

CITY OF
ARDMORE, OKLAHOMA



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

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

**THE CITY OF ARDMORE,
OKLAHOMA**

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of the City Commission
City of Ardmore, Oklahoma

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States.

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Special Revenue Community Enhancement Fund	Unmodified
Capital Project Street Improvement Fund	Unmodified
Capital Project GAPS Tax City Fund	Unmodified
Other Governmental Funds	Unmodified

Ardmore Solid Waste Authority	Unmodified
Ardmore Public Works Authority	Unmodified
Other Enterprise Funds	Unmodified
Internal Service Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements referred to above do not include financial data for the City’s legally separate discretely presented component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City’s primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses of the aggregate discretely presented component units would have been presented in conjunction with these financial statements and footnotes, however the amounts are undeterminable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Aggregate Discretely Presented Component Units the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Ardmore, Oklahoma as of June 30, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Ardmore, Oklahoma 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 of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedules, footnotes to budgetary comparison schedules, pension plan information and other post-employment benefit plan information on pages 8-16, 73-74, 75, 77-80 and 76 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ardmore, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, and the schedule of expenditures of state awards and federal awards, pages 82 – 100 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, the schedule of expenditures of state awards and 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 of America. In our opinion, the combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, the schedule of expenditures of state awards and federal awards are fairly stated in all material respects in relation to the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2016, on our consideration of the City of Ardmore, Oklahoma'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 City of Ardmore, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
April 19, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Ardmore's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2015, the City's total net position increased by \$4,058,135 or 5.8% from the prior year.
- During the year, the City's expenses for governmental activities were \$30.5 million and were funded by program revenues of \$2.4 million and further funded with taxes and other general revenues that totaled \$31.2 million.
- In the City's business-type activities, such as utilities, program revenues exceed expenses by \$849,601.
- At June 30, 2015, unassigned fund balance for the General Fund was \$1,790,273, or 9.8% of the total General Fund revenues for the year.
- For budgetary reporting purposes, the General Fund reported revenues over estimates (excluding transfers) of \$257,093 or 2.2%, while expenditures were under the final appropriations (excluding transfers) by \$1,291,649 or 6.9%.

OVERVIEW OF THE FINANCIAL STATEMENTS

Except as noted below, the financial statements presented herein include all of the activities of the City of Ardmore (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39, and 61. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type. Except as noted below, the government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) and deferred outflows as well as all liabilities (including all long-term debt) and deferred inflows.

For various reasons, the City has elected to omit certain component units from this financial statement presentation. See Note 1 to the financial statements for further information.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

CITY OF ARDMORE, 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 them from the prior year. You can think of the City's net position – the difference between assets, deferred outflows, 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 nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, sanitation and golf activities are reported here.

Normally, these statements would also include, as discretely-presented component units, certain entities that do not meet the criteria for blending, specifically the Ardmore Main Street Authority, Hardy Murphy Coliseum Authority, Ardmore Development Authority, Ardmore Animal Care Trust, Ardmore Regional Park Trust Authority, and Ardmore Tourism Authority. However, these component units are excluded from the City's report because they report on a financial reporting framework which differs from the City's financial reporting framework as detailed in Note B to the financial statements.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
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Proprietary funds - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets exceeded liabilities by approximately \$74.1 million at the close of the most recent fiscal year.

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	\$ 28,174	\$ 28,914	-3%	\$ 19,711	\$ 12,833	54%	\$ 47,885	\$ 41,747	15%
Capital assets, net	29,512	28,697	3%	55,342	53,608	3%	84,854	82,305	3%
Total assets	<u>57,686</u>	<u>57,611</u>	0%	<u>75,053</u>	<u>66,441</u>	13%	<u>132,739</u>	<u>124,052</u>	7%
Deferred outflow of resources	<u>1,553</u>	<u>-</u>	100%	<u>362</u>	<u>46</u>	687%	<u>1,915</u>	<u>46</u>	4063%
Current liabilities	4,104	5,343	-23%	4,082	4,628	-12%	8,186	9,971	-18%
Non-current liabilities	15,090	9,069	66%	33,911	26,803	27%	49,001	35,872	37%
Total liabilities	<u>19,194</u>	<u>14,412</u>	33%	<u>37,993</u>	<u>31,431</u>	21%	<u>57,187</u>	<u>45,843</u>	25%
Deferred inflow of resources	<u>2,954</u>	<u>-</u>	100%	<u>370</u>	<u>-</u>	100%	<u>3,324</u>	<u>-</u>	100%
Net position									
Net investment in capital assets	22,814	19,905	15%	19,064	25,396	-25%	41,878	45,301	-8%
Restricted	14,402	14,450	0%	-	-	0%	14,402	14,450	0%
Unrestricted	(124)	8,844	-101%	17,988	9,660	86%	17,864	18,504	-3%
Total net position	<u>\$ 37,092</u>	<u>\$ 43,199</u>	-14%	<u>\$ 37,052</u>	<u>\$ 35,056</u>	6%	<u>\$ 74,144</u>	<u>\$ 78,255</u>	-5%

* prior year amounts not restated for MD&A purposes

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2015, this net investment in capital assets amounted to \$41.9 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of the City's governmental activities decreased 14.2% to approximately \$37 million. All of this net position is either restricted as to the purposes it can be used for, or is invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position showed a negative balance of \$123,852 at the end of this year. Net position of the business-type activities increased 5.6% to approximately \$37 million. \$19 million of that net position is invested in capital assets, net of related debt. Consequently, unrestricted net position showed approximately \$18 million at the end of the year.

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
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Changes 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	\$ 689	\$ 724	-5%	\$ 12,718	\$ 12,725	0%	\$ 13,407	\$ 13,449	0%
Operating grants and contributions	1,420	1,728	-18%	-	-	-	1,420	1,728	-18%
Capital grants and contributions	334	141	137%	-	96	-100%	334	237	41%
Taxes	29,695	27,360	9%	-	-	-	29,695	27,360	9%
Intergovernmental revenue	362	346	5%	-	-	-	362	346	5%
Investment income	273	279	-2%	17	14	21%	290	293	-1%
Miscellaneous	892	766	16%	35	24	46%	927	790	17%
Total revenues	33,665	31,344	7%	12,770	12,859	-1%	46,435	44,203	5%
Expenses									
General government	11,858	8,606	38%	-	-	-	11,858	8,606	38%
Public safety	9,301	9,507	-2%	-	-	-	9,301	9,507	-2%
Streets	4,003	3,779	6%	-	-	-	4,003	3,779	6%
Culture, parks and recreation	3,194	3,207	0%	-	-	-	3,194	3,207	0%
Cemetery	354	309	15%	-	-	-	354	309	15%
Airport	454	158	187%	-	-	-	454	158	187%
Economic development	959	895	7%	-	-	-	959	895	7%
Interest on long-term debt	350	446	-22%	-	-	-	350	446	-22%
Water	-	-	-	5,582	5,703	-2%	5,582	5,703	-2%
Wastewater	-	-	-	3,450	3,861	-11%	3,450	3,861	-11%
Sanitation	-	-	-	2,218	2,159	3%	2,218	2,159	3%
Golf	-	-	-	619	545	14%	619	545	14%
Total expenses	30,473	26,907	13%	11,869	12,268	-3%	42,342	39,175	8%
Excess (deficiency) before transfers	3,192	4,437	-28%	901	591	52%	4,093	5,028	-19%
Transfers	(934)	(3,771)	-75%	934	3,771	-75%	-	-	0%
Change in net position	2,258	666	239%	1,835	4,362	-58%	4,093	5,028	-19%
Beginning net position, restated for 2015	34,834	42,533	-18%	35,217	30,694	15%	70,051	73,227	-4%
Ending net position	\$ 37,092	\$ 43,199	-14%	\$ 37,052	\$ 35,056	6%	\$ 74,144	\$ 78,255	-5%

* prior year amounts not restated for MD&A purposes

Explanations for changes in excess of 20% and \$100,000 are as follows:

Governmental Activities:

Capital grants and contributions increased 137% and airport expenditures increased 187% due to more FAA grant activity in the current year as compared to the prior year.

General government expenditures increased 39% due to increased activity in the Ardmore Community Facilities Authority, which accounts for monies paid to Ardmore Schools for capital improvements.

Net transfers out decreased 75% due primarily to a transfer to the Water Enterprise Fund from the Reserve Management Fund in the prior year to pay off the Series 2004 OWRB Note.

CITY OF ARDMORE, OKLAHOMA
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Business-Type Activities:

Net transfers in decreased 75% due primarily to a transfer from the Reserve Management Fund to the Water Enterprise Fund in the prior year to pay off the Series 2004 OWRB Note.

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)

	<u>Total Expense</u>		<u>% Inc.</u> <u>(Dec.)</u>	<u>Net Revenue</u>		<u>% Inc.</u> <u>(Dec.)</u>
	<u>of Services</u>			<u>(Expense)</u>		
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
	*			*		
General government	\$ 11,858	\$ 8,606	38%	(\$11,663)	(\$8,335)	40%
Public safety	9,301	9,507	-2%	(7,948)	(8,186)	-3%
Streets	4,003	3,779	6%	(3,766)	(3,543)	6%
Culture, parks and recreation	3,194	3,207	0%	(3,047)	(2,592)	18%
Cemetery	354	309	15%	(303)	(255)	19%
Airport	454	158	187%	7	(61)	-111%
Economic development	959	895	7%	(960)	(895)	7%
Interest on long-term debt	315	446	-29%	(350)	(446)	-22%
Total	<u>30,438</u>	<u>\$ 26,907</u>	13%	<u>(\$28,030)</u>	<u>(\$24,313)</u>	15%

* prior year amounts not restated for MD&A purposes

Explanations for significant changes are listed above under Table 2.

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
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TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	*	*		*	*	
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
Water	\$ 5,582	\$ 5,703	-2%	\$ (143)	\$ 22	-750%
Wastewater	3,450	3,861	-11%	(35)	(595)	-94%
Sanitation	2,218	2,159	3%	1,214	1,118	9%
Golf	619	545	14%	(187)	8	-2438%
Total	<u>\$ 11,869</u>	<u>\$ 12,268</u>	-3%	<u>\$ 849</u>	<u>\$ 553</u>	54%

* prior year amounts not restated for MD&A purposes

The City's business-type activities include utility services for water, wastewater, sanitation and golf.

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 \$23.2 million, which is a decrease of approximately \$1.8 million as compared with the prior year. The enterprise funds reported combined net position of \$37.1 million, which is an increase of approximately \$2 million compared with the prior year.

Other fund highlights include:

- For the year ended June 30, 2015, the General Fund's total fund balance increased by \$339,885 or 4.6%.
- There is \$5,866,863 of fund balance in the General Fund that is assigned for specific purposes.

