



CITY OF ADA, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR
ENDED JUNE 30, 2015

THE CITY OF ADA, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

**Prepared By:
City of Ada Finance Department**

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

TABLE OF CONTENTS

	Page
Independent Auditor’s Report on Financial Statements	5-8
Management’s Discussion and Analysis	9-18
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Governmental Funds Financial Statements:	
Balance Sheet	23
Statement of Revenues, Expenditures and Changes in Fund Balances.....	24
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	25-26
Proprietary Funds Financial Statements:	
Statement of Net Position.....	28
Statement of Revenues, Expenses and Changes in Net Position.....	29
Statement of Cash Flows.....	30
Footnotes to the Basic Financial Statements	31-59
Required Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedules–General Fund and major Special Revenue Funds.....	61-62
Footnotes to Budgetary Comparison Schedule.....	63
Schedule of City’s Proportionate Share of Net Pension Liability – Firefighter’s Pension System	
Schedule of City Contributions – Firefighter’s Pension System.....	64
Schedule of City’s Proportionate Share of Net Pension Liability (Asset) – Police Pension System	
Schedule of City Contributions – Police Pension System.....	65
Schedule of OPEB Funding Progress.....	66
Supplementary Information:	
General Fund Accounts Combining Schedules	
Combining Balance Sheet – General Fund Accounts.....	68
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts.....	69
Nonmajor Governmental Combining Statements	
Combining Balance Sheet – Nonmajor Governmental Funds.....	70-71
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.....	72-73

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

APWA Enterprise Fund Accounts Combining Schedules

Combining Schedule of Net Position– APWA Enterprise Fund Accounts.....	74-75
Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund Accounts.....	76-77

Schedule of Expenditures of State Awards Information

Schedule of Expenditures of State Awards.....	78
Footnotes to Schedule of Expenditures of State Awards.....	78

Single Audit and Internal Control and Compliance over Financial Reporting

Independent Auditor’s Report on Internal Control and Compliance Over Financial Reporting in Accordance with Government Auditing Standards	81-82
Independent Auditor’s Report on Internal Control and Compliance Over Financial Reporting in Accordance with OMB Circular A-133	83-85
Schedule of Expenditures of Federal Awards.....	87
Footnotes to Schedule of Expenditures of Federal Awards.....	87
Schedule of Findings and Questioned Costs.....	88-89
Schedule of Status of Prior Year Audit Findings.....	90



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Ada, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ada Arts and Heritage Authority (the "Authority"), which represents approximately 14%, 14%, and 73% of the total assets, net position, and revenues, respectively, of the aggregate discretely presented component units of the City. 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 Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' Responsibility, Continued

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Standards

As discussed in Note 7 to the financial statements, in 2015 the City adopted new accounting guidance, Statement No. 68 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and 71 resulted in the restatement of beginning net position. Our opinions are not modified with respect to this matter.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of net pension liability—Oklahoma Firefighters Pension and Retirement System, the schedule of City contributions—Oklahoma Firefighters Pension and Retirement System, the schedule of proportionate share of net pension liability (asset)—Oklahoma Police Pension and Retirement System, the schedule of City contributions—Oklahoma Police Pension and Retirement System, and the schedule of OPEB funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements of general fund accounts, the combining statements of nonmajor governmental funds, the combining statements of the APWA Enterprise Fund, and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters, Continued

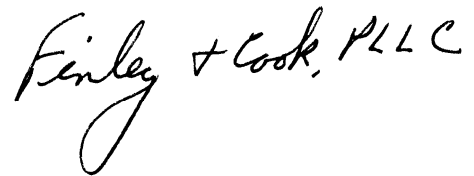
Other Information, Continued

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Shawnee, Oklahoma
January 22, 2016

A handwritten signature in black ink that reads "Finley + Cook, PLLC". The signature is written in a cursive, flowing style.

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

As management of the City of Ada, we offer readers this narrative overview and analysis of the financial activities of the City of Ada for the fiscal year ended June 30, 2015. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$8,126,104 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2015, by \$99,200,894 (net position). Of this amount, \$17,410,952 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$27,286,304. Of this amount, \$995,369 is available for spending at the government's discretion (unassigned fund balance).
- At the end of fiscal year 2015, unassigned fund balance for the General Fund was \$1,003,188 or 8.4% of General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Ada (the "City"), the Ada Public Works Authority (the "Authority") and two additional discretely presented component units. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, along with two discretely-presented component units. This discussion and analysis focuses on the primary government, composed of the City of Ada and Ada Public Works Authority.

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

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

This discussion and analysis is intended to serve as an introduction to the City of Ada's basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 20 & 21, respectively) report information about the City as a whole and about its activities in a way that helps answer questions. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

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

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

- Governmental activities -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities -- The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, solid waste collections utilities and economic development are reported here.
- Discretely-presented component units – These account for activities of the City's reporting entity that do not meet the criteria for blending, and include the Hospital Authority and the Arts & Heritage Authority.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City of Ada, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Ada can be divided into two categories: governmental funds and proprietary funds.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

Proprietary funds -- When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds and are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, solid waste collection, disposal services, and economic development activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

For the year ended June 30, 2015, net position for the governmental activities and business-type activities increased \$8,126,104. The results indicate the City, as a whole, incurred an increase in its financial position from the prior year.

Following is a summary comparison of change in net position from last year for the City of Ada.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2015	2014		2015	2014		2015	2014	
	*						*		
Current assets	\$ 29,155	\$ 26,317	11%	\$ 25,464	\$ 24,149	5%	\$ 54,619	\$ 50,466	8%
Capital assets, net	32,021	29,533	8%	27,546	26,041	6%	59,567	55,574	7%
Total assets	61,176	55,850	10%	53,010	50,190	6%	114,186	106,040	8%
Deferred outflow of resources	514	-	100%	-	-	-	514	-	100%
Current liabilities	680	683	0%	1,266	1,119	13%	1,946	1,802	8%
Non-current liabilities	6,380	938	580%	5,655	5,674	0%	12,035	6,612	82%
Total liabilities	7,060	1,621	336%	6,921	6,793	2%	13,981	8,414	66%
Deferred inflows of resources	1,519	-	100%	-	-	-	1,519	-	100%
Net position									
Net investment in capital assets	32,021	29,512	9%	24,726	22,801	8%	56,747	52,313	8%
Restricted	20,821	18,576	12%	4,221	4,114	3%	25,042	22,690	10%
Unrestricted	269	6,141	-96%	17,142	16,482	4%	17,411	22,623	-23%
Total net position	\$ 53,111	\$ 54,229	-2%	\$ 46,089	\$ 43,397	6%	\$ 99,200	\$ 97,626	2%

* prior year amounts not restated for MD&A purposes

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to \$56.7 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$25 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17.4 million, may be used to meet the government's ongoing obligations to citizens and creditors.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

Change in Net Position

For the year ended June 30, 2015 net position of the primary government changed as follows:

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2015	2014		2015	2014		2015	2014	
Revenues									
Charges for service	\$ 1,043	\$ 920	13%	\$ 10,223	\$ 10,014	2%	\$ 11,266	\$ 10,934	3%
Operating grants and contributions	774	791	-2%	-	-	-	774	791	-2%
Capital grants and contributions	1,961	1,303	50%	91	-	100%	2,052	1,303	57%
Taxes	17,452	17,314	1%	-	-	-	17,452	17,314	1%
Intergovernmental revenue	306	315	-3%	-	-	-	306	315	-3%
Investment income	151	153	-1%	124	118	5%	275	271	1%
Miscellaneous	707	1,094	-35%	444	435	2%	1,151	1,529	-25%
Total revenues	22,394	21,890	2%	10,882	10,567	3%	33,276	32,457	3%
Expenses									
General government	4,134	4,237	-2%	-	-	-	4,134	4,237	-2%
Streets	2,407	2,122	13%	-	-	-	2,407	2,122	13%
Public safety	6,015	6,302	-5%	-	-	-	6,015	6,302	-5%
Cemetery	190	179	6%	-	-	-	190	179	6%
Legal and judicial	351	255	38%	-	-	-	351	255	38%
Culture and recreation	1,584	1,569	1%	-	-	-	1,584	1,569	1%
Community development	406	399	2%	-	-	-	406	399	2%
Airport	571	601	-5%	-	-	-	571	601	-5%
Interest on long-term debt	15	26	-42%	-	-	-	15	26	-42%
Water	-	-	-	2,912	2,805	4%	2,912	2,805	4%
Sewer	-	-	-	2,210	2,087	6%	2,210	2,087	6%
Sanitation	-	-	-	3,751	3,363	12%	3,751	3,363	12%
Economic development	-	-	-	604	472	28%	604	472	28%
Total expenses	15,673	15,690	0%	9,477	8,727	9%	25,150	24,417	3%
Excess (deficiency) before transfers	6,721	6,200	8%	1,405	1,840	-24%	8,126	8,040	1%
Transfers	(1,287)	(1,507)	-15%	1,287	1,507	-15%	-	-	0%
Change in net position	5,434	4,693	16%	2,692	3,347	-20%	8,126	8,040	1%
Beginning net position, restated for 2015	47,677	49,536	-4%	43,397	40,050	8%	91,074	89,586	2%
Ending net position	\$ 53,111	\$ 54,229	-2%	\$ 46,089	\$ 43,397	6%	\$ 99,200	\$ 97,626	2%

* prior year amounts not restated for MD&A purposes

The city's governmental activities capital grants and contributions increased approximately \$658,000 due in large part to airport activities grant revenue reimbursements of \$255,430 and grants received from HUD in the amount of \$557,386 for the water tower.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

Governmental Activities

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

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	<u>2015</u>	<u>2014</u>	<u>(Dec.)</u>	<u>of Services</u>	<u>(Dec.)</u>	
	*			*		
General government	\$ 4,134	\$ 4,237	-2%	(\$3,045)	(\$3,714)	-18%
Streets	2,407	2,122	13%	(2,245)	(1,958)	15%
Public Safety	6,015	6,302	-5%	(4,582)	(4,868)	-6%
Cemetery	190	179	6%	(136)	(115)	18%
Legal and Judicial	351	255	38%	(351)	(255)	38%
Culture and Recreation	1,584	1,569	1%	(1,374)	(1,368)	0%
Community Development	406	399	2%	(406)	(399)	2%
Airport	571	601	-5%	259	28	825%
Interest on long-term debt	15	26	-42%	(15)	(26)	-42%
Total	<u>15,673</u>	<u>\$ 15,690</u>	0%	<u>(\$11,895)</u>	<u>(\$12,675)</u>	-6%

* prior year amounts not restated for MD&A purposes

For the year ended June 30, 2015, total expenses for governmental activities amounted to \$15.7 million which is a 0.1% decrease from the prior year.

The city's airport activities reported an increase in net expenses of 825% due to grant revenue received from OAC and the FAA in the current year.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

Business-type Activities

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2015	2014		2015	2014	
	Water	\$ 2,912		\$ 2,805	4%	
Wastewater	2,210	2,087	6%	(822)	(713)	15%
Sanitation	3,751	3,363	12%	(263)	(115)	129%
Economic development	604	472	28%	(604)	(472)	28%
Total	\$ 9,477	\$ 8,727	9%	\$ 837	\$ 1,287	-35%

The city's business-type activities include utility services for water, sewer, sanitation and economic development.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$27.3 million, or a 9.1% increase from the prior year. The enterprise funds reported combined net position of \$46.1 million, or 6.2% increase from 2014.

Other fund highlights include:

- For the year ended June 30, 2015, the General Fund's total fund balance increased by \$149,756, or 3%, due to an increase in revenues and transfers in.
- The Street and Alley Fund's total fund balance decreased by \$168,256 or 4.7%.
- The APWA Enterprise Fund reported a net position increase before contributions and transfers of \$2,396,736.

General Fund Budgetary Highlights

For the year ended June 30, 2015, the General Fund reported actual budgetary basis revenues above final estimates by \$1,852,569 or a 15.1% positive variance. General Fund actual expenditures were under final appropriations by \$1,634,688 or a 10.5% positive variance.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the City had approximately \$59.6 million invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. This represents a net increase of approximately \$4 million over last year.

Below are details regarding the City's capital assets for the years ended June 30, 2015 and 2014.¹

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 1,345	\$ 1,315	\$ 2,217	\$ 2,217	\$ 3,562	\$ 3,532
Buildings and improvements	9,813	9,811	9,776	10,090	19,589	19,901
Machinery, furniture and equipment	2,497	2,812	1,695	1,573	4,192	4,385
Infrastructure	10,669	9,872	9,561	9,467	20,230	19,339
Water rights	-	-	1,261	1,182	1,261	1,182
Construction in progress	7,697	5,723	3,036	1,513	10,733	7,236
Totals	<u>\$ 32,021</u>	<u>\$ 29,533</u>	<u>\$ 27,546</u>	<u>\$ 26,042</u>	<u>\$ 59,567</u>	<u>\$ 55,575</u>

This year's more significant capital asset additions include a new mower for the cemetery department in the amount of \$19,618, police department vehicles and motorcycle in the amount of \$74,158, street improvements and equipment of approximately \$1.4 million, park improvements and mower in the amount of \$118,463, airport improvements of \$80,209 and water and wastewater improvements and equipment of approximately \$521,000.

