
Charges for services	\$ 2,056,125	\$ 5,401,359	\$ 7,457,484
Total operating revenues	2,056,125	5,401,359	7,457,484
Operating expenses:			
Personal services	260,314	348,171	608,485
Materials and supplies	1,668,483	-	1,668,483
Other services and charges	43,590	5,018,892	5,062,482
Depreciation expense	10,534	-	10,534
Total operating expenses	1,982,921	5,367,063	7,349,984
Operating income	73,204	34,296	107,500
Non-operating revenues (expenses):			
Investment income	-	126,356	126,356
Miscellaneous income	4,415	768,925	773,340
Total non-operating revenues (expenses)	4,415	895,281	899,696
Income before transfers	77,619	929,577	1,007,196
Transfers to other funds	(10,000)	-	(10,000)
Change in net position	67,619	929,577	997,196
Net position, beginning of year	335,666	9,612,357	9,948,023
Net position, end of year	\$ 403,285	\$ 10,541,934	\$ 10,945,219

CITY OF PONCA CITY, OKLAHOMA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	City Garage	Insurance Imprest Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 2,058,077	\$ 5,631,336	\$ 7,689,413
Payments to suppliers	(1,727,337)	(5,023,534)	(6,750,871)
Payments to employees	(294,828)	(877,104)	(1,171,932)
Net cash flows from operating activities	35,912	(269,302)	(233,390)
Cash flows from noncapital financing activities:			
Miscellaneous cash collections	4,415	768,925	773,340
Transfers to other funds	(10,000)	-	(10,000)
Net cash flows from noncapital financial activities	(5,585)	768,925	763,340
Cash flows from capital and related financing activities:			
Purchase of capital assets	(21,506)	-	(21,506)
Net cash flows from capital and related financing activities	(21,506)	-	(21,506)
Cash flows from investing activities:			
Interest and dividends	-	126,356	126,356
Net cash flows from investing activities	-	126,356	126,356
Net increase in cash and cash equivalents	8,821	625,979	634,800
Balances, beginning of year	72,634	9,464,464	9,537,098
Balances, end of year	\$ 81,455	\$ 10,090,443	\$ 10,171,898
Reconciliation of operating income to net cash flows from operating activities:			
Operating income	\$ 73,204	\$ 34,296	\$ 107,500
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	10,534	-	10,534
Change in assets and liabilities:			
(Increase) decrease in receivables, net	1,952	229,977	231,929
(Increase) decrease in prepaid expenses		2,706	2,706
(Increase) decrease in inventory	(28,356)	-	(28,356)
(Increase) decrease in net pension asset	(64,140)	(10,547)	(74,687)
(Increase) decrease in deferred outflows	3,462	1,110	4,572
Increase (decrease) in accounts and other payables	13,091	(7,352)	5,739
Increase (decrease) in claims payable	-	(517,751)	(517,751)
Increase (decrease) in accrued compensated absences	2,151	581	2,732
Increase (decrease) in net pension liability	(1,935)	(10,647)	(12,582)
Increase (decrease) in deferred inflows	25,949	8,325	34,274
Net cash flows from operating activities	\$ 35,912	\$ (269,302)	\$ (233,390)

CITY OF PONCA CITY, OKLAHOMA
SCHEDULE OF NOTE DEBT SERVICE COVERAGE
Year Ended June 30, 2022

	Electric	Broadband	Water	Solid Waste	Wastewater	Total
Gross revenues of the system:						
Utility charges for service	\$ 42,474,646	\$ 986,192	\$ 8,180,547	\$ 5,888,652	\$ 6,754,716	\$ 64,284,753
Investment income	225,997	1,237	16,184	63,526	30,572	337,516
Total operating revenues	42,700,643	987,429	8,196,731	5,952,178	6,785,288	64,622,269
Operation and maintenance expenses:						
Personal services	2,809,572	258,671	1,406,785	2,422,799	1,145,706	8,043,533
Materials and supplies	83,825	21,403	608,166	51,755	106,922	872,071
Maintenance, operations and contractual services	1,418,226	595,178	1,224,208	891,727	846,435	4,975,774
Electricity purchased	26,651,743	-	-	-	-	26,651,743
Total operating expenses	30,963,366	875,252	3,239,159	3,366,281	2,099,063	40,543,121
Net revenues available for debt service	\$ 11,737,277	\$ 112,177	\$ 4,957,572	\$ 2,585,897	\$ 4,686,225	\$ 24,079,148
Maximum annual debt service*						6,317,164
Coverage						3.81
Required coverage						1.25

* Maximum annual debt services is based on 2022 debt service requirements for Oklahoma

Water Resources Board Notes Payable Series 2007 and 2009A and Utility Systems Revenue Notes Series 2019, 2021A and 2021B



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ponca City, Oklahoma (the City) as of and for the year ended June 30, 2022, 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 6, 2022. Our report includes a reference to other auditors who audited the financial statements of the Ponca City Development Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

BT & Co., P.A.

December 6, 2022
Topeka, Kansas