General Fund Budgetary Highlights

- For the year ended June 30, 2015, the General Fund reported revenues over estimates of \$257,093 or 2.2%, while expenditures were under the final appropriations by \$1,291,649 or 6.9%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the City had \$84.9 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net increase of approximately \$2.6 million from last year.

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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	\$ 4,586	\$ 4,251	\$ 300	\$ 502	\$ 4,886	\$ 4,753
Buildings	9,182	9,081	36,412	37,377	45,594	46,458
Computers	775	626	78	21	853	647
Furniture and fixtures	279	135	9	12	288	147
Vehicles	1,005	931	1,139	743	2,144	1,674
Machinery and equipment	1,378	1,417	1,497	1,815	2,875	3,232
Infrastructure	12,307	12,256	15,906	13,138	28,213	25,394
Totals	\$ 29,512	\$ 28,697	\$ 55,341	\$ 53,608	\$ 84,853	\$ 82,305

This year's more significant capital asset additions included:

Timekeeping System	\$ 55,053
Dump Truck	74,372
Truck with Dumpbed - Street	111,212
Vibratory Compactor	109,928
Forklift	68,166
North Apron Reconstruction Improvements	167,522
Hangar, Track 18	125,000
Hangar, FBO	250,000
Side Loader	257,384
Sanitary & Storm Sewer Improvements	4,429,716
Lift Station, Ardmore Airpark	87,623
Truck/Tractor	107,697
Computer Software	54,500
Water Line Improvements	286,066
Truck with Dumpbed - Water	111,212
Water Meters and Setting	71,898
Bridges and Culverts	723,107
Bridge and Culvert Improvements	111,390
Street Improvements	1,834,219
Carpet for Library	100,341

See Note 4 to the financial statements for more detail information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$47.2 million in long-term debt outstanding which represents a \$5.8 million or 14% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

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

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u> </u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Capital lease obligations	\$ 469	\$ 518	\$ -	\$ -	\$ 469	\$ 518
Notes payable	-	-	36,278	29,107	36,278	29,107
Revenue bonds payable	6,230	8,275	-	-	6,230	8,275
Claims payable	447	324	-	-	447	324
Deposits subject to refund	-	-	213	209	213	209
Accrued compensated absences	1,155	888	254	244	1,409	1,132
Other post-employment benefits	1,667	1,397	512	435	2,179	1,832
Net pension liability	6,906	-	-	-	6,906	-
Totals	\$ 16,874	\$ 11,402	\$ 37,257	\$ 29,995	\$ 54,131	\$ 41,397

* prior year amounts not restated for MD&A purposes

See Note 5 to the financial statements for more detail information on the City's long-term debt and changes therein.

The Economic Outlook

In FY Year 2015-2016 the City of Ardmore, Ardmore Public Works Authority and Ardmore Solid Waste Authority developed the budget with defined goals and conservative revenue projections. The adopted Fiscal Year 2015-2016 budget contains \$54,854,904 in estimated revenues, \$56,601,904 in estimated expenditures and \$10,954,490 in transfers between funds and finally \$30,524,057 in beginning fund balances to balance the budget. Estimated ending fund balances in all funds are estimated to be \$28,777,057. As in the past, the City's General Fund is not keeping up with the increasing cost and demands for services. The 2015-2016 General Fund has budgeted expenses exceeding budgeted revenues by \$6,980,521 before transfers. The General Fund is not able to meet the Commission's goal of maintaining a sufficient reserve without relying on transfers-in from the utility funds.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 23 S. Washington, Ardmore, Oklahoma 73402 or telephone at 580-223-2934.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

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

Government-Wide Statement of Net Position– June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,226,445	\$ 14,214,126	\$ 30,440,571
Investments	6,959,025	3,701,123	10,660,148
Accounts receivable, net of allowance	-	1,435,342	1,435,342
Court fines receivable, net of allowance	65,873	-	65,873
Internal balances	334,656	(334,656)	-
Receivable from other governments	3,243,944	-	3,243,944
Other taxes receivable	80,003	-	80,003
Other receivables	36,727	-	36,727
Inventories	20,803	255,353	276,156
Net pension asset	1,206,780	440,085	1,646,865
Capital Assets:			
Land and construction in progress	4,585,553	299,681	4,885,234
Other capital assets, net of depreciation	24,926,716	55,041,920	79,968,636
Total Assets	<u>\$ 57,686,525</u>	<u>\$ 75,052,974</u>	<u>\$ 132,739,499</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	1,428,686	329,367	1,758,053
Deferred amount on refunding	124,600	33,022	157,622
Total Deferred Outflows of Resources	<u>1,553,286</u>	<u>362,389</u>	<u>1,915,675</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,647,035	\$ 561,547	\$ 2,208,582
Accrued interest payable	5,738	171,536	177,274
Due to other governments	260,657	-	260,657
Due to bondholders	3,845	-	3,845
Due to employees	12,646	-	12,646
Other payables	389,457	2,812	392,269
Long-term liabilities:			
Due within one year	1,784,186	3,345,943	5,130,129
Due in more than one year	8,183,911	33,910,795	42,094,706
Net pension liability	6,906,497	-	6,906,497
Total liabilities	<u>19,193,972</u>	<u>37,992,633</u>	<u>57,186,605</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	2,953,787	370,233	3,324,020
NET POSITION			
Net investment in capital assets	22,813,545	19,064,009	41,877,554
Restricted for:			
Schools	-	-	-
Community enhancement	1,691,615	-	1,691,615
Streets	1,962,858	-	1,962,858
Culture and recreation	60,453	-	60,453
Capital projects	1,616,758	-	1,616,758
Public safety	57,695	-	57,695
Grant projects	53,815	-	53,815
Cemetery	147,537	-	147,537
Library capital improvement	186,486	-	186,486
Donor provisions-library	5,111,090	-	5,111,090
Debt service	3,514,052	-	3,514,052
Unrestricted (deficit)	(123,852)	17,988,488	17,864,636
Total net position	<u>\$ 37,092,052</u>	<u>\$ 37,052,497</u>	<u>\$ 74,144,549</u>

See accompanying notes to the basic financial statements.

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

Government-Wide Statement of Activities –Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 11,858,298	\$ 187,488	\$ 7,525	\$ -	\$ (11,663,285)	\$ -	\$ (11,663,285)
Public Safety	9,301,290	200,918	1,099,180	53,230	(7,947,962)	-	(7,947,962)
Streets	4,002,475	720	235,292	-	(3,766,463)	-	(3,766,463)
Culture and Recreation	3,194,397	68,941	78,165	-	(3,047,291)	-	(3,047,291)
Cemetery	353,755	50,765	-	-	(302,990)	-	(302,990)
Airport	454,414	180,402	-	281,035	7,023	-	7,023
Economic Development	958,983	-	-	-	(958,983)	-	(958,983)
Interest on Long-term debt	349,869	-	-	-	(349,869)	-	(349,869)
Total governmental activities	<u>30,473,481</u>	<u>689,234</u>	<u>1,420,162</u>	<u>334,265</u>	<u>(28,029,820)</u>	<u>-</u>	<u>(28,029,820)</u>
Business-Type Activities							
Water	5,581,503	5,438,913	-	-	-	(142,590)	(142,590)
Wastewater	3,449,807	3,414,898	-	-	-	(34,909)	(34,909)
Sanitation	2,218,005	3,432,483	-	-	-	1,214,478	1,214,478
Golf	619,300	431,922	-	-	-	(187,378)	(187,378)
Total business-type activities	<u>11,868,615</u>	<u>12,718,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>849,601</u>	<u>849,601</u>
Total primary government	<u>\$ 42,342,096</u>	<u>\$ 13,407,450</u>	<u>\$ 1,420,162</u>	<u>\$ 334,265</u>	<u>\$ (28,029,820)</u>	<u>\$ 849,601</u>	<u>\$ (27,180,219)</u>
General revenues:							
Taxes:							
Sales and use taxes					\$ 23,732,069	\$ -	\$ 23,732,069
Property taxes					2,906,035	-	2,906,035
Franchise and miscellaneous taxes					1,881,616	-	1,881,616
911 taxes					218,756	-	218,756
Hotel/motel taxes					956,522	-	956,522
Intergovernmental revenue not restricted to specific programs					362,458	-	362,458
Unrestricted investment earnings					272,834	16,532	289,366
Miscellaneous					892,123	34,660	926,783
Transfers					(934,253)	934,253	-
Total general revenues and transfers					<u>30,288,160</u>	<u>985,445</u>	<u>31,273,605</u>
Change in net position					<u>2,258,340</u>	<u>1,835,046</u>	<u>4,093,386</u>
Net position - beginning, restated					<u>34,833,712</u>	<u>35,217,451</u>	<u>70,051,163</u>
Net position - ending					<u>\$ 37,092,052</u>	<u>\$ 37,052,497</u>	<u>\$ 74,144,549</u>

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

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

Governmental Funds Balance Sheet - June 30, 2015

	General Fund	Special Revenue Funds		Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		Community Enhancement Fund	Library Trust Fund	Street Improvement Fund	TIF 2		
ASSETS							
Cash and cash equivalents	\$ 5,822,689	\$ 1,160,597	\$ 52,620	\$ 1,570,047	\$ 3,727,137	\$ 3,036,557	\$ 15,369,647
Investments	1,287,229	200,000	5,058,470	200,000	-	-	6,745,699
Receivable from other governments	1,882,341	361,307	-	361,307	-	638,989	3,243,944
Due from other funds	634,235	-	-	-	-	26,564	660,799
Other taxes receivable, net	-	-	-	-	-	80,003	80,003
Court fines receivable, net	65,873	-	-	-	-	-	65,873
Other receivables	36,727	-	-	-	-	-	36,727
Total assets	<u>\$ 9,729,094</u>	<u>\$ 1,721,904</u>	<u>\$ 5,111,090</u>	<u>\$ 2,131,354</u>	<u>\$ 3,727,137</u>	<u>\$ 3,782,113</u>	<u>\$ 26,202,692</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 1,027,827	\$ 17,192	\$ -	\$ 83,901	\$ 240,746	\$ 250,865	\$ 1,620,531
Due to other funds	597,542	-	-	25,105	-	766	623,413
Due to bondholders	3,845	-	-	-	-	-	3,845
Payable to other governments	-	-	-	-	-	260,657	260,657
Other payables	388,397	-	-	1,060	-	-	389,457
Total liabilities	<u>2,017,611</u>	<u>17,192</u>	<u>-</u>	<u>110,066</u>	<u>240,746</u>	<u>512,288</u>	<u>2,897,903</u>
Deferred Inflows of Resources:							
Deferred revenue	54,347	-	-	-	-	38,000	92,347
Fund balances:							
Restricted	-	1,691,615	5,111,090	1,962,858	3,483,964	2,152,832	14,402,359
Assigned	5,866,863	13,097	-	58,430	2,427	1,078,993	7,019,810
Unassigned	1,790,273	-	-	-	-	-	1,790,273
Total fund balances	<u>7,657,136</u>	<u>1,704,712</u>	<u>5,111,090</u>	<u>2,021,288</u>	<u>3,486,391</u>	<u>3,231,825</u>	<u>23,212,442</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 9,729,094</u>	<u>\$ 1,721,904</u>	<u>\$ 5,111,090</u>	<u>\$ 2,131,354</u>	<u>\$ 3,727,137</u>	<u>\$ 3,782,113</u>	<u>\$ 26,202,692</u>