(Unaudited. See accompanying auditor's report.)

¹ For more detailed information on capital asset activity please refer to page 39-41, Note 4. Capital Assets and Depreciation

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

Long-Term Debt

At year-end, the City had \$7.6 million in long-term debt outstanding, which represents approximately a \$173,000 increase from the prior year.²

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Accrued Compensation	\$ 778	\$ 733	\$ 454	\$ 451	\$ 1,232	\$ 1,184
Deposits subject to refund	-	-	743	712	743	712
Landfill closure liability	-	-	2,261	1,831	2,261	1,831
Judgements payable	48	-	-	-	48	-
Capital leases	-	21	-	-	-	21
Notes payable	-	-	2,820	3,240	2,820	3,240
OPEB obligations	317	278	165	147	482	425
Totals	\$ 1,143	\$ 1,032	\$ 6,443	\$ 6,381	\$ 7,586	\$ 7,413

ECONOMIC OUTLOOK

Fiscal Year 2014-15 was a busy one for the City of Ada. The following report is designed to illustrate some of the city's activities during this period of time.

Propositions 1 and 2

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

In Fiscal Year 2014-15, Prop 1 generated over \$2.8 million in revenue and Prop 2 generated more than \$937,000. Both of these are high water marks over the past five years.

City Projects

While our crews are extremely busy every day, Public Works began several major projects during Fiscal Year 2014-15. First, 18th Street between Townsend and Cherry are being completely reconstructed, including new water lines. Oak Street continuing south received a complete rebuild. Also, Booker Drive in Hammond Heights area is undergoing complete reconstruction. Through a combined effort from State and local funding, the Ada Municipal Airport is receiving a new terminal building and patios, as well as a complete overhaul of the crossover, entrance, parking areas and sidewalks. New restroom facilities were constructed on the northeast side of Wintersmith Park and renovations to the dam and spillway were completed.

² For more detailed information on long-term debt activity please refer to page 41-42, Note 5. Long-Term Debt and Debt Service Requirements

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

New Business/Construction

As always there is work going on behind the scenes to attract new businesses to the city, currently there are a few interested parties. The City completed the utility rate study and in September, 2015 adopted a five year rate plan that will provide income needed to meet newly incurred debt obligations totaling approximately \$28 million. The projects behind this debt are replacement of the 17 mile water line from Byrds Mill (our water source), upgrades to the water treatment plant and reservoirs, and a new water well.

"Penny For Our City" Sales Tax

Since August 2010, the City of Ada has been collecting a one-cent sales tax known as "Penny For Our City". The penny is limited to a five-year lifespan and has been dedicated to a specific list of projects including the construction of a new fire station, police station and sports complex. The various sites were selected and all have now broken ground. Completion of each project has been estimated between twelve and eighteen months.

"Penny For Our City" Sales Tax Extension

In January, 2015, an extension of the one-cent sales tax was approved by voters for eight more years. The extension begins in January 2016 after the first penny expires.

Specific projects include the construction of two new pools, a new senior citizens center, the creation of a workforce housing program, improvements to the Irving Community Center and the Wintersmith Amphitheater, as well as continued development of Main Street and the new sports complex.

By incurring \$13 million in additional debt, the construction on some of these projects will begin in the fall of 2015 allowing our citizens to enjoy the facilities by next summer.

Movie/Music Night in the Park

During 2014-15, the City continued movies in the park utilizing the 20-foot movie screen that was purchased. Movies were shown south of Wintersmith Lodge enabling citizens easier access to restrooms and parking.

In May 2015, the city introduced "Music in the Park" at Wintersmith Park. Local bands played on Sunday evenings. Concessions were available as well. This was a welcomed addition to activities at the park.

The movie screen and projector have been utilized for other events around the city, including the annual Ada Air Expo.

Water Tower Rehabilitation Project

The "witch hat" water tower located on West 20th Street began a major rehabilitation project in April 2015.

The water tower was erected in 1906 by Chicago Bridge and Iron. It was brought in from the Panama Canal. The tower stands 123 feet tall and holds 400,000 gallons. The tower was also recently featured on the cover of Ada native Blake Shelton's album "Bringing Back the Sunshine".

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

Community Branding Efforts

As part of our community branding effort in the prior year, the Beautification Committee was formed, and is responsible for an annual city-wide trash pick-up day, yard and business of the month contest, and a Christmas decoration contest. The Tourism Committee put together a large festival in September 2014 in honor of Ada native Blake Shelton. East Main Street was officially recognized as "Honorary Blake Shelton Boulevard". More than 4,000 people attended the event.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

BASIC FINANCIAL STATEMENTS - STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Statement of Net Position– June 30, 2015

	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority	Ada Arts and Heritage Authority
ASSETS					
Cash and cash equivalents	\$ 26,802,475	\$ 22,542,931	\$ 49,345,406	\$ 6,288	\$ 35,891
Investments	147,175	-	147,175	1,127,074	55,825
Accounts receivable, net of allowance	-	1,684,985	1,684,985	-	1,075
Franchise tax receivable	82,619	-	82,619	-	-
Court fines receivable, net of allowance	664,618	-	664,618	-	-
Internal balances	(1,235,886)	1,235,886	-	-	-
Due from other governments	2,428,208	-	2,428,208	-	-
Other receivables	52,858	-	52,858	-	-
Inventory	33,069	-	33,069	-	-
Net pension asset	180,196	-	180,196	-	-
Capital Assets:					
Land and construction in progress	9,041,895	6,513,463	15,555,358	-	-
Other capital assets, net of depreciation	22,979,573	21,032,841	44,012,414	-	99,380
Total Assets	<u>61,176,800</u>	<u>53,010,106</u>	<u>114,186,906</u>	<u>1,133,362</u>	<u>192,171</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	514,359	-	514,359	-	-
LIABILITIES					
Accounts payable	\$ 265,302	\$ 322,886	\$ 588,188	-	\$ 1,079
Accrued payroll liabilities	323,452	144,015	467,467	-	375
Accrued interest payable	-	10,598	10,598	-	-
Due to other governments	6,848	-	6,848	-	-
Due to bondholders	3,064	-	3,064	-	-
Deposits subject to refund	-	-	-	-	850
Deferred revenue	-	-	-	-	1,250
Long-term liabilities:					
Due within one year	81,689	788,302	869,991	-	-
Due in more than one year	6,379,774	5,655,047	12,034,821	-	-
Total liabilities	<u>\$ 7,060,129</u>	<u>\$ 6,920,848</u>	<u>\$ 13,980,977</u>	<u>-</u>	<u>\$ 3,554</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	\$ 1,519,394	-	\$ 1,519,394	-	-
NET POSITION					
Net investment in capital assets	32,021,468	24,726,304	56,747,772	-	99,380
Restricted via:					
Expendable Endowment	-	-	-	1,100,026	-
State statutes, debt indentures and external parties	396,270	-	396,270	-	-
Enabling legislation	20,424,469	4,221,431	24,645,900	-	-
Unrestricted	269,429	17,141,523	17,410,952	33,336	89,237
Total net position	<u>\$ 53,111,636</u>	<u>\$ 46,089,258</u>	<u>\$ 99,200,894</u>	<u>\$ 1,133,362</u>	<u>\$ 188,617</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Statement of Activities –Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority	Ada Arts and Heritage Authority
Primary government									
Governmental Activities									
General Government	\$ 4,134,325	\$ 97,140	\$ -	\$ 992,386	\$ (3,044,799)	\$ -	\$ (3,044,799)	\$ -	\$ -
Streets	2,406,967	-	161,831	-	(2,245,136)	-	(2,245,136)	-	-
Public Safety	6,014,676	574,996	579,073	278,962	(4,581,645)	-	(4,581,645)	-	-
Cemetery	190,418	54,760	-	-	(135,658)	-	(135,658)	-	-
Legal and Judicial	351,095	-	-	-	(351,095)	-	(351,095)	-	-
Culture and Recreation	1,583,614	176,862	32,764	-	(1,373,988)	-	(1,373,988)	-	-
Community Development	405,784	-	-	-	(405,784)	-	(405,784)	-	-
Airport	570,761	139,139	-	690,116	258,494	-	258,494	-	-
Interest on Long-term debt	15,017	-	-	-	(15,017)	-	(15,017)	-	-
Total governmental activities	<u>15,672,657</u>	<u>1,042,897</u>	<u>773,668</u>	<u>1,961,464</u>	<u>(11,894,628)</u>	<u>-</u>	<u>(11,894,628)</u>	<u>-</u>	<u>-</u>
Business-Type Activities:									
Water operations	2,912,001	5,347,041	-	90,784	-	2,525,824	2,525,824	-	-
Sewer operations	2,210,139	1,388,004	-	-	-	(822,135)	(822,135)	-	-
Sanitation operations	3,751,260	3,487,934	-	-	-	(263,326)	(263,326)	-	-
Economic Development	603,400	-	-	-	-	(603,400)	(603,400)	-	-
Total business-type activities	<u>9,476,800</u>	<u>10,222,979</u>	<u>-</u>	<u>90,784</u>	<u>-</u>	<u>836,963</u>	<u>836,963</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 25,149,457</u>	<u>\$ 11,265,876</u>	<u>\$ 773,668</u>	<u>\$ 2,052,248</u>	<u>\$ (11,894,628)</u>	<u>\$ 836,963</u>	<u>\$ (11,057,665)</u>	<u>\$ -</u>	<u>\$ -</u>
Component Units:									
Arts, culture and recreation	\$ 45,976	\$ -	\$ 63,518	\$ -				\$ -	\$ 17,542
Hospital and health care	104,918	-	-	-				(104,918)	-
Total Component Units	<u>\$ 150,894</u>	<u>\$ -</u>	<u>\$ 63,518</u>	<u>\$ -</u>				<u>\$ (104,918)</u>	<u>\$ 17,542</u>
General revenues:									
Taxes:									
Sales and use taxes					\$ 15,915,219	\$ -	\$ 15,915,219	\$ -	\$ -
Property taxes					122,937	-	122,937	-	-
Franchise taxes and public service taxes					854,490	-	854,490	-	-
Payment in lieu of tax					54,681	-	54,681	-	-
E-911 taxes					504,873	-	504,873	-	-
Intergovernmental revenue not restricted to specific programs					305,824	-	305,824	-	-
Investment income					150,763	123,824	274,587	23,436	1,136
Miscellaneous					707,178	443,980	1,151,158	-	-
Transfers - Internal activity					(1,286,896)	1,286,896	-	-	-
Total general revenues and transfers					<u>17,329,069</u>	<u>1,854,700</u>	<u>19,183,769</u>	<u>23,436</u>	<u>1,136</u>
Change in net position					5,434,441	2,691,663	8,126,104	(81,482)	18,678
Net position - beginning, restated					47,677,195	43,397,595	91,074,790	1,214,844	169,939
Net position - ending					<u>\$ 53,111,636</u>	<u>\$ 46,089,258</u>	<u>\$ 99,200,894</u>	<u>\$ 1,133,362</u>	<u>\$ 188,617</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Governmental Funds Balance Sheet - June 30, 2015

	Special Revenue Funds			Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	EMS Fund	Street and Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facility Fund	Sales Tax 2016 Capital Improvement Fund		
ASSETS								
Cash and cash equivalents	\$ 4,352,196	\$ 1,313,313	\$ 3,283,802	\$ 2,534,545	\$ 13,175,427	\$ 1,000,000	\$ 1,127,159	\$ 26,786,442
Investments	147,175	-	-	-	-	-	-	147,175
Receivables:								
Due from other governments	1,102,420	-	100,956	573,055	459,915	-	191,862	2,428,208
Franchise taxes receivable	82,619	-	-	-	-	-	-	82,619
Court fines receivable	664,618	-	-	-	-	-	-	664,618
Other receivables	9,057	-	-	-	-	-	43,801	52,858
Total assets	<u>\$ 6,358,085</u>	<u>\$ 1,313,313</u>	<u>\$ 3,384,758</u>	<u>\$ 3,107,600</u>	<u>\$ 13,635,342</u>	<u>\$ 1,000,000</u>	<u>\$ 1,362,822</u>	<u>\$ 30,161,920</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 106,700	\$ -	\$ 974	\$ 144,724	\$ 108	\$ 6,800	\$ 5,996	\$ 265,302
Accrued payroll liabilities	265,533	-	-	39,079	-	-	18,840	323,452
Due to other funds	235,886	-	-	-	-	1,000,000	-	1,235,886
Due to other governments	6,848	-	-	-	-	-	-	6,848
Due to bondholders	3,064	-	-	-	-	-	-	3,064
Total liabilities	<u>618,031</u>	<u>-</u>	<u>974</u>	<u>183,803</u>	<u>108</u>	<u>1,006,800</u>	<u>24,836</u>	<u>1,834,552</u>
Deferred inflows of resources:								
Deferred revenue	<u>622,217</u>	<u>-</u>	<u>-</u>	<u>228,119</u>	<u>-</u>	<u>-</u>	<u>190,728</u>	<u>1,041,064</u>
Fund balances:								
Restricted	11,591	1,274,615	3,230,965	2,370,256	13,463,832	-	399,815	20,751,074
Committed	-	-	-	-	-	-	34,488	34,488
Assigned	4,103,058	38,698	152,819	325,422	171,402	-	713,974	5,505,373
Unassigned (deficit)	<u>1,003,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,800)</u>	<u>(1,019)</u>	<u>995,369</u>
Total fund balances	<u>5,117,837</u>	<u>1,313,313</u>	<u>3,383,784</u>	<u>2,695,678</u>	<u>13,635,234</u>	<u>(6,800)</u>	<u>1,147,258</u>	<u>27,286,304</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,358,085</u>	<u>\$ 1,313,313</u>	<u>\$ 3,384,758</u>	<u>\$ 3,107,600</u>	<u>\$ 13,635,342</u>	<u>\$ 1,000,000</u>	<u>\$ 1,362,822</u>	<u>\$ 30,161,920</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2015