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, 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

	<u>Special Revenue Funds</u>			<u>Capital Project</u>	<u>Debt Service</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General Fund</u>	<u>Community</u> <u>Enhancement</u> <u>Fund</u>	<u>Library Trust</u> <u>Fund</u>	<u>Street</u> <u>Improvement</u> <u>Fund</u>	<u>TIF 2</u>		
REVENUES							
Taxes	\$ 15,709,402	\$ 2,892,511	\$ -	\$ 2,892,511	\$ 2,471,133	\$ 5,721,262	\$ 29,686,819
Intergovernmental	1,375,648	-	-	-	-	598,254	1,973,902
Licenses and permits	151,175	-	-	-	-	-	151,175
Charges for services	143,328	-	-	720	-	209,817	353,865
Fines and forfeitures	173,250	-	-	-	-	-	173,250
Investment earnings	44,630	1,826	180,171	1,929	1,461	40,638	270,655
Miscellaneous	572,295	-	183,365	-	-	448,218	1,203,878
Total revenues	<u>18,169,728</u>	<u>2,894,337</u>	<u>363,536</u>	<u>2,895,160</u>	<u>2,472,594</u>	<u>7,018,189</u>	<u>33,813,544</u>
EXPENDITURES							
Current:							
General government	4,929,807	870,520	-	-	2,808,453	2,693,887	11,302,667
Public safety	9,478,384	-	-	-	-	47,260	9,525,644
Street	1,311,506	-	-	60,783	-	498,493	1,870,782
Culture and recreation	2,691,825	-	16,006	-	-	192,758	2,900,589
Cemetery	290,308	-	-	-	-	-	290,308
Airport	-	-	-	-	-	331,622	331,622
Economic development	-	-	-	-	-	958,983	958,983
Capital outlay	1,042,646	9,991	-	2,075,038	-	1,623,487	4,751,162
Debt service:							
Principal	-	48,864	-	-	6,730,000	1,929,661	8,708,525
Interest and other charges	-	6,586	-	-	480,404	101,470	588,460
Total expenditures	<u>19,744,476</u>	<u>935,961</u>	<u>16,006</u>	<u>2,135,821</u>	<u>10,018,857</u>	<u>8,377,621</u>	<u>41,228,742</u>
Excess (deficiency) of revenues over expenditures	<u>(1,574,748)</u>	<u>1,958,376</u>	<u>347,530</u>	<u>759,339</u>	<u>(7,546,263)</u>	<u>(1,359,432)</u>	<u>(7,415,198)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt	-	-	-	-	6,230,000	-	6,230,000
Proceeds from sale of capital assets	13,477	-	-	-	-	-	13,477
Transfers in	5,002,964	-	-	16,406	-	1,068,722	6,088,092
Transfers out	(3,101,808)	(1,654,400)	(150,000)	(701,000)	-	(1,163,217)	(6,770,425)
Total other financing sources and uses	<u>1,914,633</u>	<u>(1,654,400)</u>	<u>(150,000)</u>	<u>(684,594)</u>	<u>6,230,000</u>	<u>(94,495)</u>	<u>5,561,144</u>
Net change in fund balances	339,885	303,976	197,530	74,745	(1,316,263)	(1,453,927)	(1,854,054)
Fund balances - beginning	7,317,251	1,400,736	4,913,560	1,946,543	4,802,654	4,685,752	25,066,496
Fund balances - ending	<u>\$ 7,657,136</u>	<u>\$ 1,704,712</u>	<u>\$ 5,111,090</u>	<u>\$ 2,021,288</u>	<u>\$ 3,486,391</u>	<u>\$ 3,231,825</u>	<u>\$ 23,212,442</u>

See accompanying notes to the basic financial statements.

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

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	23,212,442
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Investments are reported at the fund level for prepayment of judgements by the General Fund. These are not reported in the Statement of Net Position, but are netted against proceeds from interfund advance and the principal retirement of such advance.		
		(286,831)
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position, net of accumulated depreciation of \$71,356,190.		
		29,512,269
Other long-term assets and deferred outflows are not available to pay current period expenditures and therefore are deferred or not reported in the funds:		
Grants receivable		41,063
Court fines receivable		39,284
Property taxes receivable		12,000
Pension related deferred outflows		1,428,686
Other long-term assets are not a current financial resource and, therefore, are not reported in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:		
Net pension asset		1,206,780
Deferred amount on refunding		124,600
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. A portion of the assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.		
Net position of the Internal Service Funds		1,129,013
Certain long-term liabilities are not due and payable from current resources, and, therefore, they, along with certain deferred inflows are not reported in the funds:		
Net pension liability		(6,906,497)
Pension related deferred inflows		(2,953,787)
Accrued interest payable		(5,738)
Capital lease obligations payable		(468,724)
Revenue bonds payable		(6,230,000)
Accrued compensated absences		(1,125,148)
Other post-employment benefits		(1,637,360)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$</u>	<u>37,092,052</u>

See accompanying notes to the basic financial statements.

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

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds:	\$	(1,854,054)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital asset purchases capitalized		4,128,275
Capital assets disposed		(78,012)
Depreciation expense		(3,235,455)
<p>Investments are reported at the fund level for prepayment of judgements by the General Fund. These are not reported in the Statement of Net Position, but are netted against proceeds from interfund advance and the principal retirement of such advance.</p>		
Principal retirement of interfund advances		384,661
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenue		51,378
<p>In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.</p>		
		1,140,697
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Debt proceeds		(6,230,000)
Principal payments on capital lease obligations		48,864
Principal payments on revenue bonds payable		8,275,000
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. A portion of the change in net position of the internal service funds is included in governmental activities in the Statement of Activities.</p>		
Total change in net position of the internal service funds		(86,569)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Change in accrued interest payable		113,991
Change in OPEB liability		(264,100)
Change in accrued compensated absences		(260,936)
Amortization of deferred amount on refunding		124,600
Change in net position of governmental activities	\$	2,258,340

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

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

Proprietary Funds Statement of Net Position - June 30, 2015

	<u>Ardmore Solid Waste Authority</u>		<u>Ardmore Public Works Authority</u>		<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
	<u>Sanitation Enterprise</u>	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>				
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 2,887,578	\$ 3,849,867	\$ 1,131,339	\$ 21,897	\$ 7,890,681	\$ 856,798	
Restricted cash and cash equivalents	-	-	6,323,445	-	6,323,445	-	
Investments	500,000	1,700,621	1,500,502	-	3,701,123	500,157	
Accounts receivable, net of allowance	422,452	455,653	557,169	-	1,435,274	-	
Due from other funds	-	180,654	180,654	-	361,308	305,659	
Other receivables	-	-	68	-	68	-	
Inventories	-	-	255,353	-	255,353	20,803	
Total current assets	<u>3,810,030</u>	<u>6,186,795</u>	<u>9,948,530</u>	<u>21,897</u>	<u>19,967,252</u>	<u>1,683,417</u>	
Non-current assets:							
Land and construction in progress	-	214,599	85,082	-	299,681	-	
Other capital assets, net of depreciation	1,314,993	26,007,247	27,013,098	706,582	55,041,920	-	
Net pension asset	121,580	101,820	216,685	-	440,085	-	
Total non-current assets	<u>1,436,573</u>	<u>26,323,666</u>	<u>27,314,865</u>	<u>706,582</u>	<u>55,781,686</u>	<u>-</u>	
Total assets	<u>\$ 5,246,603</u>	<u>\$ 32,510,461</u>	<u>\$ 37,263,395</u>	<u>\$ 728,479</u>	<u>\$ 75,748,938</u>	<u>\$ 1,683,417</u>	
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount related to pensions	90,993	76,204	162,170	-	329,367	-	
Deferred amount on refunding	-	-	33,022	-	33,022	-	
Total Deferred Outflows of Resources	<u>90,993</u>	<u>76,204</u>	<u>195,192</u>	<u>-</u>	<u>362,389</u>	<u>-</u>	
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	65,018	149,294	347,235	-	561,547	\$ 26,504	
Accrued interest payable	-	-	171,536	-	171,536	-	
Due to other funds	13,973	622,909	59,082	-	695,964	8,389	
Other payables	-	-	2,812	-	2,812	-	
Due to employees	-	-	-	-	-	12,646	
Current portion of:							
Compensated absences	6,513	6,368	12,534	-	25,415	2,948	
Deposits subject to refund	-	-	42,515	-	42,515	-	
Notes payable	-	-	3,278,013	-	3,278,013	-	
Total current liabilities	<u>85,504</u>	<u>778,571</u>	<u>3,913,727</u>	<u>-</u>	<u>4,777,802</u>	<u>50,487</u>	
Non-current liabilities:							
Compensated absences	58,615	57,311	112,807	-	228,733	26,531	
Deposits subject to refund	-	-	170,060	-	170,060	-	
OPEB liability	121,260	146,811	244,352	-	512,423	29,763	
Claims payable	-	-	-	-	-	447,623	
Notes payable	-	-	32,999,579	-	32,999,579	-	
Total non-current liabilities	<u>179,875</u>	<u>204,122</u>	<u>33,526,798</u>	<u>-</u>	<u>33,910,795</u>	<u>503,917</u>	
Total liabilities	<u>265,379</u>	<u>982,693</u>	<u>37,440,525</u>	<u>-</u>	<u>38,688,597</u>	<u>554,404</u>	
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to pensions	102,283	85,659	182,291	-	370,233	-	
NET POSITION							
Net investment in capital assets	1,314,993	26,221,846	(9,179,412)	706,582	19,064,009	-	
Unrestricted	3,654,941	5,296,467	9,015,183	21,897	17,988,488	1,129,013	
Total net position	<u>\$ 4,969,934</u>	<u>\$ 31,518,313</u>	<u>\$ (164,229)</u>	<u>\$ 728,479</u>	<u>\$ 37,052,497</u>	<u>\$ 1,129,013</u>	

See accompanying notes to the basic financial statements.

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

	Ardmore Solid Waste Authority			Ardmore Public Works Authority		Other Enterprise Funds	Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise					
REVENUES								
Water	-	-	5,428,977	-	-	-	\$ 5,428,977	-
Wastewater	-	3,408,660	-	-	-	-	3,408,660	-
Sanitation	3,426,213	-	-	-	-	-	3,426,213	-
Golf	-	-	-	431,922	-	-	431,922	-
Self insurance charges	-	-	-	-	-	-	-	4,376,814
Miscellaneous	-	-	-	9,786	-	-	9,786	-
Total operating revenues	<u>3,426,213</u>	<u>3,408,660</u>	<u>5,428,977</u>	<u>441,708</u>	<u>-</u>	<u>-</u>	<u>12,705,558</u>	<u>4,376,814</u>
OPERATING EXPENSES								
Water	-	-	2,857,742	-	-	-	2,857,742	-
Wastewater	-	2,078,374	-	-	-	-	2,078,374	-
Sanitation	1,913,167	-	-	-	-	-	1,913,167	-
Administration	-	-	58,800	-	-	-	58,800	4,465,562
Golf operations	-	-	-	561,733	-	-	561,733	-
Depreciation	304,838	1,342,033	1,945,277	57,567	-	-	3,649,715	-
Total Operating Expenses	<u>2,218,005</u>	<u>3,420,407</u>	<u>4,861,819</u>	<u>619,300</u>	<u>-</u>	<u>-</u>	<u>11,119,531</u>	<u>4,465,562</u>
Operating income (loss)	<u>1,208,208</u>	<u>(11,747)</u>	<u>567,158</u>	<u>(177,592)</u>	<u>-</u>	<u>-</u>	<u>1,586,027</u>	<u>(88,748)</u>
NON-OPERATING REVENUES (EXPENSES)								
Interest and investment revenue	4,639	7,606	4,219	68	-	-	16,532	2,179
Miscellaneous revenue	2,883	22,840	8,937	-	-	-	34,660	-
Gain on sale of capital assets	-	5,738	6,920	-	-	-	12,658	-
Interest expense	-	-	(749,084)	-	-	-	(749,084)	-
Total non-operating revenue (expenses)	<u>7,522</u>	<u>36,184</u>	<u>(729,008)</u>	<u>68</u>	<u>-</u>	<u>-</u>	<u>(685,234)</u>	<u>2,179</u>
Income (loss) before contributions and transfers	1,215,730	24,437	(161,850)	(177,524)	-	-	900,793	(86,569)
Capital contributions	3,600	311,938	196,382	-	-	-	511,920	-
Transfers in	1,000	6,288,504	2,754,756	107,938	-	-	9,152,198	-
Transfers out	(843,744)	(1,712,040)	(5,911,143)	(262,938)	-	-	(8,729,865)	-
Change in net position	376,586	4,912,839	(3,121,855)	(332,524)	-	-	1,835,046	(86,569)
Total net position - beginning, restated	4,593,348	26,605,474	2,957,626	1,061,003	-	-	35,217,451	1,215,582
Total net position - ending	<u>\$ 4,969,934</u>	<u>\$ 31,518,313</u>	<u>\$ (164,229)</u>	<u>\$ 728,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,052,497</u>	<u>\$ 1,129,013</u>

See accompanying notes to the basic financial statements.

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

	<u>Ardmore Solid Waste Authority</u>		<u>Ardmore Public Works Authority</u>			<u>Internal Service Funds</u>
	<u>Sanitation Enterprise</u>	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 3,410,329	\$ 3,362,189	\$ 5,493,063	\$ 441,708	\$ 12,707,289	\$ 4,376,814
Receipts (payments) from (to) other funds	6,822	8,280	(183,666)	-	(168,564)	(121,184)
Payments to suppliers	(985,184)	(1,100,927)	(1,685,759)	(562,040)	(4,333,910)	(357,693)
Payments to employees	(979,076)	(1,097,066)	(1,923,914)	-	(4,000,056)	(357,317)
Claims and judgements paid	-	-	-	-	-	(3,612,563)
Receipts of customer meter deposits	-	-	74,460	-	74,460	-
Refunds of customer meter deposits	-	-	(71,435)	-	(71,435)	-
Other receipts	2,883	22,840	8,937	-	34,660	-
Net cash provided by (used in) operating activities	<u>1,455,774</u>	<u>1,195,316</u>	<u>1,711,686</u>	<u>(120,332)</u>	<u>4,242,444</u>	<u>(71,943)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	1,000	6,288,504	2,754,756	107,938	9,152,198	-
Transfers to other funds	(843,744)	(1,712,040)	(5,911,143)	(2,938)	(8,469,865)	-
Net cash provided by (used in) noncapital financing activities	<u>(842,744)</u>	<u>4,576,464</u>	<u>(3,156,387)</u>	<u>105,000</u>	<u>682,333</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	-	10,885,714	-	10,885,714	-
Principal paid on debt	-	(594,560)	(3,124,911)	-	(3,719,471)	-
Interest and fiscal agent fees paid on debt	-	-	(719,941)	-	(719,941)	-
Purchase of capital assets	(258,933)	(4,451,172)	(418,401)	(2,938)	(5,131,444)	-
Proceeds from sale of capital assets	-	5,738	6,920	-	12,658	-
Net cash provided by (used in) capital and related financing activities	<u>(258,933)</u>	<u>(5,039,994)</u>	<u>6,629,381</u>	<u>(2,938)</u>	<u>1,327,516</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (purchase) of investments	-	(1,100,621)	(502)	-	(1,101,123)	(157)
Interest and dividends	4,639	7,606	4,219	68	16,532	2,179
Net cash provided by (used in) investing activities	<u>4,639</u>	<u>(1,093,015)</u>	<u>3,717</u>	<u>68</u>	<u>(1,084,591)</u>	<u>2,022</u>
Net increase (decrease) in cash and cash equivalents	<u>358,736</u>	<u>(361,229)</u>	<u>5,188,397</u>	<u>(18,202)</u>	<u>5,167,702</u>	<u>(69,921)</u>
Balances - beginning of year	<u>2,528,842</u>	<u>4,211,096</u>	<u>2,266,387</u>	<u>40,099</u>	<u>9,046,424</u>	<u>926,719</u>
Balances - end of year	<u>\$ 2,887,578</u>	<u>\$ 3,849,867</u>	<u>\$ 7,454,784</u>	<u>\$ 21,897</u>	<u>\$ 14,214,126</u>	<u>\$ 856,798</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 2,887,578	\$ 3,849,867	\$ 1,131,339	\$ 21,897	\$ 7,890,681	\$ 856,798
Restricted cash and cash equivalents - current	-	-	6,323,445	-	6,323,445	-
Total cash and cash equivalents, end of year	<u>\$ 2,887,578</u>	<u>\$ 3,849,867</u>	<u>\$ 7,454,784</u>	<u>\$ 21,897</u>	<u>\$ 14,214,126</u>	<u>\$ 856,798</u>

See accompanying notes to the basic financial statements.

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

	<u>Ardmore Solid Waste Authority</u>		<u>Ardmore Public Works Authority</u>			Total	Internal Service Funds
	<u>Sanitation Enterprise</u>	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>	<u>Other Enterprise Funds</u>			
Reconciliation of operating income (loss) to net cash provided by (used in)							
Operating Activities:							
Operating income (loss)	\$ 1,208,208	\$ (11,747)	\$ 567,158	\$ (177,592)	\$ 1,586,027	\$ (88,748)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities:							
Depreciation expense	304,838	1,342,033	1,945,277	57,567	3,649,715	-	
Other non-operating revenues	2,883	22,840	8,937	-	34,660	-	
Change in assets and liabilities:							
Receivables, net	(15,884)	(46,471)	64,086	-	1,731	-	
Inventory	-	-	(2,801)	-	(2,801)	5,420	
Due from other funds	-	1,195	1,195	-	2,390	(123,362)	
Other receivables	-	-	-	-	-	-	
Accounts payable and accrued liabilities	(9,087)	(83,693)	(619,349)	(307)	(712,436)	(14,522)	
Customer meter deposits payable	-	-	3,025	-	3,025	-	
Due to other funds	6,822	7,085	(184,861)	-	(170,954)	2,178	
Other payable	-	-	700	-	700	-	
Claims payable	-	-	-	-	-	123,362	
OPEB	19,508	20,260	37,812	-	77,580	6,228	
Accrued compensated absences	7,225	(2,107)	5,457	-	10,575	17,501	
Net pension asset	(62,102)	(55,497)	(118,241)	-	(235,840)	-	
Deferred amounts related to pensions	(6,637)	1,418	3,291	-	(1,928)	-	
Net cash provided by (used in) operating activities	<u>\$ 1,455,774</u>	<u>\$ 1,195,316</u>	<u>\$ 1,711,686</u>	<u>\$ (120,332)</u>	<u>\$ 4,242,444</u>	<u>\$ (71,943)</u>	
Noncash activities:							
Contributed capital assets	\$ 3,600	\$ 311,938	\$ 196,382	\$ -	\$ 511,920	\$ -	
	<u>\$ 3,600</u>	<u>\$ 311,938</u>	<u>\$ 196,382</u>	<u>\$ -</u>	<u>\$ 511,920</u>	<u>\$ -</u>	

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Ardmore), two blended component units, and six discretely presented component units as noted below.

In determining the financial reporting entity, except as noted below, the City complies with the provisions of Governmental Accounting Standards Board Statements No. 14, 34, and 39 and includes all component units for which the City is financially accountable.

The City of Ardmore – that provides the public safety, streets, culture and recreation, cemetery, airport, economic development and administrative activities.

The City of Ardmore, Oklahoma, is a charter city operating under a Commission-Manager form of government authorized by the charter and Title 11 of the Oklahoma statutes. The governing body of the City is the Commission comprised of five elected members who designate one member to serve as mayor. The appointed City Manager is the administrative head of the City.

The City of Ardmore has a population of approximately 24,283 located in southern Oklahoma. The City is a Commission/Manager form of government that provides for three branches of government:

- Legislative – the City Commission is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Commission
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Commission

The City and its Trusts provide typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, sanitation and golf.

Blended Component Units:

- **The City of Ardmore Public Works Authority** – that operates the water and sewer services of the City.
- **The Ardmore Solid Waste Authority** – that operates the sanitation services of the City.

Discretely Presented Component Unit (excluded from the reporting entity):

- **Ardmore Animal Care Authority** - operates for the benefit of the Ardmore Animal Shelter. The City subsidizes the operations of the animal care authority. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.
- **Ardmore Regional Park Authority** - established for the development and operation of a regional park facility. The City provides significant funding of operations for the park authority.

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The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.