	Special Revenue Funds			Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	EMS Fund	Street and Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facility Fund	Sales Tax 2016 Capital Improvement Fund		
REVENUES								
Taxes	\$ 9,350,403	\$ -	\$ 956,016	\$ 2,804,851	\$ 3,739,801	\$ -	\$ 605,312	\$ 17,456,383
Intergovernmental	1,157,968	-	161,831	764,267	-	-	626,466	2,710,532
Licenses and permits	93,690	-	-	-	-	-	-	93,690
Charges for services	231,353	-	-	-	-	-	160,871	392,224
Fees and fines	522,670	-	-	-	-	-	-	522,670
Investment earnings	40,830	8,400	18,475	12,699	64,726	-	5,633	150,763
Miscellaneous	531,967	-	-	89,281	596	-	138,765	760,609
Total revenues	<u>11,928,881</u>	<u>8,400</u>	<u>1,136,322</u>	<u>3,671,098</u>	<u>3,805,123</u>	<u>-</u>	<u>1,537,047</u>	<u>22,086,871</u>
EXPENDITURES								
Current:								
General government	3,529,212	-	-	276,274	-	-	82,828	3,888,314
Public Safety	5,421,713	120,000	-	-	-	-	632,824	6,174,537
Streets and highways	722,162	-	225,753	721,302	-	-	-	1,669,217
Legal and judicial	310,073	-	-	-	-	-	-	310,073
Cemetery	169,878	-	-	-	-	-	-	169,878
Culture and recreation	1,360,625	-	-	-	-	-	95,510	1,456,135
Community development	402,653	-	-	-	-	-	-	402,653
Airport	-	-	-	-	-	-	204,777	204,777
Water	-	-	-	2,490	-	-	-	2,490
Sewer	-	-	-	407,911	-	-	-	407,911
Capital outlay	851,895	-	-	872,894	1,075,775	6,800	1,412,213	4,219,577
Debt service:								
Principal	21,025	-	-	-	-	-	89,117	110,142
Interest and other charges	248	-	-	-	-	-	14,769	15,017
Total expenditures	<u>12,789,484</u>	<u>120,000</u>	<u>225,753</u>	<u>2,280,871</u>	<u>1,075,775</u>	<u>6,800</u>	<u>2,532,038</u>	<u>19,030,721</u>
Excess (deficiency) of revenues over expenditures	<u>(860,603)</u>	<u>(111,600)</u>	<u>910,569</u>	<u>1,390,227</u>	<u>2,729,348</u>	<u>(6,800)</u>	<u>(994,991)</u>	<u>3,056,150</u>
OTHER FINANCING SOURCES (USES)								
Miscellaneous	-	-	-	-	-	-	7,996	7,996
Judgement proceeds	-	-	-	-	-	-	82,688	82,688
Transfers in	2,858,285	-	985,453	15,350	255,000	-	602,075	4,716,163
Transfers out	(1,847,926)	-	(2,064,278)	(1,613,415)	(15,816)	-	(54,108)	(5,595,543)
Total other financing sources and uses	<u>1,010,359</u>	<u>-</u>	<u>(1,078,825)</u>	<u>(1,598,065)</u>	<u>239,184</u>	<u>-</u>	<u>638,651</u>	<u>(788,696)</u>
Net change in fund balances	149,756	(111,600)	(168,256)	(207,838)	2,968,532	(6,800)	(356,340)	2,267,454
Fund balances - beginning	4,968,081	1,424,913	3,552,040	2,903,516	10,666,702	-	1,503,598	25,018,850
Fund balances - ending	<u>\$ 5,117,837</u>	<u>\$ 1,313,313</u>	<u>\$ 3,383,784</u>	<u>\$ 2,695,678</u>	<u>\$ 13,635,234</u>	<u>\$ (6,800)</u>	<u>\$ 1,147,258</u>	<u>\$ 27,286,304</u>

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

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

Total fund balance, governmental funds	\$ 27,286,304
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds, net of accumulated depreciation of \$53,827,257	<u>32,021,468</u>
Certain other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:	
Net pension asset	180,196
Pension related deferred outflows	<u>514,359</u>
	<u>694,555</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Court fines receivable, net of allowance for doubtful accounts of \$664,618	593,843
Property taxes receivable	28,758
Grant receivable	<u>418,463</u>
	<u>1,041,064</u>
Internal service funds are used by management to charge the costs of certain activities, such as inventory, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position:	
Net Position of the Internal Service Fund	<u>49,102</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Net pension liability	(5,318,504)
Pension related deferred inflows	(1,519,394)
Accrued compensated absences	(778,130)
Judgement payable	(47,416)
Unfunded OPEB obligations	<u>(317,413)</u>
	<u>(7,980,857)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 53,111,636</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

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

Net change in fund balances - total governmental funds:	\$	2,267,454
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlay and issue costs as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		4,012,506
Depreciation expense		(1,523,791)
		2,488,715
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.		
		408,726
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in deferred revenue		383,929
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Capital lease obligation principal payments		21,025
Judgement payable		(47,416)
		(26,391)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued compensated absences expenses		(44,920)
Change in unfunded OPEB obligations		(39,124)
		(84,044)
Internal service funds are used by management to charge the costs of certain activities, such as inventory, to individual funds. The asset and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position:		
Change in net position of the Internal Service Fund		(3,948)
Change in net position of governmental activities	\$	5,434,441

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Proprietary Funds Statement of Net Position - June 30, 2015

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>APWA Enterprise Fund</u>	<u>Economic Development Enterprise Fund</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 17,579,089	4,221,431	\$ 21,800,520	\$ 16,033
Restricted:				
Cash and cash equivalents	742,411	-	742,411	-
Accounts receivable, net of allowance of \$17,573	1,684,985	-	1,684,985	-
Inventory	-	-	-	33,069
Due from other funds	1,235,886	-	1,235,886	-
Total current assets	<u>21,242,371</u>	<u>4,221,431</u>	<u>25,463,802</u>	<u>49,102</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	5,252,620	-	5,252,620	-
Other capital assets, net of accumulated depreciation	22,293,684	-	22,293,684	-
Total non-current assets	<u>27,546,304</u>	<u>-</u>	<u>27,546,304</u>	<u>-</u>
Total assets	<u>\$ 48,788,675</u>	<u>\$ 4,221,431</u>	<u>\$ 53,010,106</u>	<u>\$ 49,102</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 322,886	\$ -	\$ 322,886	\$ -
Accrued payroll liabilities	144,015	-	144,015	-
Accrued interest payable	10,598	-	10,598	-
Due to depositors	74,241	-	74,241	-
Accrued compensated absences	45,431	-	45,431	-
Landfill closure liability	238,630	-	238,630	-
Notes payable	430,000	-	430,000	-
Total current liabilities	<u>1,265,801</u>	<u>-</u>	<u>1,265,801</u>	<u>-</u>
Non-current liabilities:				
Due to depositors	668,170	-	668,170	-
Accrued compensated absences	408,883	-	408,883	-
Landfill closure liability	2,022,769	-	2,022,769	-
Notes payable	2,390,000	-	2,390,000	-
Unfunded OPEB obligation	165,225	-	165,225	-
Total non-current liabilities	<u>5,655,047</u>	<u>-</u>	<u>5,655,047</u>	<u>-</u>
Total liabilities	<u>6,920,848</u>	<u>-</u>	<u>6,920,848</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	\$ 24,726,304	\$ -	\$ 24,726,304	\$ -
Restricted for economic development	-	4,221,431	4,221,431	-
Unrestricted	17,141,523	-	17,141,523	49,102
Total net position	<u>\$ 41,867,827</u>	<u>\$ 4,221,431</u>	<u>\$ 46,089,258</u>	<u>\$ 49,102</u>

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2015

	Enterprise Funds			Internal Service Fund
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	
REVENUES				
Water	\$ 5,194,036	\$ -	\$ 5,194,036	\$ -
Sewer	1,348,286	-	1,348,286	-
Sanitation	3,181,581	-	3,181,581	-
Solid waste fee	872	-	872	-
Recycling center	211,759	-	211,759	-
Lease revenue	51,978	-	51,978	-
Charges for inventory	-	-	-	72,281
Miscellaneous	286,445	-	286,445	-
Total operating revenues	<u>10,274,957</u>	<u>-</u>	<u>10,274,957</u>	<u>72,281</u>
OPERATING EXPENSES				
Administration	1,468,098	-	1,468,098	-
Billing and collecting	385,795	-	385,795	-
Public works director	238,455	-	238,455	-
Water and sewer line maintenance	1,034,195	-	1,034,195	-
Water plant	606,403	-	606,403	-
Liquid waste	644,833	-	644,833	-
Solid waste	2,186,955	-	2,186,955	-
Landfill	431,001	-	431,001	-
Other utility purposes	501,580	-	501,580	-
Economic development	-	603,400	603,400	-
Cost of inventory	-	-	-	76,229
Depreciation	918,070	-	918,070	-
Total Operating Expenses	<u>8,415,385</u>	<u>603,400</u>	<u>9,018,785</u>	<u>76,229</u>
Operating income (loss)	<u>1,859,572</u>	<u>(603,400)</u>	<u>1,256,172</u>	<u>(3,948)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	100,452	23,372	123,824	-
Miscellaneous revenue	378,289	-	378,289	-
Gain on disposal of capital assets	13,713	-	13,713	-
Capital grants and contributions	90,784	-	90,784	-
Interest expense	(46,074)	-	(46,074)	-
Total non-operating revenue (expenses)	<u>537,164</u>	<u>23,372</u>	<u>560,536</u>	<u>-</u>
Income (loss) before transfers	2,396,736	(580,028)	1,816,708	(3,948)
Transfers in	5,036,810	937,192	5,974,002	-
Transfers out	(4,849,047)	(250,000)	(5,099,047)	-
Change in net position	<u>2,584,499</u>	<u>107,164</u>	<u>2,691,663</u>	<u>(3,948)</u>
Total net position - beginning	39,283,328	4,114,267	43,397,595	53,050
Total net position - ending	<u>\$ 41,867,827</u>	<u>\$ 4,221,431</u>	<u>\$ 46,089,258</u>	<u>\$ 49,102</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2015

	Enterprise Funds			Internal Service Fund
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 10,249,044	\$ -	\$ 10,249,044	\$ 72,281
Payments to suppliers	(3,218,929)	(603,400)	(3,822,329)	(79,351)
Payments to employees	(3,758,956)	-	(3,758,956)	-
Receipts of customer meter deposits	30,356	-	30,356	-
Interfund receipts/payments	(995,797)	-	(995,797)	-
Other receipts	378,289	-	378,289	-
Net cash provided by (used in) operating activities	<u>2,684,007</u>	<u>(603,400)</u>	<u>2,080,607</u>	<u>(7,070)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	5,036,810	937,192	5,974,002	-
Transfers to other funds	(4,849,047)	(250,000)	(5,099,047)	-
Net cash provided by noncapital financing activities	<u>187,763</u>	<u>687,192</u>	<u>874,955</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(2,423,591)	-	(2,423,591)	-
Proceeds from sale of capital assets	13,713	-	13,713	-
Capital contributions	90,784	-	90,784	-
Principal paid on debt	(420,000)	-	(420,000)	-
Interest and fiscal agent fees paid on debt	(46,912)	-	(46,912)	-
Net cash used in capital and related financing activities	<u>(2,786,006)</u>	<u>-</u>	<u>(2,786,006)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	100,452	23,372	123,824	-
Net cash provided by investing activities	<u>100,452</u>	<u>23,372</u>	<u>123,824</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	186,216	107,164	293,380	(7,070)
Balances - beginning of year	<u>18,135,284</u>	<u>4,114,267</u>	<u>22,249,551</u>	<u>23,103</u>
Balances - end of year	<u>\$ 18,321,500</u>	<u>\$ 4,221,431</u>	<u>\$ 22,542,931</u>	<u>\$ 16,033</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 17,579,089	\$ 4,221,431	\$ 21,800,520	\$ 16,033
Restricted cash and cash equivalents - current	742,411	-	742,411	-
Total cash and cash equivalents, end of year	<u>\$ 18,321,500</u>	<u>\$ 4,221,431</u>	<u>\$ 22,542,931</u>	<u>\$ 16,033</u>
Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:				
Operating income (loss)	\$ 1,859,572	\$ (603,400)	\$ 1,256,172	\$ (3,948)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	918,070	-	918,070	-
Other non-operating revenues	378,289	-	378,289	-
Change in assets and liabilities:				
Due from other funds	(995,797)	-	(995,797)	-
Inventory	-	-	-	(3,122)
Receivables, net	(25,913)	-	(25,913)	-
Accounts payable	55,848	-	55,848	-
Accrued payroll liabilities	11,095	-	11,095	-
Due to depositors	30,356	-	30,356	-
Landfill closure liability	431,001	-	431,001	-
Other post employment liability	18,217	-	18,217	-
Accrued compensated absences	3,269	-	3,269	-
Net cash provided by (used in) operating activities	<u>\$ 2,684,007</u>	<u>\$ (603,400)</u>	<u>\$ 2,080,607</u>	<u>\$ (7,070)</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Ada), a blended component unit and two discretely presented component units as noted below. This annual report includes all activities for which the Ada City Council is fiscally responsible.