- **Hardy Murphy Coliseum Authority** - operates the activities of the Hardy Murphy Coliseum. The City provides significant funding for capital improvements and operations. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.
- **Ardmore Tourism Authority** - established for the development of tourism in the Ardmore area. The City receives and transfers to this Authority a hotel/motel tax of 5 percent. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.
- **Ardmore Development Authority** - established to promote industrial development in the Ardmore area. The City receives and transfers to this Authority a dedicated sales tax of ¼ percent. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.
- **Ardmore Main Street Authority** - established to preserve and improve the historical value of the downtown Ardmore area. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.

Discretely presented component units of the City issue separately audited Component Unit Financial Statements. Copies of those financial statements may be obtained from the City's accounting department.

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 Commission to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for 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.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. 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 are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Animal Control, and Civil Emergency Management – fines and forfeitures, fire run charges, on behalf payments made by the state, and restricted operating and capital grants.
- Airport – rental fees and capital grants.

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- Streets – Commercial vehicle and gasoline excise tax shared by the State and other miscellaneous fees.
- Culture and recreation – lake fees, pool fees, library fees, recreation fees, operating and capital grants.
- Cemetery – cemetery revenues.
- General Government – licenses and permits, service fees, and restricted operating grants.
- Economic Development – rental income.
- Utilities – water, wastewater and sanitation.

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 include:

Major Funds:

- General Fund – accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund:

- Community Enhancement Fund - accounts for a .50 cent sales tax to be used for police protection, fire safety, auditorium renovation, coliseum renovation, industrial growth, parks and recreation improvement and general government.
- Library Trust Fund – accounts for the activities of the bequests found in the wills of two Ardmore citizens.

Capital Project Fund:

- Street Improvement Fund – accounts for a .50 cent sales tax to be used for street improvements for the City of Ardmore.

Debt Service Funds:

- TIF 2 Fund – accounts for the tax increment revenues used to pay debt service TIF revenue notes.

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

Special Revenue Funds:

- GAPS Tax Schools Fund – accounts for a .25 cent sales tax to be used for the capital needs of Ardmore Schools and Plainview Schools.
- Street and Alley Fund - accounts for state shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes.
- Library State Grant Fund – accounts for revenues received from the State to be used for library activities.
- Historical Grant Fund – accounts for grant revenues to be used for preservation, development, protection and maintenance of historical districts and structures.
- Pass Thru Grants Fund – accounts for activities of various pass thru or small grants.

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- FAA Grant Fund – accounts for grant funds received from FAA for airport operations and capital projects.
- Mayor’s Anti-Crime Fund – accounts for donations received from the Chickasaw Indian Nation to be used to combat crime and drug related crimes.
- Homeland Security Grant Fund – accounts for grant revenues to be used for various homeland security activities.
- JAG LLEB Grant Fund – accounts for various grants to be used for law enforcement activities.
- ADA Industrial Fund – accounts for a .25 cent sales tax to be used for economic development activities to be administered by the Ardmore Development Authority.
- GAPS Tax City Fund – accounts for a .25 cent sales tax to be used for the construction and rehabilitation of City owned streets, facilities, water and wastewater infrastructure and police and fire capital needs.
- Convention Tourism Fund – accounts for hotel/motel tax revenues set aside for the Ardmore Tourism Authority to be used for purposes of a conference center.
- Literacy Grant Fund – accounts for grant funds received for library operations and capital expenditures.
- Tobacco Settlement Fund – accounts for the activities of a Healthy Communities Incentive grant.

Capital Project Funds:

- Hazard Mitigation Fund – accounts for grant monies received from FEMA for various projects.
- Fire Capital Fund – accounts for donations and fire surcharges to be used for fire capital purchases.
- Downtown Executive Airport Fund – accounts for hanger rent and airport grants to be used for maintenance of the airport and various airport capital projects.
- Capital Improvement Fund – accounts for dividends paid on oil well leases to be used for various capital projects.
- CDBG Fund – account for ODOC grant revenues to be used for various capital projects.
- Cemetery Care Fund – accounts for the transfer of 25% of revenue from cemetery lot sales and interment fees, which, with the exception of interest earnings, may only be used to purchase additional land and for major capital improvements to the cemetery. Interest earnings in the fund can be used for improving, caring for and embellishing lots, walks, drives, parks and other necessary improvements.
- Library Capital Improvement Fund – accounts for interest earned from investment of idle funds in various investments and any additional monies bequest to the library from citizens to be used for library capital improvements.
- Main Street Streetscape Fund – accounts for activities of a special assessment district.
- Timber Grove Street Assessment Fund – accounts for activities of a special assessment district.
- Champion Station Street Assessment Fund – accounts for activities of a special assessment district.
- Streetscape II Assessment Fund – accounts for activities of a special assessment district.
- Greenbriar Street Assessment Fund – accounts for activities of a special assessment district.
- Valley Ranch Road Assessment Fund – accounts for activities of a special assessment district.

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Debt Service Funds:

- Debt Service Fund – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments and general obligation bonds and their related interest expense. In State Statutes this fund is referred to as the Sinking Fund.
- Ardmore Community Facilities Authority – accounts for the revenue bonds issued for the use of various capital projects at the Ardmore Schools.

The governmental funds are reported on the modified accrual basis of accounting and current financial resources measurement focus. 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 accrual basis of accounting and economic resources measurement focus at the government-wide level.

The General Fund, Community Enhancement Fund, Library Trust Fund, Street Improvement Fund and TIF 2 Fund are considered major funds and therefore are displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column titled Other Governmental Funds.

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-type activities provided within the government. Proprietary funds are reported on the accrual basis of accounting and current financial resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The City's enterprise funds include the following major funds:

Ardmore Solid Waste Authority:

- Sanitation Enterprise Fund – that operates the sanitation services.

Ardmore Public Works Authority:

- Wastewater Enterprise Fund – that operates the wastewater services.
- Water Enterprise Fund – that operates the water services.

The Lakeview Golf Course Fund and Golf Course Building Fund are considered non-major funds and are reported under a separate column entitled Other Enterprise Funds.

The City's internal service funds include the following:

- Garage Fund – that accounts for the activities of providing automotive and machinery maintenance and repair services to the City.
- Employee Benefit Fund – that accounts for the activities of providing payroll benefits to the employees of the City (health, dental and vision insurance coverage).

The proprietary funds are reported on the accrual basis of accounting and current financial 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.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

D. Assets, Liabilities, Deferred Outflows/Inflows, and Equity

Cash 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 or short-term investments with an original maturity of three months or less. Revenue bond and promissory note trust account investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds' current share prices.

The City has a written investment policy that limits its investment choices to the limitations stated in the *Oklahoma Statutes*. *Oklahoma Statutes* allow the City to invest in bonds of cities, school districts, or counties within the State of Oklahoma; public trust bonds whose beneficiary is a county, municipality or school district, except industrial development bonds; direct obligations of the United States; and certificates of deposit. Public trusts created under O.S. Title 60, are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture and investment policy.

Investments consist of non-negotiable certificates of deposit whose original maturity term exceeds three months. These non-negotiable certificates of deposit are carried at cost. Marketable investments are carried at fair value.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and hotel/motel taxes. Business-type activities report utilities as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets

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

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Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. 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
- Building Improvements	20 years
- Public Domain Infrastructure	50 years
- System Infrastructure	30 years
- Vehicles	3-5 years
- Office and Computer Equipment	5 years
- Machinery and Equipment	10 years

Fund Financial Statements

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

Restricted Assets

Restricted assets include cash and investments of the proprietary funds that are legally restricted as to their use. The primary restricted assets are related to promissory note trustee accounts and utility meter deposits.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of notes payable, capital lease obligations payable, claims payable, other post-employment benefits and accrued compensated absences. This long-term debt is reported net of unamortized premiums and discounts.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government buys back accumulations of over 720 hours at a discounted rate before the end of the fiscal year. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Equity Classifications

Net Position:

Net position is normally 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 Statements:

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 place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** – includes 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. The City currently reports no committed fund balance.
- 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 the budgetary process.

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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.

It is the City's policy to first use restricted fund balance prior to the use of 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.

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

E. Revenues, Expenditures, and Expenses

Sales Tax

Sales and use tax revenue represents a 3.75 cents tax on each dollar of taxable sales which is recorded as revenue within the respective funds. Upon receipt, the sales tax is recorded as follows:

- 2 cents is recorded in the General Fund and then ¼ cent transferred to the Wastewater Enterprise Fund for construction and rehabilitation of wastewater infrastructure and ¼ cent transferred to the Water Enterprise Fund for construction and rehabilitation of water infrastructure.
- ½ cent recorded in the Street Improvement Fund for capital projects related to street improvements.
- ½ cent recorded in the Community Enhancement Fund for police and fire, auditorium and coliseum renovation, industrial growth, and parks and recreation.
- ¼ cent, while in effect, recorded in the General Fund and transferred to the Ardmore Development Authority Fund for industrial development in the Ardmore area.
- ¼ cent recorded in the GAPS Tax Schools Fund for educational facilities and equipment. This tax expired September 30, 2014. However, this portion of taxes was approved to continue and now goes to the City for capital expenditures and public safety operations.
- ¼ cent recorded in the GAPS Tax City Fund for construction and rehabilitation of streets, facilities, water and wastewater infrastructure, police and fire capital needs. This tax expired September 30, 2014. However, this portion of taxes was approved to continue and now goes to the City for capital expenditures and public safety operations.

Sales tax resulting from sales occurring prior to year end and received by the City after year end have been accrued and is included under the caption *Due from Other Governments* because they represent taxes on sales occurring during the reporting period.

The ¼ cent for the Ardmore Development Authority Fund expired on September 30, 2013. However, the City failed to notify the Oklahoma Tax Commission this tax was expiring. Therefore, the City continued to receive these taxes from October 2013 thru December 2013 in error. The City deposited these taxes into a separate bank account and will issue sales tax refunds to any citizen that provides receipts over the next three years. At June 30, 2015, The City has recorded a sales tax payable in the amount of \$350,980.

Property Tax

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

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

For the year ended June 30, 2015, the City's net assessed valuation of taxable property was \$165,287,144. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2015, was \$2.63.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay
Proprietary Fund - By Operating and Non-Operating	

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements:

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

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.

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2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements:

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

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, is not eliminated in the Statement of Activities.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

2. Cash, Cash Equivalents, and Investments

At June 30, 2015, the reporting entity held the following deposits and investments:

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Primary Government:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 22,635,968
Cash on hand			1,700
Time deposit	8/4/2015		200,000
Time deposit	8/4/2015		200,000
Time deposit	8/4/2015		500,000
Time deposit	8/4/2015		250,000
Time deposit	8/4/2015		250,000
Time deposit	8/4/2015		250,000
Time deposit	8/4/2015		250,000
Time deposit	8/4/2015		200,000
Time deposit	8/4/2015		200,000
Time deposit	9/8/2015		100,000
Time deposit	10/6/2015		300,000
Time deposit	9/8/2015		300,000
Time deposit	9/8/2015		300,000
Time deposit	10/6/2015		400,000
Time deposit	10/6/2015		400,000
Time deposit	10/6/2015		400,000
Time deposit	10/6/2015		300,000
Time deposit	10/6/2015		500,000
Time deposit	10/6/2015		300,000
			<u>28,237,668</u>
Investments:			
Trustee accounts money market fund		AAA	7,865,679
Mineral interests		N/A	125
FFCB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	374,617
FFCB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	2,441,610
FHLB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	491,921
FHLB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	1,363,221
FHLB U.S. Government Securities	Maturity (10 Yrs and up)	AA+	325,878
			<u>12,863,051</u>
Total deposits and investments			<u>\$ 41,100,719</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 30,440,571
Investments			<u>10,660,148</u>
			<u>\$ 41,100,719</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.

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The City’s policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. At June 30, 2015 the City was not exposed to custodial credit risk.

Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The City’s investment policy limits its investment choices to that of the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer. Since the City has all investments in certificates of deposit, government securities, or money market accounts, there is no concentration of investment credit risk exposure.

Restricted Cash and Investments – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts restricted for utility deposits, debt service or construction purposes. The restricted assets as of June 30, 2015 are as follows:

	Current
	Cash and cash
	equivalents
Series 2011 Reserve Account	\$ 121,497
Series 2011 Cash Landmark Bank	253
Series 2009 Debt Service Account	15,379
Series 2014 Note Revenue Account	650,766
Series 2015 Construction Account	5,322,975
Meter deposits	212,575
Total	\$ 6,323,445

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3. Accounts and Notes Receivable

Accounts Receivable - Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include police fines receivables.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Court fines	\$ 82,341	\$ (16,468)	\$ 65,873
Business-Type Activities:			
Utilities	\$ 1,950,557	\$ (515,215)	\$ 1,435,342

4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, buildings, computers, furniture and fixtures, vehicles, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

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

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	Balance at July 1, 2014	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2015
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 4,251,261	\$ 334,292	\$ -	\$ 4,585,553
Total capital assets not being depreciated	<u>4,251,261</u>	<u>334,292</u>	<u>-</u>	<u>4,585,553</u>
Other capital assets:				
Buildings	13,306,658	441,332	-	13,747,990
Computers	7,375,054	337,349	122,496	7,589,907
Furniture and fixtures	842,772	181,208	1,118	1,022,862
Vehicles	3,939,120	560,066	108,543	4,390,643
Machinery and equipment	4,747,032	280,650	53,620	4,974,062
Infrastructure	62,432,271	2,125,171	-	64,557,442
Total other capital assets at historical cost	<u>92,642,907</u>	<u>3,925,776</u>	<u>285,777</u>	<u>96,282,906</u>
Less accumulated depreciation for:				
Buildings	4,225,757	340,439	-	4,566,196
Computers	6,749,492	185,721	120,633	6,814,580
Furniture and fixtures	707,551	36,670	841	743,380
Vehicles	3,008,028	410,155	32,672	3,385,511
Machinery and equipment	3,330,218	318,043	51,808	3,596,453
Infrastructure	50,175,661	2,074,409	-	52,250,070
Total accumulated depreciation	<u>68,196,707</u>	<u>3,365,437</u>	<u>205,954</u>	<u>71,356,190</u>
Other capital assets, net	<u>24,446,200</u>	<u>560,339</u>	<u>79,823</u>	<u>24,926,716</u>
Governmental activities capital assets, net	<u>\$ 28,697,461</u>	<u>\$ 894,631</u>	<u>\$ 79,823</u>	<u>\$ 29,512,269</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 502,495	\$ 57,186	\$ 260,000	\$ 299,681
Total capital assets not being depreciated	<u>502,495</u>	<u>57,186</u>	<u>260,000</u>	<u>299,681</u>
Other capital assets:				
Buildings	48,727,994	3,550	-	48,731,544
Computers	231,682	75,075	12,706	294,051
Furniture and fixtures	68,460	1,305	1,306	68,459
Vehicles	3,250,955	575,430	82,378	3,744,007
Machinery and equipment	4,922,340	105,178	135,554	4,891,964
Infrastructure	98,858,978	4,875,303	-	103,734,281
Total other capital assets at historical cost	<u>156,060,409</u>	<u>5,635,841</u>	<u>231,944</u>	<u>161,464,306</u>
Less accumulated depreciation for:				
Buildings	11,350,997	968,473	-	12,319,470
Computers	211,511	16,175	11,515	216,171
Furniture and fixtures	56,505	3,997	1,307	59,195
Vehicles	2,507,816	259,000	161,769	2,605,047
Machinery and equipment	3,107,456	329,870	42,813	3,394,513
Infrastructure	85,720,667	2,107,323	-	87,827,990
Total accumulated depreciation	<u>102,954,952</u>	<u>3,684,838</u>	<u>217,404</u>	<u>106,422,386</u>
Other capital assets, net	<u>53,105,457</u>	<u>1,951,003</u>	<u>14,540</u>	<u>55,041,920</u>
Business-type activities capital assets, net	<u>\$ 53,607,952</u>	<u>\$ 2,008,189</u>	<u>\$ 274,540</u>	<u>\$ 55,341,601</u>

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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:

Depreciation expense charged to governmental activities:

General government	\$ 428,284
Public safety	275,796
Street	2,261,503
Culture and recreation	211,280
Cemetery	68,725
Airport	119,849
	\$ 3,365,437

Depreciation expense charged to business-type activities:

Water	\$ 1,953,662
Wastewater	1,366,276
Sanitation	307,333
Golf	57,567
	\$ 3,684,838

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:

Type of Debt	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Capital lease obligations	\$ 517,588	\$ -	\$ 48,864	\$ 468,724	\$ 468,724
Revenue bonds payable	8,275,000	6,230,000	8,275,000	6,230,000	1,200,000
Claims payable	324,261	3,744,921	3,621,559	447,623	-
Accrued compensated absences	888,836	265,790	-	1,154,626	115,462
Other Post-Employment Benefits	1,396,795	270,329	-	1,667,124	-
Net pension liability	9,254,718	-	2,348,221	6,906,497	-
Total Governmental Activities	\$ 20,657,198	\$ 10,511,040	\$ 14,293,644	\$ 16,874,594	\$ 1,784,186
Business-Type Activities:					
Notes Payable	\$ 29,106,668	\$ 10,295,835	\$ 3,124,911	\$ 36,277,592	\$ 3,278,013
Deposits subject to refund	209,550	74,460	71,435	212,575	42,515
Accrued compensated absences	243,573	10,575	-	254,148	25,415
Other Post-Employment Benefits	434,843	77,580	-	512,423	-
Total Business-Type Activities	\$ 29,994,634	\$ 10,458,450	\$ 3,196,346	\$ 37,256,738	\$ 3,345,943

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 1,784,186
Due in more than one year	8,183,911
Net pension liability	6,906,497
Total Governmental Activities Long-Term Liabilities	\$ 16,874,594

Business-Type Activities:

Due within one year	\$ 3,345,943
Due in more than one year	33,910,795
Total Business-Type Activities Long-Term Liabilities	\$ 37,256,738

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Governmental activities long-term debt:

Governmental activities long-term debt payables from net revenues include the following:

Capital Lease Obligations:

\$1,723,000 lease obligation for with De Lage Landen Public Finance for the purchase of broadband wireless, payable in quarterly installments of \$55,450 with an annual interest rate of 5.09%, final payment due January 2017.

		468,724	
Total Capital Leases Payable	\$	468,724	
Current portion	\$	468,724	
Noncurrent portion		-	
Total Capital Leases Payable	\$	468,724	

Revenue Bonds Payable:

2015 Series TIF Tax Exempt Revenue Note, original issue amount of \$6,230,000, dated June 9, 2015, issued by Ardmore Public Works Authority, secured by tax increment revenues, due in semi-annual principal installments each June and December ranging from \$600,000 to \$645,000, interest rate of 1.68%, final maturity June 1, 2020. This is a refunding of the 2010 A Series TIF Tax Exempt Revenue Note.

		\$ 6,230,000	
Total Revenue Bonds Payable	\$	6,230,000	
Current portion	\$	1,200,000	
Noncurrent portion		5,030,000	
Total Revenue Bonds Payable	\$	6,230,000	

Claims Payable:

		-	
Current portion		-	
Noncurrent portion		447,623	
Total Claims Payable	\$	447,623	

Accrued Compensated Absences:

		115,462	
Current portion		115,462	
Noncurrent portion		1,039,164	
Total Accrued Compensated Absences	\$	1,154,626	

Other Post-Employment Benefits:

		-	
Current portion		-	
Noncurrent portion		1,667,124	
Total Other Post-Employment Benefits	\$	1,667,124	

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Net Pension Liability:

	Current portion	-
	Noncurrent portion	6,906,497
	Total Net Pension Liability	<u>\$ 6,906,497</u>

Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Notes Payable:

2012 CW SRF Note Payable to Oklahoma Water Resources Board dated November 19, 2012 original amount of \$8,697,000 with an annual interest rate of 1.7% due in semi-annual installments of principal and interest beginning September 15, 2015, final installment due March 15, 2035, payable from and secured by utility revenues.		\$ 6,817,624
2014 Series Utility System and Sales Tax Revenue Note through Bancfirst dated January 30, 2014, original amount of \$26,140,000 with an annual interest rate of 2.30% due in semi-annual installments of principal and interest beginning April 1, 2014, final installment due April 1, 2023, payable from and secured by utility revenues and 1/2 cent sales tax.		22,980,000
2015 Series Utility System and Sales Tax Revenue Note through Bancfirst dated June 24, 2015, original amount of \$5,430,000 with an annual interest rate of 1.89% due in semi-annual installments of principal and interest beginning October 1, 2015, final installment due April 1, 2024, payable from and secured by utility revenues and 1/2 cent sales tax.		5,430,000
2009 CW SRF Note Payable to Oklahoma Water Resources Board dated December 18, 2009, original amount of \$1,090,000 with an annual interest rate of 2.67% due in semi-annual installments of principal and interest beginning September 15, 2010, final installment due March 15, 2030, payable from and secured by utility revenues.		559,968
2011 Series Utility System and Sales Tax Revenue Note through Bancfirst dated October 25, 2011, original amount of \$4,640,000 with an annual interest rate of 1.85% due in semi-annual installments of principal and interest beginning April 1, 2012, final installment due October 1, 2016, payable from and secured by utility revenues and 1/2 cent sales tax.		490,000
	Total Notes Payable	<u>\$ 36,277,592</u>
	Current portion	\$ 3,278,013
	Noncurrent portion	32,999,579
	Total Notes Payable	<u>\$ 36,277,592</u>

Deposits Subject to Refund:

	Current portion	42,515
	Noncurrent portion	170,060
	Total Deposits Subject to Refund	<u>\$ 212,575</u>