The City of Ada – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities

The City of Ada is an incorporated municipality with a population of approximately 17,000 located in south central Oklahoma. The City operates under the Home Rule Charter form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a five-member governing body elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager.

Component Units:

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

Component units that are discretely presented in the City's report in a separate column are presented below.

The Valley View Hospital Authority – that operates to finance and develop the hospital and other medicinal activities of the City.

The Ada Arts and Heritage Authority – that operates The Arts and Heritage Center. Separately audited component unit financial statements are issued by the Ada Arts and Heritage Authority and may be obtained by contacting their administrative offices.

The following component units are inactive and therefore no related balances have been reported in these financial statements.

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

The Ada Youth Academy Authority – that operates to promote, develop, and finance projects or facilities relating to the development of law enforcement and corrections. Established June 30th, 2010.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61, and includes all component units for which the City is financially accountable. Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

Governmental Funds:

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

Major Funds:

- General Fund – accounts for general operations of the City including: public safety, parks, public facilities, street maintenance, and internal service support.
- EMS Fund – accounts for dedicated sales tax collected in 1982 and 1983 to subsidize the ambulance service.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

- Street and Alley Fund – accounts for receipt and use of motor vehicle tax, gasoline excise tax, and use tax.
- Sales Tax Infrastructure Fund – accounts for dedicated sales tax to be used for capital improvements to streets and alleys, water system, and sewer system.
- Sales Tax Capital Facilities Fund – accounts for dedicated sales tax to be used for capital improvements.
- Sales Tax 2016 Capital Improvement Fund - accounts for dedicated sales tax to be used for capital improvements.

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

- Dare Donations Fund – accounts for donations to provide educational materials to area schools for drug prevention.
- Library Memorial Fund – accounts for donations and memorials to be used for library improvements.
- Library State Aid Fund – accounts for the State Department of Libraries annual grant.
- Drug Forfeiture Fund-State/Local– accounts for City’s share of funds from various multi-jurisdictional operations.
- Drug Forfeiture Fund-Federal – accounts for the City’s share of funds from various multi-jurisdictional operations.
- E911 Fund – accounts for collections for the operation of county wide enhanced 911 services.
- Park/ Tree Donations – accounts for donations for park and public facility improvements.

Capital Project Funds:

- Cemetery Care Fund – accounts for 25 percent of cemetery revenue (12.5 percent is restricted by State law) for cemetery capital improvements.
- Little Red School House Fund – accounts for funds received to maintain the Little Red School House and the Cabin located at Wintersmith Park.
- Property Owner Participation – accounts for citizen’s participation with City on sidewalk and other infrastructure improvements.
- Airport/Agricultural Cash Fund – accounts for the activities of the municipal airport.

Debt Service Fund:

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

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

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

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

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

Proprietary Funds:

The City's proprietary funds include:

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

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

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

3. Cash, Cash Equivalents, and Investments

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

At June 30, 2015, the primary government held the following deposits and investments:

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 49,334,824
			<u>49,334,824</u>
Investments:			
Investment in judgements	n/a	n/a	147,175
GNMA Bonds	5/20/2018	Aaa	127
FNMA Bonds - callable	8/25/2020	Aaa	787
GNMA Bonds	5/15/2025	Aaa	9,668
			<u>157,757</u>
Total deposits and investments			<u>\$ 49,492,581</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 49,345,406
Investments			147,175
			<u>\$ 49,492,581</u>

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

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

At June 30, 2015, the City was fully insured or collateralized.

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

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

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

As noted in the schedule of deposits and investments above, at June 30, 2015, all of the City's investments in debt securities were rated Aaa by Moody's Investor Service.

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

As noted in the schedule of deposits and investments above, at June 30, 2015, the investments held by the City mature between 2018 through 2025 and are subject to early call or redemption.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City's investment policy requires diversification of investments to minimize the risk of loss resulting from over concentration of assets in a specific maturity period, issuer or class of securities. There may be times when investments are concentrated as to the type. This is acceptable as long as the investments are secured by the U.S. government or collateralized in a manner as set forth by the City's investment policy. Investments shall be chosen in a manner which promotes diversity by market sector, credit, and maturity.

At June 30, 2015, the City had \$10,582 (or 6.7%) of its investments in GNMA and FNMA Bonds and \$147,175 (or 93.3%) in judgments.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of Net Position are comprised of \$742,411 held by the Ada Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill).

Component Units:

Valley View Hospital Authority

Deposits

At June 30, 2015, the Authority had bank balances of \$6,288, none of which was uninsured or under collateralized. The carrying value of these deposits was \$6,288.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Investments

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

At June 30, 2015, the Authority has a \$1,100,026 of an expendable endowment investment. \$100,000 of the trust was donated by various doctors and others and is restricted for capital expenditures only at the hospital. There was a donation of stock and the dividend proceeds are to be used for the nurse auxiliary only (generally less than \$1,000 per year). The rest of the funds are to be spent for the benefit of the hospital but not restricted as to any specific purpose, as long as hospital related. In any event, funds cannot be disbursed by the trust department without prior approval by the trust authority board members. Minutes reflecting the board approval must be sent to the trust department prior to disbursement of the funds.

Interest Rate Risk – Interest rate risk is the risk that the fair value of an investment will decrease from rising interest rates. The Authority’s investment policy does not address interest rate risk. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s investment policy does not address credit risk. At June 30, 2015, the Authority’s investments in U.S. government obligations were directly guaranteed by the U.S. government.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, The Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority’s investment policy does not address how securities are to be held.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer.

Ada Arts and Heritage Authority

Deposits

At June 30, 2015, the Authority had a bank balance of \$35,968. The carrying value of these deposits is \$35,968 at June 30, 2015.

Investments

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

At June 30, 2015, the Authority had the following investments:

Arts and Heritage	Fair Value
Type	Value
Demand Deposits	\$ 35,891
Bristol Myers Squibb Company Common Stock	55,825
	\$ 91,716

4. Capital Assets and Depreciation

Capital Assets:

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

For the year ended June 30, 2015, capital assets balances changed as follows:

	Balance at July 1, 2014	Additions	Disposals	Interfund Transfers	Balance at June 30, 2015
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,314,579	\$ 30,000	\$ -	\$ -	\$ 1,344,579
Construction in progress	5,722,615	3,347,133	1,372,432	-	7,697,316
Total capital assets not being depreciated	7,037,194	3,377,133	1,372,432	-	9,041,895
Other capital assets:					
Buildings and Improvements	16,076,596	451,237	-	-	16,527,833
Machinery, furniture and equipment	9,011,576	274,500	71,126	60,305	9,275,255
Infrastructure	49,718,054	1,285,688	-	-	51,003,742
Total other capital assets at historical cost	74,806,226	2,011,425	71,126	60,305	76,806,830
Less accumulated depreciation for:					
Buildings and Improvements	6,265,743	448,806	-	-	6,714,549
Machinery, furniture and equipment	6,199,107	586,302	66,767	59,566	6,778,208
Infrastructure	39,845,817	488,683	-	-	40,334,500
Total accumulated depreciation	52,310,667	1,523,791	66,767	59,566	53,827,257
Other capital assets, net	22,495,559	487,634	4,359	739	22,979,573
Governmental activities capital assets, net	\$ 29,532,753	\$ 3,864,767	\$ 1,376,791	\$ 739	\$ 32,021,468

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

	Balance at July 1, 2014	Additions	Disposals	Interfund Transfers	Balance at June 30, 2015
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 944,890	\$ -	\$ -	\$ -	\$ 944,890
Land-water development	1,271,707	-	-	-	1,271,707
Water rights	1,182,231	78,612	-	-	1,260,843
Construction in progress	1,512,919	1,845,744	322,640	-	3,036,023
Total capital assets not being depreciated	<u>4,911,747</u>	<u>1,924,356</u>	<u>322,640</u>	<u>-</u>	<u>6,513,463</u>
Other capital assets:					
Buildings and Improvements	20,587,320	-	-	-	20,587,320
Machinery, furniture and equipment	6,164,487	491,462	123,030	(60,305)	6,472,614
Utility property improvements	49,470,605	330,413	-	-	49,801,018
Total other capital assets at historical cost	<u>76,222,412</u>	<u>821,875</u>	<u>123,030</u>	<u>(60,305)</u>	<u>76,860,952</u>
Less accumulated depreciation for:					
Buildings and Improvements	10,497,576	313,525	-	-	10,811,101
Machinery, furniture and equipment	4,591,866	368,518	123,030	(59,566)	4,777,788
Utility property improvements	40,003,195	236,027	-	-	40,239,222
Total accumulated depreciation	<u>55,092,636</u>	<u>918,070</u>	<u>123,030</u>	<u>(59,566)</u>	<u>55,828,111</u>
Other capital assets, net	<u>21,129,776</u>	<u>(96,195)</u>	<u>-</u>	<u>(739)</u>	<u>21,032,841</u>
Business-type activities capital assets, net	<u>\$ 26,041,523</u>	<u>\$ 1,828,161</u>	<u>\$ 322,640</u>	<u>\$ (739)</u>	<u>\$ 27,546,304</u>
Component units:					
Valley View Regional Hospital:					
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets:					
Machinery, furniture and equipment	183,062	-	183,062	-	-
Total capital assets	<u>183,062</u>	<u>-</u>	<u>183,062</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation for:					
Equipment	128,144	9,153	137,297	-	-
Total accumulated depreciation	<u>128,144</u>	<u>9,153</u>	<u>137,297</u>	<u>-</u>	<u>-</u>
Valley View Regional Hospital capital assets, net	<u>\$ 54,918</u>	<u>\$ (9,153)</u>	<u>\$ 45,765</u>	<u>\$ -</u>	<u>\$ -</u>
Ada Arts and Heritage Authority:					
Capital assets:					
Buildings and improvements	\$ 104,635	\$ 1,368	\$ -	\$ -	\$ 106,003
Furniture and equipment	39,053	5,211	-	-	44,264
Total capital assets	<u>143,688</u>	<u>6,579</u>	<u>-</u>	<u>-</u>	<u>150,267</u>
Less accumulated depreciation for:					
Buildings and improvements	16,552	1,263	-	-	17,815
Furniture and equipment	32,215	857	-	-	33,072
Total accumulated depreciation	<u>48,767</u>	<u>2,120</u>	<u>-</u>	<u>-</u>	<u>50,887</u>
Ada Arts and Heritage Authority capital assets, net	<u>\$ 94,921</u>	<u>\$ 4,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,380</u>

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over useful lives. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings 50 years
- Improvements other than buildings 20-30 years

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

- Machinery, furniture and equipment 3-24 years
- Utility property and improvements 15-50 years
- General infrastructure 15-50 years

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

Governmental Activities:	
General Government	\$ 71,357
Streets and Highways	726,620
Public Safety	224,958
Cemetery	18,754
Legal and Judicial	16,423
Culture and Recreation	100,123
Airport	365,556
Total	\$ 1,523,791
Business-Type Activities:	
Water	\$ 386,619
Sewer	269,219
Sanitation	262,232
Total	\$ 918,070

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2015, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Capital lease payable	\$ 21,025	\$ -	\$ 21,025	\$ -	\$ -
Judgements payable	-	47,416	-	47,416	3,876
Accrued compensated absences	733,210	44,920	-	778,130	77,813
Other post-employment benefit liability	278,289	39,124	-	317,413	-
Total Governmental Activities	\$ 1,032,524	\$ 131,460	\$ 21,025	\$ 1,142,959	\$ 81,689
Business-Type Activities:					
Notes payable	\$ 3,240,000	-	\$ 420,000	\$ 2,820,000	\$ 430,000
Accrued compensated absences	451,045	3,269	-	454,314	45,431
Deposits subject to refund	712,055	30,356	-	742,411	74,241
Landfill closure liability	1,830,398	431,001	-	2,261,399	238,630
Other post-employment benefit liability	147,008	18,217	-	165,225	-
Total Business-Type Activities	6,380,506	482,843	420,000	6,443,349	788,302
Total Long-Term Debt	\$ 7,413,030	\$ 614,303	\$ 441,025	7,586,308	\$ 869,991

Governmental activities long-term debt:

Judgements Payable:

Current portion	\$ 3,876
Noncurrent portion	43,540
Total Judgements Payable	\$ 47,416

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Accrued Compensated Absences:

Current portion		\$ 77,813
Noncurrent portion		<u>700,317</u>
Total Accrued Compensated Absences		<u>\$ 778,130</u>

Business-type activities long-term debt:

Notes Payable:

\$4,055,000 Sales and Use Tax Revenue Note Series 2015 to Vision Bank, a current refunding of the outstanding portion of the lease/purchase agreement with Honeywell Global Finance, LLC for the replacement or retrofitting of water meters and efficiency upgrades to various City facilities, payable in 19 semi-annual principal installments ranging from \$125,000 to \$235,000 with an annual interest rate of 1.52%, final payment due October 1, 2021.