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Accrued Compensated Absences:

	Current portion	25,415
	Noncurrent portion	228,733
Total Accrued Compensated Absences		\$ 254,148

Other Post-Employment Benefits:

	Current portion	-
	Noncurrent portion	512,423
Total Other Post-Employment Benefits		\$ 512,423

Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	Governmental Activities			
	Capital Lease Obligations		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2016	\$ 468,724	\$ 12,228	\$ 1,200,000	\$ 97,298
2017	-	-	1,220,000	79,380
2018	-	-	1,245,000	58,758
2019	-	-	1,270,000	37,758
2020	-	-	1,295,000	16,296
Totals	\$ 468,724	\$ 12,228	\$ 6,230,000	\$ 289,490

<u>Year Ending June 30,</u>	Business Type Activities	
	Notes Payable	
	Principal	Interest
2016	\$ 3,278,013	\$ 726,857
2017	3,431,097	714,726
2018	3,423,583	637,640
2019	3,501,239	559,641
2020	3,579,038	479,920
2021-2025	15,129,143	1,185,629
2026-2030	2,118,382	342,707
2031-2035	1,817,097	106,203
Totals	\$ 36,277,592	\$ 4,753,323

Advance Refunding:

On June 9, 2015, the City issued \$6,230,000 Tax Increment Revenue Note, Series 2015 with an interest rate of 1.68% to refund \$6,443,204 of outstanding Tax Increment Revenue Note, Series 2010A. The net proceeds of \$6,230,000 plus prior debt service funds of \$192,300 and City contributions of \$170,000

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(after payment of \$147,025 of issuance costs and \$2,071 deposited into an interest account) was used to refund the note.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$124,600. This difference, reported in the accompanying financial statements as deferred outflow of resources, is being charged to operations through the year 2020 using the straight line method.

The City completed the refunding to reduce its total debt service payments over the next 10 years by \$909,380 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$428,603.

6. Net Position and Fund Balances

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Community Enhancement Fund	Library Trust Fund	Street Improvement Fund	TIF 2 Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances:							
Restricted for:							
Community enhancement	\$ -	\$ 1,691,615	\$ -	\$ -	\$ -	\$ -	\$ 1,691,615
Street improvements	-	-	-	1,962,858	-	-	1,962,858
Library grants	-	-	-	-	-	20,523	20,523
Grant programs	-	-	-	-	-	53,815	53,815
Public safety	-	-	-	-	-	57,695	57,695
Library	-	-	5,111,090	-	-	226,416	5,337,506
Cemetery	-	-	-	-	-	147,537	147,537
Capital projects	-	-	-	-	-	1,616,758	1,616,758
Debt service	-	-	-	-	3,483,964	30,088	3,514,052
Sub-total Restricted	-	1,691,615	5,111,090	1,962,858	3,483,964	2,152,832	14,402,359
Assigned for:							
Community enhancement	-	13,097	-	-	-	-	13,097
Street improvements	-	-	-	58,430	-	70,357	128,787
Streets and alleys	-	-	-	-	-	21,680	21,680
Library grants	-	-	-	-	-	1,248	1,248
Capital projects	-	-	-	-	-	896,413	896,413
Public safety capital projects	-	-	-	-	-	31,525	31,525
Airport	-	-	-	-	-	46,379	46,379
Debt service	-	-	-	-	2,427	-	2,427
Insurance recovery	55,693	-	-	-	-	-	55,693
Drug enforcement	9,042	-	-	-	-	-	9,042
Public safety	18,711	-	-	-	-	1,069	19,780
Reserve management	3,992,060	-	-	-	-	-	3,992,060
Grant programs	3,547	-	-	-	-	1,849	5,396
OHP building maintenance	36,038	-	-	-	-	-	36,038
Recreation	232,155	-	-	-	-	-	232,155
Library	64,511	-	-	-	-	8,473	72,984
Next year's budget	1,455,106	-	-	-	-	-	1,455,106
Sub-total Assigned	5,866,863	13,097	-	58,430	2,427	1,078,993	7,019,810
Unassigned:	1,790,273	-	-	-	-	-	1,790,273
TOTAL FUND BALANCES	\$ 7,657,136	\$ 1,704,712	\$ 5,111,090	\$ 2,021,288	\$ 3,486,391	\$ 3,231,825	\$ 23,212,442

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. At June 30, 2015, the City reported no fund balance deficits.

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Prior Period Adjustments

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

	Fund Level	Fund Level	Fund Level	Government-Wide	
	Sanitation	Wastewater	Water	Governmental	Business-Type
	Enterprise	Enterprise	Enterprise	Activities	Activities
Beginning net position, as previously reported	\$ 4,551,797	\$26,567,188	\$ 2,876,012	\$ 43,199,227	\$ 35,056,000
Implementation of GASB Pension Statements 68 & 71	41,551	38,286	81,614	(8,365,515)	161,451
Beginning net position, restated	\$ 4,593,348	\$26,605,474	\$ 2,957,626	\$ 34,833,712	\$ 35,217,451

7. Internal and Interfund Balances and Transfers

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

Transfers:

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

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<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Lakeview Golf Course	105,000	Operating transfer
General Fund	Wastewater Enterprise Fund	1,446,256	Sales tax transfer
General Fund	Water Enterprise Fund	1,446,256	Sales tax transfer
Reserve Management Fund	Downtown Executive Airport	101,792	Reimbursement of expenses incurred
Library Cash Fund	Library State Grant	1,775	Grant matching funds
Debt Service Fund	General Fund	301,342	Reimbursement of workers comp cases
Community Enhancement Fund	General Fund	1,654,400	Operating transfer
Street Improvement Fund	General Fund	450,000	Operating transfer
Tobacco Settlement Fund	Parks Cash	1	Close fund
Library State Grant Fund	Library Cash	1,314	Grant matching funds
Street Improvement Fund	Street and Alley Fund	251,000	Operating transfer
GAPS Tax Schools	Ardmore Community Facilities Authority	430,020	Ardmore School portion of sales tax
Street and Alley	General Fund-Commercial Sidewalk	12,201	Transfer for Commercial sidewalk program
Street and Alley	General Fund-RSP	4,770	Operating transfer
Mayor's Anti Crime	Pass-Thru Grants Fund	7,132	Transfer revenues
Mayor's Anti Crime	General Fund	135,000	Operating transfer for police
Capital Improvement	General Fund	250,000	Operating transfer/capital purchases
Capital Improvement	Downtown Executive Airport	5,000	Reimbursement of expenses incurred
Library Trust Fund	Library Capital Improvement	150,000	Reimbursement of expenses incurred
Hester K. Horn Fund	Library Capital Improvement	81	Close fund
E.C. Hall Doll Fund	Library Capital Improvement	648	Close fund
LLEBG Fund	Mayor's Anti Crime Fund	31	Transfer revenues
Streetscape II Assessment	Street Improvement Fund	15,177	Transfer revenues
Greenbriar Street Assessment	Street Improvement Fund	1	Close fund
Main Street Streetscape	Street Improvement Fund	3	Close fund
Timber Grove Street Assessment	Street Improvement Fund	99	Close fund
Champion Station Street Assessment	Street Improvement Fund	1,126	Close fund
Golf Course Building Fund	General Fund	2,938	Capital asset purchases
Sanitation Enterprise	General Fund	843,744	Operating transfer
Wastewater Enterprise	General Fund	403,540	Operating transfer
Wastewater Enterprise	Water Enterprise Fund	1,308,500	Debt payments
Water Enterprise	General Fund	946,631	Operating transfer
Water Enterprise	CDBG Fund	121,243	Grant matching funds
Water Enterprise	Wastewater Enterprise Fund	4,842,248	Debt payments
Water Enterprise	Sanitation Enterprise	1,000	Capital asset purchases
APWA Water Loan Fund	Revolving Loan Fund	21	Close fund
Lakeview Golf Course Fund	Governmental Capital Assets	260,000	Governmental capital asset purchase
Total		<u>\$ 15,500,290</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purchases/Transfers</u>	<u>Net Transfers</u>
Governmental Funds	\$ 6,088,092	\$ (6,770,425)	\$ (251,920)	\$ (934,253)
Proprietary Funds	9,152,198	(8,729,865)	511,920	934,253
Governmental Capital Assets	260,000	-	(260,000)	-
	<u>\$ 15,500,290</u>	<u>\$ (15,500,290)</u>	<u>\$ -</u>	<u>\$ -</u>

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Balances:

Interfund receivable and payables at June 30, 2015 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Wastewater Enterprise Fund	180,654	Portion of sales tax accrual
General Fund	Water Enterprise Fund	180,654	Portion of sales tax accrual
General Fund	Employee Benefit Internal Service Fund	214,576	Portion of self-insurance claims payable
General Fund	Garage Cash Fund	19,060	Reimburse for deposit recorded incorrectly
Street Improvement Fund	Hazard Mitigation Fund	25,105	Reimburse expenses
Recreation Fund	Employee Benefit Internal Service Fund	1,130	Portion of self-insurance claims payable
Emergency Management Fund	Employee Benefit Internal Service Fund	9	Portion of self-insurance claims payable
Library Capital Improvement	Employee Benefit Internal Service Fund	586	Portion of self-insurance claims payable
Library State Grant Fund	Employee Benefit Internal Service Fund	180	Portion of self-insurance claims payable
Sanitation Enterprise Fund	Employee Benefit Internal Service Fund	13,973	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Employee Benefit Internal Service Fund	22,909	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Reserve Management Fund	600,000	Reimburse for deposit recorded incorrectly
Water Enterprise Fund	Employee Benefit Internal Service Fund	24,847	Portion of self-insurance claims payable
Water Enterprise Fund	Parks Cash Fund	34,235	Reimburse for deposit recorded incorrectly
Library Cash Fund	Literacy Grant Fund	1,459	Reimburse for deposit recorded incorrectly
Garage Cash Fund	Employee Benefit Internal Service Fund	8,389	Portion of self-insurance claims payable
Total		<u>\$ 1,327,766</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Internal Service Fund Activity</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 660,799	\$ (623,413)	\$ 297,270	\$ 334,656
Proprietary Funds	361,308	(695,964)	-	(334,656)
Internal Service Funds	305,659	(8,389)	(297,270)	-
Total	<u>\$ 1,327,766</u>	<u>\$ (1,327,766)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge – The City has pledged ½ cents of future sales tax revenues and net water and wastewater utility revenues to repay the following notes payable: \$1,090,000 of 2009 OWRB Notes Payable, \$4,640,000 of 2011 Series Utility System and Sales Tax Revenue Notes, \$6,817,624 of 2012 OWRB Notes Payable, \$26,140,000 of 2014 Series Utility System and Sales Tax Revenue Notes, and \$5,430,000 of 2015 Series Utility System and Sales Tax Revenue Notes. Proceeds from the bonds provided for the purchase or construction of water and utility systems. The notes are payable from pledged sales tax and net water and sewer utility revenues through 2030, 2016, 2034, 2023, and 2024 respectively. The total principal and interest payable for the remainder of the life of these notes is \$41,030,915. Pledged net water and sewer utility revenues in the current fiscal year were \$6,735,232. Maximum annual debt service on all parity debt totaled \$4,652,098 which was 145% of total pledged revenues for these notes.