Current portion		\$ 430,000
Noncurrent portion		<u>2,390,000</u>
Total Notes Payable		<u>\$ 2,820,000</u>

Accrued Compensated Absences:

Current portion		\$ 45,431
Noncurrent portion		<u>408,883</u>
Total Accrued Compensated Absences		<u>\$ 454,314</u>

Deposits Subject to Refund:

Current portion		\$ 74,241
Noncurrent portion		<u>668,170</u>
Total Deposits Subject to Refund		<u>\$ 742,411</u>

Landfill Closure Liability:

Current portion		\$ 238,630
Noncurrent portion		<u>2,022,769</u>
Total Landfill Closure Liability		<u>\$ 2,261,399</u>

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

Year Ending June 30,	Business-Type Debt	
	Notes Payable	
	Principal	Interest
2016	\$ 430,000	\$ 41,230
2017	435,000	34,694
2018	445,000	28,044
2019-2022	<u>1,510,000</u>	<u>43,738</u>
Totals	<u>\$ 2,820,000</u>	<u>\$ 147,706</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

6. Landfill Closure and Post Closure Requirements

A \$2,261,399 accrued liability has been recognized in the Ada Public Works Authority to represent the total estimated amount owed by the Authority for closure and postclosure requirements dictated by the U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality regulations and represented the cumulative amount of such costs reported to date based on the use of approximately 77.83% of the estimated capacity of the landfill. It is estimated that an additional \$644,302 will be recognized as closure and postclosure expense between the current balance sheet date and the date the landfill is expected to be filled to capacity. However, the actual cost of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulation. The City expects to close the landfill in January 2018. The estimated remaining landfill life is 31 months.

7. Net Position and Fund Balances

Net Position:

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

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

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

Fund Balances:

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. *Committed* – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

- d. *Assigned* – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process. In addition, any fund balance used to assist balancing the subsequent year’s budget is considered assigned.
- e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund. In addition, any governmental fund, other than the General Fund which reports a deficit fund balance in total, is shown as negative unassigned fund balance.

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

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

	General Fund	EMS Fund	Street & Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facilities Fund	Sales Tax 2016 Capital Improvement Fund	Other Governmental Funds
Fund Balance:							
Restricted For:							
Grant purposes	11,591	-	-	-	-	-	-
EMS	-	1,274,615	-	-	-	-	-
Streets	-	-	3,230,965	-	-	-	-
Capital Improvements	-	-	-	2,370,256	13,463,832	-	-
D.A.R.E	-	-	-	-	-	-	4,026
Library	-	-	-	-	-	-	257,683
Police	-	-	-	-	-	-	3,680
E911	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	67,606
Cemetery	-	-	-	-	-	-	63,836
Debt Service	-	-	-	-	-	-	2,984
Sub-total Restricted	<u>11,591</u>	<u>1,274,615</u>	<u>3,230,965</u>	<u>2,370,256</u>	<u>13,463,832</u>	<u>-</u>	<u>399,815</u>
Committed to:							
Library	-	-	-	-	-	-	34,488
Sub-total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,488</u>
Assigned to:							
D.A.R.E	-	-	-	-	-	-	10
Cemetery	-	-	-	-	-	-	205,701
Airport	-	-	-	-	-	-	342,674
E911	-	-	-	-	-	-	47,687
Police	-	-	-	-	-	-	1,780
Library	-	-	-	-	-	-	2,554
Capital Improvements	-	-	-	325,422	171,402	-	112,291
Streets	-	-	152,819	-	-	-	-
EMS	-	38,698	-	-	-	-	-
Parks	4,665	-	-	-	-	-	1,277
Health Insurance	759,690	-	-	-	-	-	-
Self Insurance	586,087	-	-	-	-	-	-
Advance Travel	1,425	-	-	-	-	-	-
Unemployment	115,802	-	-	-	-	-	-
Workers' Comp	580,805	-	-	-	-	-	-
Budget balancing purposes	2,054,584	-	-	-	-	-	-
Sub-total Assigned	<u>4,103,058</u>	<u>38,698</u>	<u>152,819</u>	<u>325,422</u>	<u>171,402</u>	<u>-</u>	<u>713,974</u>
Unassigned (deficit)	1,003,188	-	-	-	-	(6,800)	(1,019)
Total Fund Balance	<u>\$ 5,117,837</u>	<u>\$ 1,313,313</u>	<u>\$ 3,383,784</u>	<u>\$ 2,695,678</u>	<u>\$ 13,635,234</u>	<u>\$ (6,800)</u>	<u>\$ 1,147,258</u>

Enterprise Funds:

Restricted For Economic Development	<u>\$ 4,221,431</u>
Total Enterprise Fund Restrictions	<u><u>\$ 4,221,431</u></u>

Restricted Net Position – Governmental Activities:

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Fund	Restricted By	Amount
Drug Forfeiture Federal Fund	Statutory requirements	\$ 50
Cemetery Care Fund	Statutory requirements	63,836
Sinking Fund	Statutory requirements	2,984
Sudden/Severe Economic Dislocation Fund	Other contracts - Contributors	1,104
D.A.R.E Fund	Other contracts - Contributors	4,026
Library Memorial Fund	Other contracts - Contributors	257,683
Library State Aid Fund	Other contracts - Contributors	(1,019)
Parks Donation Fund	Other contracts - Contributors	67,606
		<u>396,270</u>
EMS Fund	Enabling legislation	\$ 1,283,015
Street and Alley Fund	Enabling legislation	3,249,440
Sales Tax Infrastructure Fund	Enabling legislation	2,370,256
Sales Tax Capital Facilities Fund	Enabling legislation	13,528,558
Sales Tax 2016 Capital Improvement Fund	Enabling legislation	(6,800)
		<u>20,424,469</u>
Component Unit:		
Valley View Regional Hospital Authority	Expendable Endowment	\$ 1,100,026

Prior Period Adjustments:

Beginning net position was restated as of June 30, 2015 as follows:

	<u>Government-Wide Governmental Activities</u>
Beginning net position as previously reported	\$ 54,229,264
Implementation of GASB Statements 68 & 71, requiring balances to be restated for activity related to net pension liabilities and pension related deferred outflows and deferred inflows	(6,552,069)
Beginning net position, restated	<u>\$ 47,677,195</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

8. Sales Tax Revenue

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

- 2 ¼ cents is recorded in the General Fund. Of that amount ¼ cent is then transferred to the APWA. The APWA transfers the ¼ cent to the Economic Development Fund in accordance with Ordinance Nos. 02-10, 06-15, and 12-10. The remaining 2 cents is retained by the General Fund for operations in accordance with Ordinance No. 1414.
- ¾ cent is recorded in the Sales Tax Infrastructure Fund to be used for various infrastructure projects and improvements as per Ordinance Nos. 02-09, 06-14, and 12-09.
- 1 cent is recorded in the Sales Tax Capital Facility Fund to be used for capital improvements as per Ordinance No. 10-13.

9. Property Tax Levy

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

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

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

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

For the year ended June 30, 2015, the City's net assessed valuation of taxable property was \$92,854,312. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2015 was \$1.32 mills.

10. Internal and Interfund Balances and Transfers

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2015, were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Utility Enterprise Fund	\$ 937,192	Sales tax transfer
General Fund	Utility Enterprise Fund	734,158	Sales tax-2012 revenue bond
General Fund	E911 Fund	115,000	Operating subsidy
Utility Enterprise Fund	E911 Fund	5,000	Operating subsidy
Utility Enterprise Fund	Liability Self Insurance Fund	25,000	Operating subsidy
Utility Enterprise Fund	Unemployment Insurance Fund	10,000	Operating subsidy
Utility Enterprise Fund	Workers Comp Fund	125,000	Operating subsidy
Utility Enterprise Fund	General Fund	476,642	Health insurance premium transfer
Airport/Agriculture Fund	General Fund	6,826	Health insurance premium transfer
E911 Fund	General Fund	47,282	Health insurance premium transfer
Sales Tax Infrastructure	General Fund	130,945	Health insurance premium transfer
Utility Enterprise Fund	General Fund	734,158	Sales tax-2012 revenue bond
Utility Enterprise Fund	General Fund	571,050	Subsidy for shared costs and leasing of assets
Utility Enterprise Fund	Airport/Agriculture Fund	194,900	Operating subsidy
Utility Enterprise Fund	Economic Development Fund	937,192	Sales tax transfer
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Dev)	255,029	Portion of landfill collections
General Fund	Utility Enterprise Fund (Solid Waste Dev)	11,909	Interest expense on interfund loan
Utility Enterprise Fund	Street & Alley	985,453	Use tax - 2012 revenue bond
Street & Alley	General Fund	731,375	Operating subsidy
Street & Alley	E911 Fund	36,575	Operating subsidy
Street & Alley	Airport/Agriculture Fund	600	Operating subsidy
Street & Alley	Utility Enterprise Fund	39,925	Operating subsidy
Street & Alley	Utility Enterprise Fund	985,453	Use tax - 2012 revenue bond
Street & Alley	Sales Tax Infrastructure	15,350	Operating subsidy
Street & Alley	Sales Tax Capital Facility	255,000	Short-term loan
Utility Enterprise Fund (Overhead Water Storage)	Utility Enterprise Fund	285,176	Purchase of capital assets
Sales Tax Infrastructure	Utility Enterprise Fund	1,482,470	Purchase of capital assets
Sales Tax Capital Facility	Utility Enterprise Fund	15,816	Purchase of capital assets
Utility Enterprise Fund (Rural Water Dist. #5 Account)	Utility Enterprise Fund	23,152	Purchase of capital assets
Utility Enterprise Fund (Sewer System Account)	Utility Enterprise Fund	22,511	Purchase of capital assets
Utility Enterprise Fund (Environmental Projects Account)	Utility Enterprise Fund	10,360	Purchase of capital assets
General Fund	Utility Enterprise Fund	49,667	Honeywell project principal and interest
Utility Enterprise Fund (Sewer System Account)	General Fund	7	write off of immaterial fund balance
Utility Enterprise Fund	Utility Enterprise Fund (Sewer System Account)	992	Interest expense on interfund loan
Economic Development Fund	Airport/Agriculture Fund	250,000	Terminal building
Utility Enterprise Fund	Utility Enterprise Fund (Overhead Water Storage Account)	183,000	Subsidy to refurbish asset
Total		<u>\$ 10,690,165</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 4,716,163	\$ (5,595,543)	\$ (879,380)
Proprietary Funds	5,974,002	(5,099,047)	874,955
Total	<u>\$ 10,690,165</u>	<u>\$ (10,694,590)</u>	<u>\$ (4,425)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (879,380)
Transfer capital asset from business-type activities to governmental activities	4,425
Transfer water/sewer expenses to business-type activities	(411,941)
Transfers - internal activity	<u>\$ (1,286,896)</u>

Balances:

Interfund receivables and payables at June 30, 2015, were as follows:

Due From	Due To	Amount	Nature of Balance
Sales Tax 2016 Capital Improvement	APWA	\$ 1,000,000	Interfund loan
General Fund	APWA	235,886	Interfund loan
Total		<u>\$ 1,235,886</u>	

Reconciliation to Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ -	\$ (1,235,886)	\$ (1,235,886)
Proprietary Funds	1,235,886	-	1,235,886
Total	<u>\$ 1,235,886</u>	<u>\$ (1,235,886)</u>	<u>\$ -</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

11. Risk Management

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

- General Liability – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Physical Property – Covered through commercial insurance purchased from Central Insurance Companies
- Workers' Compensation – Self insured up to \$600,000 per occurrence for all employees, including police and fire employees. Additional coverage through Safety National.
- Dental Insurance – Self insured
- Employee's Group Medical – Self insured with Blue Cross as the third party administrator; stop loss begins at \$60,000 with no limit.

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

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

12. Contingencies

Litigation:

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

Federal and State Award Programs:

The City of Ada participates in various federal or state grant/loan programs from year to year. In 2015, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

13. Pension Plan Participation

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

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

Firefighters' Plan:

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

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

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$191,999. The State of Oklahoma also made

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

on-behalf contributions to OFPRS in the amount of \$471,769 during the current fiscal year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$411,400. 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, 2015, the City reported a liability of \$5,318,504 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 0.5171891776%.

For the year ended June 30, 2015, the City recognized pension expense of \$477,672. At June 30, 2015, 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	\$ 126,721	\$ -
Net difference between projected and actual earnings on pension plan investments		805,076
City contributions subsequent to the measurement date	191,999	-
Total	<u>\$ 318,720</u>	<u>\$ 805,076</u>

\$191,999 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ (177,671)
2017	(177,671)
2018	(177,671)
2019	(177,671)
2020	23,598
Thereafter	8,731

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real estate	10%	7.76%
Other assets	13%	6.88%

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

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

	1% Decrease 6.5%	Current Discount Rate (7.5%)	1% Increase 8.5%
Employers' net pension liability	\$ 6,944,843	\$ 5,318,504	\$ 3,954,998

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.

Police Plan:

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

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

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

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

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$195,639. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$187,743 during the current fiscal year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$167,673. These on-behalf payments did not meet the criteria of a special funding situation.

Net Asset Pension, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported an asset of \$180,196 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 0.535200%.

For the year ended June 30, 2015, the City recognized pension expense of \$66,049. At June 30, 2015, 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	\$ -	\$ 80,957
Net difference between projected and actual earnings on pension plan investments		633,361
City contributions subsequent to the measurement date	195,639	-
Total	<u>\$ 195,639</u>	<u>\$ 714,318</u>

\$195,639 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, 2016. 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:		
2016	\$	175,101
2017		175,101
2018		175,101
2019		175,101
2020		13,914
	<u>\$</u>	<u>714,318</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real estate	5.50%
Private equity	5.96%
Commodities	3.08%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

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

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

	1% Decrease 6.5%	Current Discount Rate (7.5%)	1% Increase 8.5%
Employers' net pension (asset) liability	\$ 1,072,136	\$ (180,196)	\$ (1,235,633)

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.

OkMRF Defined Contribution Plan:

The City has provided a defined contribution plan and trust known as the City of Ada Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by JPMorgan Chase Bank, Oklahoma. The defined contribution plan is available to all full-time employees except those participating in state fire or police program. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at date of hire, are required to contribute at least 5% and may make contributions to the plan up to 25% at their option. By City ordinance, the City, as employer, is required to make contributions to the plan based upon employee contributions under the pick-up option, at a current rate of 13% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 50% after 5 years of service, 10% thereafter until fully vested after 10 years of service. The City Manager's contributions are vested at 20% after one year of service, 20% thereafter until fully vested after five years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the plan rests with the City Council.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Summary of Contributions:

Oklahoma Municipal Retirement Fund		
Fiscal Year	Employee Contribution	Employer Contribution
2013	327,484	851,458
2014	332,879	865,483
2015	342,451	890,370

14. Postemployment Healthcare Plan

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

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the City during the budgeting process. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015, the actuarially expected City contributions in the form of net age adjustment were to be \$80,187 to the Plan. Plan members receiving benefits contributed \$22,846 of the total premiums, through their payment of the full determined premium in FY 2015.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2015:

Normal Cost	\$ 73,197
Amortization of Actuarial Accrued Liability (AAL)	6,990
Annual OPEB cost (expense)	80,187
Expected net benefits during the year	(22,846)
Increase in net OPEB obligation	57,341
Net OPEB obligation - beginning of year	425,298
Net OPEB obligation - end of year	\$ 482,639

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$113,903	17%	\$367,957
6/30/2014	\$80,187	26%	\$425,298
6/30/2015	\$80,187	23%	\$482,639

Fiscal year 2009 was the first year the City was required to have an actuarial determined amount.

Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$896,706, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$896,706. The covered payroll (annual payroll of active employees covered by the plan) was \$7.97 million, and the ratio of the UAAL to the covered payroll was 11 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.3 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2014. The UAAL is being amortized over 30 years based on a level percent-of-pay open-period basis. The remaining amortization period at July 1, 2013, was twenty-five years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

15. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

16. Subsequent Events

The following items were approved by the City Council subsequent to year-end:

On July 20, 2015 the City accepted a settlement offer from Horizon Engineering, Inc. and The Cummins Corporation, settling the case in the amount of \$700,000 in regards to Airport Improvement Project 3-40-0001-008-2005.

On August 17, 2015 the City adopted Resolution No. 15-14A authorizing the issuance of Utility System Revenue Note, Series 2015A in the amount of \$5,000,000.

On September 15, 2015 the City adopted Resolution No. 15-16A authorizing the issuance of Sales Tax Revenue Note, Series 2015B in the amount of \$13,000,000.

On September 21, 2015 the City adopted Resolution No. 15-17A authorizing the issuance of a promissory note to the Oklahoma Water Resources Board in the amount of \$23,290,000.

On October 19, 2015 the City enacted Ordinance No. 15-20 levying a five percent Hotel Tax to be used for construction, maintenance and operation of parks and recreation facilities and for enhancing and promoting tourism development.

As of June 30, 2015 an outstanding suit remains against EST, Inc., C3 Construction, Inc., and any other person, firm, or corporation who is or is liable for damages to the City arising out of or pertaining to the Wintersmith Park, Ada City Lake Dam Spillway Apron Rehabilitation.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Budgetary Comparison Schedule – Year Ended June 30, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$3,004,469	\$3,004,469	\$4,951,882	\$1,947,413
Resources (Inflows):				
Taxes	8,289,700	8,479,700	9,350,403	870,703
Licenses and permits	112,800	112,800	93,690	(19,110)
Intergovernmental	484,400	528,503	498,456	(30,047)
Charges for services	196,100	206,300	231,353	25,053
Fines and forfeitures	400,800	400,800	522,670	121,870
Investment income	43,600	43,600	40,773	(2,827)
Miscellaneous	338,900	332,650	531,967	199,317
Other financing sources	2,012,300	2,170,675	2,858,285	687,610
Total Resources (Inflows):	<u>11,878,600</u>	<u>12,275,028</u>	<u>14,127,597</u>	<u>1,852,569</u>
Amounts available for appropriation	<u>\$14,883,069</u>	<u>\$15,279,497</u>	<u>\$19,079,479</u>	<u>\$3,799,982</u>
Charges to Appropriations (Outflows):				
General government	4,058,944	4,454,610	3,893,568	561,042
Streets and highways	867,750	871,200	784,512	86,688
Public safety	5,173,850	5,435,196	4,954,166	481,030
Cemetery	235,375	204,175	171,093	33,082
Legal and judicial	372,600	383,850	338,424	45,426
Culture and recreation	1,639,500	1,834,880	1,585,556	249,324
Community development	446,500	445,075	402,653	42,422
Other financing uses	1,898,946	1,983,600	1,847,926	135,674
Total Charges to Appropriations	<u>14,693,465</u>	<u>15,612,586</u>	<u>13,977,898</u>	<u>1,634,688</u>
Ending Budgetary Fund Balance	<u>\$189,604</u>	<u>(\$333,089)</u>	<u>\$5,101,581</u>	<u>\$5,434,670</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance:				
Sudden and Severe Economic Dislocation Account			1,104	
Parks and Recreation Fund Account			4,665	
CDBG Home Grant Fund Account			10,487	
Total General Fund Fund Balance			<u>\$5,117,837</u>	

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

	EMS FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Beginning Budgetary Fund Balance:	\$1,424,913	\$1,424,913	\$1,424,913	\$ -
Resources (Inflows):				
Investment income	5,800	5,800	8,400	2,600
Total Resources (Inflows):	5,800	5,800	8,400	2,600
Amounts available for appropriation	<u>\$1,430,713</u>	<u>\$1,430,713</u>	<u>\$1,433,313</u>	<u>\$2,600</u>
Charges to Appropriations (Outflows):				
Public safety	120,000	120,000	120,000	-
Total Charges to Appropriations	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$1,310,713</u>	<u>\$1,310,713</u>	<u>\$1,313,313</u>	<u>\$2,600</u>

	STREET AND ALLEY FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Beginning Budgetary Fund Balance:	\$3,552,040	\$3,552,040	\$3,552,040	\$ -
Resources (Inflows):				
Taxes	-	-	956,016	956,016
Intergovernmental	2,691,300	2,691,300	161,831	(2,529,469)
Investment income	21,100	21,100	18,475	(2,625)
Miscellaneous	60,000	60,000	-	(60,000)
Other financing sources	985,000	985,000	985,453	453
Total Resources (Inflows):	<u>3,757,400</u>	<u>3,757,400</u>	<u>2,121,775</u>	<u>(1,635,625)</u>
Amounts available for appropriation	<u>\$7,309,440</u>	<u>\$7,309,440</u>	<u>\$5,673,815</u>	<u>(\$1,635,625)</u>
Charges to Appropriations (Outflows):				
Streets and highways	4,640,000	4,677,000	225,753	4,451,247
Other financing uses	1,150,000	2,065,825	2,064,278	1,547
Total Charges to Appropriations	<u>5,790,000</u>	<u>6,742,825</u>	<u>2,290,031</u>	<u>4,452,794</u>
Ending Budgetary Fund Balance	<u>\$1,519,440</u>	<u>\$566,615</u>	<u>\$3,383,784</u>	<u>\$2,817,169</u>

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Footnotes to Budgetary Comparison Schedules:

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2015</u>
City's proportion of the net pension liability	0.517189%
City's proportionate share of the net pension liability	\$ 5,318,504
City's covered-employee payroll	\$ 1,439,349
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	370%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

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

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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

	<u>2015</u>
Statutorily required contribution	\$ 191,999
Contributions in relation to the statutorially required contribution	<u>191,999</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 1,371,422
Contributions as a percentage of covered-employee payroll	14.00%

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2015</u>
City's proportion of the net pension liability (asset)	0.5352%
City's proportionate share of the net pension liability (asset)	\$ (180,196)
City's covered-employee payroll	\$ 1,497,274
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.03%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%

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

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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

	<u>2015</u>
Statutorially required contribution	\$ 195,639
Contributions in relation to the statutorially required contribution	<u>195,639</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 1,504,919
Contributions as a percentage of covered-employee payroll	13.00%

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Required Supplementary Information – OPEB

The funded status and funding progress of the City’s defined benefit OPEB plan for the most recent actuarial valuations is as follows:

	July 1, 2012
Actuarial accrued liability - AAL (a)	\$1,235,990
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$1,235,990
Funded ratio (b)/(a)	0%
Covered payroll (c)	\$8,028,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	15%

	July 1, 2013
Actuarial accrued liability - AAL (a)	\$896,706
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$896,706
Funded ratio (b)/(a)	0%
Covered payroll (c)	\$7,967,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	11%

	July 1, 2014
Actuarial accrued liability - AAL (a)	\$896,706
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$896,706
Funded ratio (b)/(a)	0%
Covered payroll (c)	\$7,967,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	11%

(Unaudited. See accompanying auditor’s report.)

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

SUPPLEMENTARY INFORMATION

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Combining Balance Sheet – General Fund Accounts - June 30, 2015

	General Fund	Sudden and Severe Economic Dislocation Account	Parks and Recreation Account	CDBG Home Grant Account	CDBG VO-TECH Account	Total General Fund
ASSETS						
Cash and cash equivalents	\$ 4,335,940	\$ 1,104	\$ 4,665	\$ 10,487	\$ -	\$ 4,352,196
Investments	147,175	-	-	-	-	147,175
Receivable from other governments	1,102,420	-	-	-	-	1,102,420
Taxes receivable, net	82,619	-	-	-	-	82,619
Court fines receivable, net	664,618	-	-	-	-	664,618
Other receivables	9,057	-	-	-	-	9,057
Total assets	<u>\$ 6,341,829</u>	<u>\$ 1,104</u>	<u>\$ 4,665</u>	<u>\$ 10,487</u>	<u>\$ -</u>	<u>\$ 6,358,085</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 106,700	\$ -	\$ -	\$ -	\$ -	\$ 106,700
Accrued payroll liabilities	265,533	-	-	-	-	265,533
Due to other funds	235,886	-	-	-	-	235,886
Due to bondholders	3,064	-	-	-	-	3,064
Payable to other governments	6,848	-	-	-	-	6,848
Total liabilities	<u>618,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,031</u>
Deferred inflows of resources:						
Deferred revenue	622,217	-	-	-	-	622,217
Fund balances:						
Restricted	-	1,104	-	10,487	-	11,591
Assigned	4,098,393	-	4,665	-	-	4,103,058
Unassigned	1,003,188	-	-	-	-	1,003,188
Total fund balances	<u>5,101,581</u>	<u>1,104</u>	<u>4,665</u>	<u>10,487</u>	<u>-</u>	<u>5,117,837</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,341,829</u>	<u>\$ 1,104</u>	<u>\$ 4,665</u>	<u>\$ 10,487</u>	<u>\$ -</u>	<u>\$ 6,358,085</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2015**

	General Fund	Sudden and Severe Economic Dislocation Account	Parks and Recreation Account	CDBG Home Grant Account	CDBG VO- TECH Account	Total General Fund
REVENUES						
Taxes	\$ 9,350,403	\$ -	\$ -	\$ -	\$ -	\$ 9,350,403
Fees and fines	522,670	-	-	-	-	522,670
Licenses and permits	93,690	-	-	-	-	93,690
Intergovernmental	1,157,968	-	-	-	-	1,157,968
Charges for services	231,353	-	-	-	-	231,353
Investment income	40,773	-	-	57	-	40,830
Miscellaneous	531,967	-	-	-	-	531,967
Total revenues	<u>11,928,824</u>	<u>-</u>	<u>-</u>	<u>57</u>	<u>-</u>	<u>11,928,881</u>
EXPENDITURES						
Current:						
General government	3,529,212	-	-	-	-	3,529,212
Public safety	5,421,713	-	-	-	-	5,421,713
Streets and highways	722,162	-	-	-	-	722,162
Legal and judicial	310,073	-	-	-	-	310,073
Cemetery	169,878	-	-	-	-	169,878
Culture and recreation	1,360,625	-	-	-	-	1,360,625
Economic development	402,653	-	-	-	-	402,653
Capital outlay	851,895	-	-	-	-	851,895
Debt service:						
Principal	21,025	-	-	-	-	21,025
Interest and other charges	248	-	-	-	-	248
Total expenditures	<u>12,789,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,789,484</u>
Excess (deficiency) of revenues over expenditures	<u>(860,660)</u>	<u>-</u>	<u>-</u>	<u>57</u>	<u>-</u>	<u>(860,603)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,858,285	-	-	-	-	2,858,285
Transfers out	(1,847,926)	-	-	-	-	(1,847,926)
Total other financing sources and uses	<u>1,010,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,010,359</u>
Net change in fund balances	149,699	-	-	57	-	149,756
Fund balances - beginning	4,951,882	1,104	4,665	10,430	-	4,968,081
Fund balances - ending	<u>\$ 5,101,581</u>	<u>\$ 1,104</u>	<u>\$ 4,665</u>	<u>\$ 10,487</u>	<u>\$ -</u>	<u>\$ 5,117,837</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2015

	SPECIAL REVENUE FUNDS						
	Dare Fund	Library Memorial Fund	Library State Aid Fund	Drug Forfeiture Fund	Federal Drug Forfeiture Fund	Emergency 911 Fund	Parks Donation Fund
ASSETS							
Cash and cash equivalents	\$ 4,036	\$ 294,725	\$ (1,019)	\$ 5,410	\$ 50	\$ 20,782	\$ 71,329
Due from other governments	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	43,801	-
Total Assets	<u>\$ 4,036</u>	<u>\$ 294,725</u>	<u>\$ (1,019)</u>	<u>\$ 5,410</u>	<u>\$ 50</u>	<u>\$ 64,583</u>	<u>\$ 71,329</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,315	\$ 2,446
Accrued payroll liabilities	-	-	-	-	-	15,581	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,896</u>	<u>2,446</u>
Deferred inflows of resources:							
Deferred revenue	-	-	-	-	-	-	-
FUND EQUITY							
Fund balances:							
Restricted	4,026	257,683	-	3,630	50	-	67,606
Committed	-	34,488	-	-	-	-	-
Assigned	10	2,554	-	1,780	-	47,687	1,277
Unassigned (deficit)	-	-	(1,019)	-	-	-	-
Total Fund Equity	<u>4,036</u>	<u>294,725</u>	<u>(1,019)</u>	<u>5,410</u>	<u>50</u>	<u>47,687</u>	<u>68,883</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 4,036</u>	<u>\$ 294,725</u>	<u>\$ (1,019)</u>	<u>\$ 5,410</u>	<u>\$ 50</u>	<u>\$ 64,583</u>	<u>\$ 71,329</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2015, (Continued)

	CAPITAL PROJECT FUNDS				DEBT SERVICE	TOTALS
	Cemetery Care Fund	Little Red Schoolhouse Fund	Property Owners Part.	Airport AG/Cash Fund	Sinking Fund	
ASSETS						
Cash and cash equivalents	\$ 269,537	\$ -	\$ 113,510	\$ 346,949	\$ 1,850	\$ 1,127,159
Due from other governments	-	-	-	161,970	29,892	191,862
Other receivables	-	-	-	-	-	43,801
Total Assets	<u>\$ 269,537</u>	<u>\$ -</u>	<u>\$ 113,510</u>	<u>\$ 508,919</u>	<u>\$ 31,742</u>	<u>\$ 1,362,822</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 1,219	\$ 1,016	\$ -	\$ 5,996
Accrued payroll liabilities	-	-	-	3,259	-	18,840
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,219</u>	<u>4,275</u>	<u>-</u>	<u>24,836</u>
Deferred inflows of resources:						
Deferred revenue	-	-	-	161,970	28,758	190,728
FUND EQUITY						
Fund balances:						
Restricted	63,836	-	-	-	2,984	399,815
Committed	-	-	-	-	-	34,488
Assigned	205,701	-	112,291	342,674	-	713,974
Unassigned (deficit)	-	-	-	-	-	(1,019)
Total Fund Equity	<u>269,537</u>	<u>-</u>	<u>112,291</u>	<u>342,674</u>	<u>2,984</u>	<u>1,147,258</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 269,537</u>	<u>\$ -</u>	<u>\$ 113,510</u>	<u>\$ 508,919</u>	<u>\$ 31,742</u>	<u>\$ 1,362,822</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS						
	Dare Fund	Library Memorial Fund	Library State Aid Fund	Drug Forfeiture Fund	Federal Drug Forfeiture Fund	Emergency 911 Fund	Parks Donation Fund
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504,873	\$ -
Intergovernmental	-	-	19,099	6,032	-	-	-
Charges for services	-	7,724	-	-	-	-	-
Investment earnings	10	1,270	40	-	-	240	381
Miscellaneous	-	109,799	1,985	-	-	506	21,893
Total revenues	<u>10</u>	<u>118,793</u>	<u>21,124</u>	<u>6,032</u>	<u>-</u>	<u>505,619</u>	<u>22,274</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public Safety	8,526	-	-	2,126	-	622,172	-
Judgments	-	-	-	-	-	-	-
Culture and recreation	-	67,342	27,462	-	-	-	706
Airport	-	-	-	-	-	-	-
Capital Outlay	-	4,986	3,500	-	-	-	10,768
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total Expenditures	<u>8,526</u>	<u>72,328</u>	<u>30,962</u>	<u>2,126</u>	<u>-</u>	<u>622,172</u>	<u>11,474</u>
Excess (deficiency) of revenues over expenditures	<u>(8,516)</u>	<u>46,465</u>	<u>(9,838)</u>	<u>3,906</u>	<u>-</u>	<u>(116,553)</u>	<u>10,800</u>
OTHER FINANCING SOURCES (USES)							
Miscellaneous	7,996	-	-	-	-	-	-
Judgment proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	156,575	-
Transfers out	-	-	-	-	-	(47,282)	-
Total other financing sources and uses	<u>7,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,293</u>	<u>-</u>
Net change in fund balances	(520)	46,465	(9,838)	3,906	-	(7,260)	10,800
Fund balances - beginning	4,556	248,260	8,819	1,504	50	54,947	58,083
Fund balances - ending	<u>\$ 4,036</u>	<u>\$ 294,725</u>	<u>\$ (1,019)</u>	<u>\$ 5,410</u>	<u>\$ 50</u>	<u>\$ 47,687</u>	<u>\$ 68,883</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2015 (Continued)

	CAPITAL PROJECT FUNDS				DEBT SERVICE FUND	TOTALS
	Cemetery Care Fund	Little Red Schoolhouse Fund	Property Owners Part.	Airport AG/Cash Fund	Sinking Fund	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 100,439	\$ 605,312
Intergovernmental	-	-	-	601,335	-	626,466
Charges for services	14,008	-	-	139,139	-	160,871
Investment earnings	-	-	629	3,063	-	5,633
Miscellaneous	-	-	-	4,582	-	138,765
Total revenues	<u>14,008</u>	<u>-</u>	<u>629</u>	<u>748,119</u>	<u>100,439</u>	<u>1,537,047</u>
EXPENDITURES						
Current:						
General government	-	140	-	-	-	140
Public Safety	-	-	-	-	-	632,824
Judgments	-	-	-	-	82,688	82,688
Culture and recreation	-	-	-	-	-	95,510
Airport	-	-	-	204,777	-	204,777
Capital Outlay	19,618	-	2,438	1,370,903	-	1,412,213
Debt Service:						
Principal	-	-	-	-	89,117	89,117
Interest and other charges	-	-	-	-	14,769	14,769
Total Expenditures	<u>19,618</u>	<u>140</u>	<u>2,438</u>	<u>1,575,680</u>	<u>186,574</u>	<u>2,532,038</u>
Excess (deficiency) of revenues over expenditures	<u>(5,610)</u>	<u>(140)</u>	<u>(1,809)</u>	<u>(827,561)</u>	<u>(86,135)</u>	<u>(994,991)</u>
OTHER FINANCING SOURCES (USES)						
Miscellaneous	-	-	-	-	-	7,996
Judgment proceeds	-	-	-	-	82,688	82,688
Transfers in	-	-	-	445,500	-	602,075
Transfers out	-	-	-	(6,826)	-	(54,108)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>438,674</u>	<u>82,688</u>	<u>638,651</u>
Net change in fund balances	(5,610)	(140)	(1,809)	(388,887)	(3,447)	(356,340)
Fund balances - beginning	275,147	140	114,100	731,561	6,431	1,503,598
Fund balances - ending	<u>\$ 269,537</u>	<u>\$ -</u>	<u>\$ 112,291</u>	<u>\$ 342,674</u>	<u>\$ 2,984</u>	<u>\$ 1,147,258</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2015

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,275,691	\$ 4,878,597	\$ 742,411	\$ 432,774	\$ 5,170,319	\$ 3,448,830	\$ 318,585
Due from other funds	-	1,235,886	-	-	-	-	-
Accounts Receivable, net	1,410,084	(49)	-	-	172,903	56,831	-
Total current assets	<u>2,685,775</u>	<u>6,114,434</u>	<u>742,411</u>	<u>432,774</u>	<u>5,343,222</u>	<u>3,505,661</u>	<u>318,585</u>
Non-current assets:							
Capital Assets:							
Land and construction in progress	3,980,912	-	-	-	1,271,708	-	-
Other capital assets, net of accumulated depreciation	21,032,841	-	-	-	1,260,843	-	-
Total non-current assets	<u>25,013,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,532,551</u>	<u>-</u>	<u>-</u>
Total assets	<u>27,699,528</u>	<u>6,114,434</u>	<u>742,411</u>	<u>432,774</u>	<u>7,875,773</u>	<u>3,505,661</u>	<u>318,585</u>
LIABILITIES							
Current Liabilities:							
Accounts payable	262,102	-	-	-	-	-	-
Accrued payroll liabilities	144,015	-	-	-	-	-	-
Accrued interest payable	10,598	-	-	-	-	-	-
Other liabilities	4,411	-	-	-	-	-	-
Due to depositors	-	-	74,241	-	-	-	-
Accrued compensated absences	45,431	-	-	-	-	-	-
Landfill closure liability	238,630	-	-	-	-	-	-
Notes payable	430,000	-	-	-	-	-	-
Total current liabilities	<u>1,135,187</u>	<u>-</u>	<u>74,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current liabilities:							
Due to depositors	-	-	668,170	-	-	-	-
Accrued compensated absences	408,883	-	-	-	-	-	-
Landfill closure liability	2,022,769	-	-	-	-	-	-
Notes payable	2,390,000	-	-	-	-	-	-
Unfunded OPEB obligation	165,225	-	-	-	-	-	-
Total non-current liabilities	<u>4,986,877</u>	<u>-</u>	<u>668,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,122,064</u>	<u>-</u>	<u>742,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	22,193,753	-	-	-	2,532,551	-	-
Unrestricted	(616,289)	6,114,434	-	432,774	5,343,222	3,505,661	318,585
Total net position	<u>\$ 21,577,464</u>	<u>\$ 6,114,434</u>	<u>\$ -</u>	<u>\$ 432,774</u>	<u>\$ 7,875,773</u>	<u>\$ 3,505,661</u>	<u>\$ 318,585</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

**Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2015,
(Continued)**

	Overhead Water Storage Account	Water Wells and Trans Account	RWD #4 Account	Environmental Projects Account	RSD #5 Account	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 295,745	\$ 492,594	\$ 66,000	\$ 965,345	\$ 234,609	\$ 18,321,500
Due from other funds	-	-	-	-	-	1,235,886
Accounts Receivable, net	-	-	-	45,216	-	1,684,985
Total current assets	<u>295,745</u>	<u>492,594</u>	<u>66,000</u>	<u>1,010,561</u>	<u>234,609</u>	<u>21,242,371</u>
Non-current assets:						
Capital Assets:						
Land and construction in progress	-	-	-	-	-	5,252,620
Other capital assets, net of accumulated depreciation	-	-	-	-	-	22,293,684
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,546,304</u>
Total assets	<u>295,745</u>	<u>492,594</u>	<u>66,000</u>	<u>1,010,561</u>	<u>234,609</u>	<u>48,788,675</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	48,394	-	-	3,709	4,270	318,475
Accrued payroll liabilities	-	-	-	-	-	144,015
Accrued interest payable	-	-	-	-	-	10,598
Other liabilities	-	-	-	-	-	4,411
Due to depositors	-	-	-	-	-	74,241
Accrued compensated absences	-	-	-	-	-	45,431
Landfill closure liability	-	-	-	-	-	238,630
Notes payable	-	-	-	-	-	430,000
Total current liabilities	<u>48,394</u>	<u>-</u>	<u>-</u>	<u>3,709</u>	<u>4,270</u>	<u>1,265,801</u>
Non-current liabilities:						
Due to depositors	-	-	-	-	-	668,170
Accrued compensated absences	-	-	-	-	-	408,883
Landfill closure liability	-	-	-	-	-	2,022,769
Notes payable	-	-	-	-	-	2,390,000
Unfunded OPEB obligation	-	-	-	-	-	165,225
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,655,047</u>
Total liabilities	<u>48,394</u>	<u>-</u>	<u>-</u>	<u>3,709</u>	<u>4,270</u>	<u>6,920,848</u>
NET POSITION						
Net investment in capital assets	-	-	-	-	-	24,726,304
Unrestricted	247,351	492,594	66,000	1,006,852	230,339	17,141,523
Total net position	<u>\$ 247,351</u>	<u>\$ 492,594</u>	<u>\$ 66,000</u>	<u>\$ 1,006,852</u>	<u>\$ 230,339</u>	<u>\$ 41,867,827</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund
Accounts -Year Ended June 30, 2015**

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account
REVENUES							
Charges for services:							
Water	\$ 4,120,733	\$ -	\$ -	\$ 40,308	\$ 1,032,985	\$ -	\$ 10
Sewer	942,205	-	-	-	-	344,366	-
Sanitation	3,181,581	-	-	-	-	-	-
Solid waste fee	-	872	-	-	-	-	-
Recycling income	211,759	-	-	-	-	-	-
Lease revenue	2,873	-	-	-	49,105	-	-
Miscellaneous	286,445	-	-	-	-	-	-
Total operating revenues	<u>8,745,596</u>	<u>872</u>	<u>-</u>	<u>40,308</u>	<u>1,082,090</u>	<u>344,366</u>	<u>10</u>
OPERATING EXPENSES							
Public works director	238,455	-	-	-	-	-	-
Billing and collecting	385,795	-	-	-	-	-	-
Water plant	527,655	-	-	-	15,524	-	-
Liquid waste	635,941	-	-	-	-	-	-
Administration	1,468,098	-	-	-	-	-	-
Water and sewer line maintenance	1,034,195	-	-	-	-	-	-
Solid waste	2,186,622	333	-	-	-	-	-
Landfill operations	431,001	-	-	-	-	-	-
Construction	501,580	-	-	-	-	-	-
Depreciation	918,070	-	-	-	-	-	-
Total operating expenses	<u>8,327,412</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>15,524</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>418,184</u>	<u>539</u>	<u>-</u>	<u>40,308</u>	<u>1,066,566</u>	<u>344,366</u>	<u>10</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	11,312	30,633	-	2,245	25,558	17,773	1,726
Miscellaneous revenue	79,277	-	-	-	-	-	-
Gain on capital asset disposal	13,713	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-
Interest expense	(46,074)	-	-	-	-	-	-
Total non-operating revenue (expenses)	<u>58,228</u>	<u>30,633</u>	<u>-</u>	<u>2,245</u>	<u>25,558</u>	<u>17,773</u>	<u>1,726</u>
Income (loss) before transfers	<u>476,412</u>	<u>31,172</u>	<u>-</u>	<u>42,553</u>	<u>1,092,124</u>	<u>362,139</u>	<u>1,736</u>
Transfers in	4,585,880	266,938	-	-	-	992	-
Transfers out	(4,507,841)	-	-	-	-	(22,518)	-
Change in net position	<u>554,451</u>	<u>298,110</u>	<u>-</u>	<u>42,553</u>	<u>1,092,124</u>	<u>340,613</u>	<u>1,736</u>
Total net position - beginning	21,023,013	5,816,324	-	390,221	6,783,649	3,165,048	316,849
Total net position - ending	<u>\$ 21,577,464</u>	<u>\$ 6,114,434</u>	<u>\$ -</u>	<u>\$ 432,774</u>	<u>\$ 7,875,773</u>	<u>\$ 3,505,661</u>	<u>\$ 318,585</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund Accounts -Year Ended June 30, 2015, (Continued)

	Overhead Water Storage Account	Water Wells and Trans Account	RWD #4 Account	Environmental Projects Account	RSD #5 Account	Total
REVENUES						
Charges for services:						
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,194,036
Sewer	-	-	-	-	61,715	1,348,286
Sanitation	-	-	-	-	-	3,181,581
Solid waste fee	-	-	-	-	-	872
Recycling income	-	-	-	-	-	211,759
Lease revenue	-	-	-	-	-	51,978
Miscellaneous	-	-	-	-	-	286,445
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,715</u>	<u>10,274,957</u>
OPERATING EXPENSES						
Public works director	-	-	-	-	-	238,455
Billing and collecting	-	-	-	-	-	385,795
Water plant	-	-	-	63,224	-	606,403
Liquid waste	-	-	-	-	8,892	644,833
Administration	-	-	-	-	-	1,468,098
Water and sewer line maintenance	-	-	-	-	-	1,034,195
Solid waste	-	-	-	-	-	2,186,955
Landfill operations	-	-	-	-	-	431,001
Construction	-	-	-	-	-	501,580
Depreciation	-	-	-	-	-	918,070
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,224</u>	<u>8,892</u>	<u>8,415,385</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,224)</u>	<u>52,823</u>	<u>1,859,572</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	2,087	2,700	358	4,898	1,162	100,452
Miscellaneous revenue	38,938	-	-	260,074	-	378,289
Gain on capital asset disposal	-	-	-	-	-	13,713
Operating grants and contributions	90,784	-	-	-	-	90,784
Interest expense	-	-	-	-	-	(46,074)
Total non-operating revenue (expenses)	<u>131,809</u>	<u>2,700</u>	<u>358</u>	<u>264,972</u>	<u>1,162</u>	<u>537,164</u>
Income (loss) before transfers	<u>131,809</u>	<u>2,700</u>	<u>358</u>	<u>201,748</u>	<u>53,985</u>	<u>2,396,736</u>
Transfers in	183,000	-	-	-	-	5,036,810
Transfers out	(285,176)	-	-	(10,360)	(23,152)	(4,849,047)
Change in net position	<u>29,633</u>	<u>2,700</u>	<u>358</u>	<u>191,388</u>	<u>30,833</u>	<u>2,584,499</u>
Total net position - beginning	217,718	489,894	65,642	815,464	199,506	39,283,328
Total net position - ending	<u>\$ 247,351</u>	<u>\$ 492,594</u>	<u>\$ 66,000</u>	<u>\$ 1,006,852</u>	<u>\$ 230,339</u>	<u>\$ 41,867,827</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Schedule of Expenditures of State Awards – Year Ended June 30, 2015

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
OKLAHOMA DEPARTMENT OF LIBRARIES:			
FY 14 State Aid	N/A	\$18,130	\$1,813
FY 15 State Aid	N/A	17,286	17,286
Total Oklahoma Department of Libraries		<u>35,416</u>	<u>19,099</u>
OKLAHOMA AERONAUTICS COMMISSION:			
Terminal Building	ADH-14-S	<u>500,000</u>	<u>438,389</u>
OKLAHOMA ATTORNEY GENERAL:			
Oklahoma Safe Program	JRI-2014-03	<u>100,000</u>	<u>36,779</u>
TOTAL STATE AWARDS		<u><u>\$635,416</u></u>	<u><u>\$494,267</u></u>

Footnotes to Schedule of Expenditures of State Awards:

1. The Schedule of Expenditures of State Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

THIS PAGE INTENTIONALLY LEFT BLANK



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

Honorable Mayor and City Council
City of Ada, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 22, 2016. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes a reference to other auditors who audited the financial statements of the Ada Arts and Heritage 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. In addition, our report includes an explanatory paragraph that notes the City adopted GASB Statements No. 68 and 71 during the year. Our report also notes that the beginning net position of the governmental activities was restated due to the adoption of GASB Statements No. 68 and 71.

Internal Control Over Financial Reporting

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

(Continued)

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

Internal Control Over Financial Reporting, Continued

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Shawnee, Oklahoma
January 22, 2016





INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and City Council
City of Ada, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Ada, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED**

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED**

Report on Internal Control Over Compliance, Continued

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Finley + Cook, PLLC

Shawnee, Oklahoma
January 22, 2016

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Schedule of Expenditures of Federal Awards – Year Ended June 30, 2015

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Pass Thru Number	Program or Award Amount	Federal Expenditures
FEDERAL ASSISTANCE:				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through District Attorney's Council:				
2010 Justice Assistance Grant	16.738	2010-DJ-BX-1197	18,609	5,380
2012 Justice Assistance Grant	16.738	2014-DJ-BX-0432	14,370	14,252
2013 Justice Assistance Grant	16.738	2012-DJ-BX-0948	12,292	6,004
2014 Justice Assistance Grant	16.738	2013-DJ-BX-0833	12,721	12,720
Sub-total CFDA 16.738			57,992	38,356
2014 Justice Assistance Grant - Bulletproof Vest Partnership	16.607	2014-BU-BX-12063117	3,305	1,577
Total U.S. Department of Justice			61,297	39,933
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Airport Improvement Program	20.106	3-40-0001-014-2014	273,600	255,430
Passed through Oklahoma Highway Safety Office:				
Ada Traffic Enforcement	20.600	OP-14-03-01-06	19,884	8,398
Ada Traffic Enforcement	20.600	OP-15-03-01-07	20,000	5,444
Sub-total CFDA 20.600			39,884	13,842
Total U.S. Department of Transportation			313,484	269,272
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>				
Passed through Oklahoma Department of Emergency Management:				
13-14 Emergency Management	97.042	PL-85-606	10,000	2,500
14-15 Emergency Management	97.042	PL-85-606	10,000	2,500
Sub-total CFDA 97.042			20,000	5,000
Hazard Mitigation Plant Project #014	97.036	FEMA-4117-DR-OK	42,906	18,745
2013 Homeland Security Grant	97.044	EMW-2013-FO-02426	44,156	44,156
Passed through Oklahoma Office of Homeland Security:				
Homeland Security Grant Program	97.073	560.031	4,084	4,084
Total Federal Emergency Management Agency			111,146	71,985
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce:				
CDBG - Water Tower	14.228	15657 CDBG 13	90,784	90,784
Special Project Grant - Water Tower	14.251	B-08-SP-OK-0003	245,000	245,000
Special Project Grant - Water Tower	14.251	B-09-SP-OK-0003	190,000	190,000
Special Project Grant - Water Tower	14.251	B-10-SP-OK-0003	600,000	557,386
Sub-total CFDA 14.251			1,035,000	992,386
Total U.S. Department of Housing and Urban Development			1,125,784	1,083,170
TOTAL FEDERAL ASSISTANCE			\$ 1,611,711	\$ 1,464,360

Footnotes to Schedule of Expenditures of Federal Awards:

1. The Schedule of Expenditures of Federal Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

CITY OF ADA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

SECTION I—SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with Section 510(a) of OMB Circular A-133?

Yes No

Identification of major federal programs:

Federal CFDA #	Name of Federal Program or Cluster
14.251	Department of Housing and Urban Development/ Economic Development Initiative—Special Project/ South Water Tower

Dollar threshold used to distinguish between type A and type B programs: **\$300,000**

Auditee qualified as low-risk auditee?

Yes No

CITY OF ADA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

Year Ended June 30, 2015

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF ADA, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2015

There were no findings or questioned costs noted in the audit report for the year ended June 30, 2014.