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Gross Revenue Available for Debt Service:	
Charges for services	\$8,837,637
Sales tax pledged (1/2 cents)	2,892,511
Total Gross Revenues Available	11,730,148
Operating Expenses:	
Operations	4,994,916
Total Operating Expenses	4,994,916
Net Revenues Available for Debt Service	\$6,735,232
Debt Service Requirements:	
Maximum annual debt service on all APWA parity debt	\$4,652,098
Computed Coverage	145%
Coverage Requirement	125%

The above gross revenue and operating expenses include only water and sewer operations of the Ardmore Public Works Authority, excluding depreciation and amortization.

9. Risk Management

The City is exposed to various risks of loss (torts, theft of, damage to, or destruction of assets, business interruptions, errors and omissions, job-related illnesses or injuries to employees, and acts of God) and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

General Liability, Physical Property and Automobile Liability/ Physical Damage – general liability, physical property and automobile liability/physical damage are insured through the Oklahoma Municipal Assurance Group risk entity pool. Deductibles range from \$0 to \$5,000. Risk of loss retained is limited to the excess of insurance liability coverage limits set by OMAG.

Internal Service

The City's risk management activities are recorded in the Internal Service Funds. The purpose of the fund is to administer employee life and health insurance programs of the City on a cost-reimbursement basis. This fund accounts for the risk financing of the City but does not constitute a transfer of risk from the City. The City maintains a stop-loss policy for the indemnity health plan to limit risk associated with that plan. The City records an estimated liability for indemnity health care. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and estimate for claims incurred but not reported based on historical experience.

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

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The following represents the changes in approximate aggregate health care liabilities for the City from July 1, 2012 to June 30, 2015:

	Employee Health
Claims liability, July 1, 2012	\$ 1,009,141
Claims incurred and changes in estimates	5,151,695
Claims paid	(5,343,414)
Claims liability, June 30, 2013	817,422
Claims incurred and changes in estimates	3,562,155
Claims paid	(4,055,316)
Claims liability, June 30, 2014	324,261
Claims incurred and changes in estimates	3,744,921
Claims paid	(3,621,559)
Claims liability, June 30, 2015	447,623
Assets available to pay claims at June 30, 2015	\$1,641,859

10. Commitments and Contingencies

Litigation:

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

Federal and State Award Programs:

The City of Ardmore 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 material. 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. The City has not been notified of any noncompliance with federal or state award requirements.

Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

11. Pension Plan Participation

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

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan.
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined benefit plan.

Firefighters' Plan:

Plan Summary Information. The City of Ardmore, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ fulltime or volunteer firefighters.

The State made on-behalf payments to the Oklahoma Firefighter's Pension and Retirement System of \$630,589 (or 34.4% of covered payroll).

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Funding Policy. OFPRS plan members are required to contribute 9% of their annual salary to the plan. The City is required by state law to contribute 14% of the members' annual salary. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

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 net pension liability of \$6,906,497 for its proportionate share of the total 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 0.6716109%.

For the year ended June 30, 2015, the City recognized pension expense of \$620,295. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,557	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,045,454
City contributions subsequent to the measurement date	256,635	-
Total	<u>\$ 421,192</u>	<u>\$ 1,045,454</u>

\$256,635 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. Any 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	\$ (230,720)
2017	(230,720)
2018	(230,720)
2019	(230,720)
2020	30,644
Thereafter	11,339
	<u>\$ (880,897)</u>

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

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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:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability	\$ 9,018,426	\$ 6,906,497	\$ 5,135,877

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 FPRS which can be located at www.ok.gov/FPRS.

Police Plan:

Plan Summary Information. Pursuant to the requirements of Title 11, section 22-102, the City of Ardmore participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS).

The State made on-behalf payments to the Oklahoma Police Pension and Retirement System of \$306,253 (or 12.5% of covered payroll).

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63rd Street, Oklahoma City, OK, 73116-7335.

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Funding Policy. OPPRS plan members are required to contribute 8% of their annual salary to the plan. The City is required by state law to contribute 13% of the members' annual salary. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a net pension asset of \$285,990 for its proportionate share of the total 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 0.8494%.

For the year ended June 30, 2015, the City recognized pension expense of \$104,827. 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	\$ -	\$ 128,487
Net difference between projected and actual earnings on pension plan investments	-	1,005,209
City contributions subsequent to the measurement date	318,361	-
Total	\$ 318,361	\$ 1,133,696

\$318,361 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. Any 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	\$ (277,897)
2017	(277,897)
2018	(277,897)
2019	(277,897)
2020	(22,108)
	\$ (1,133,696)

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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.

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability/asset	\$ 1,701,555	\$ (285,990)	\$(1,961,036)

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.

Summary of Contributions – Cost Sharing Plans:

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2013	\$ 305,200	100%	2013	\$ 225,538	100%
2014	\$ 308,922	100%	2014	\$ 250,994	100%
2015	\$ 318,361	100%	2015	\$ 256,635	100%

Employee Plan:

Plan Description- The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies- For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

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Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>OkMRF Plan</u>
a. Eligible to Participate	Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	12.69% of covered payroll
- Employee Rate	6.0% of covered payroll
c. Period Required to Vest	5 years of credited service; July 2011-new hires 7 years of credited service.
d. Eligibility for Distribution	- Normal retirement at age 65 with 5 years of service - Early retirement at age 55 with 5 years of service - Disability retirement upon disability with 5 years of service - 50% death benefit with 5 years of service for married employees
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
- Normal Retirement	3.0% of final average salary multiplied by credited years of service
- Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
- Disability Retirement	Benefit computed as for normal retirement based upon age and service at termination
- Death Benefit	50% of employee’s accrued benefit, but terminates upon spouse re-marriage
- Prior to 5 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	178
Deferred Vested Former Employees	24
Retirees or Retiree Beneficiaries	<u>32</u>
Total	<u>234</u>

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Contribution Requirements- The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 10.21% of covered payroll as of 7-1-15. For the year ended June 30, 2015, the City recognized \$1,018,499 of employer contributions to the plan which is more than the actuarially determined amount based on covered payroll of \$7,986,208.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Post Retirement Cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 st based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%.
e. Inflation Rate	3%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 215 Year 2: 140 Year 3: 95 Year 4: 65 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

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Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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 (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2014 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.40%	1.35%
Small/mid cap stocks Russell 2500	10%	7.50%	0.75%
Long/short equity MSCI ACWI	10%	6.10%	0.61%
International stocks MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate NCREIF	5%	4.80%	0.24%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	<u>100%</u>		<u>4.75%</u>

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Changes in Net Pension Asset/Liability– The total pension liability was determined based on an actuarial valuation performed as of July 1, 2014 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2014 and the City’s report ending date of June 30, 2015, that would have had a significant impact on the net pension asset/liability. The following table reports the components of changes in net pension asset/liability:

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances Beginning of Year	\$ 19,202,713	\$18,571,126	\$ 631,587
Changes for the Year:			
Service cost	1,128,774	-	1,128,774
Interest expense	1,559,184	-	1,559,184
Contributions--City	-	1,125,336	(1,125,336)
Contributions--members	-	471,839	(471,839)
Net investment income	-	3,129,727	(3,129,727)
Benefits paid	(434,050)	(434,050)	-
Plan administrative expenses	-	(46,482)	46,482
Net Changes	<u>2,253,908</u>	<u>4,246,370</u>	<u>(1,992,462)</u>
Balances End of Year	<u>\$ 21,456,621</u>	<u>\$22,817,496</u>	<u>\$ (1,360,875)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate- The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.75 percent, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability (Asset)	\$ 1,870,976	\$ (1,360,875)	\$ (4,022,130)

The City reported \$277,744 in pension expense for the year ended June 30, 2015. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,144,870
City contributions subsequent to the measurement date	1,018,499	-
Total	\$ 1,018,499	\$ 1,144,870

Amortization of Pension Deferrals - Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in pension expense as follows

Year ended June 30:

2016	\$ (286,218)
2017	(286,218)
2018	(286,218)
2019	(286,216)
	\$ (1,144,870)

City Manager Retirement Plan

The City of Ardmore participates in the Oklahoma Municipal Retirement Funds City Manager Retirement Plan. However, the City Manager is not required to contribute. For the year ended June 30, 2015, the City Manager has elected not to participate in this plan.

ICMA 457 Plan

The ICMA 457 Plan is a voluntary retirement plan City employees can participate in. The City is not required to match funds contributed to the plan. The City contributes to the 457 Plan for certain members of the executive staff. The employees are not required to contribute to the plan. Contribution amounts vary by employee, no set percentage is required.

The City's contributions for the year ended June 30, 2015 were \$130,001.

Annual OPEB Cost and Net OPEB Obligation

Plan Description: The City of Ardmore Postretirement Medical Plan is a single employer defined benefit healthcare plan administered by the City of Ardmore. The Plan provides medical, dental and prescription drug benefits to eligible retirees and their dependents who elect to make the required contributions. The contribution requirements of the City and plan members are established and may be amended by the City Commission. These contributions are neither guaranteed nor mandatory. The City has retained the right to unilaterally modify its payments toward retiree health care benefits. Retirees receiving benefits contribute a percentage of the monthly insurance premium.

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Funding Policy. The contribution requirements of plan members and the City of Ardmore are established and may be amended by the Board or Commissioners of City of Ardmore. The required contribution is based on projected pay-as-you-go financing requirements.

The City's annual other postemployment 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. 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 not to exceed 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:

Annual required contribution	\$ 480,316
Interest on net OPEB obligation	62,746
Amortization of NOO	(103,395)
Annual OPEB cost (expense)	439,667
Contributions made	(91,758)
Increase in net OPEB obligation	347,909
Net OPEB obligation—beginning of year	1,831,638
Net OPEB obligation—end of year	\$ 2,179,547

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2015 was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Unfunded OPEB Obligation</u>
6/30/10	\$541,101	33.43%	\$360,229
6/30/11	\$557,311	33.17%	\$726,110
6/30/12	\$528,305	30.30%	\$1,104,919
6/30/13	\$528,305	28.29%	\$1,483,729
6/30/14	\$439,667	20.87%	\$1,831,638
6/30/15	\$347,909	26.37%	\$2,179,547

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date, the plan is funded on the pay-as-you-go basis, resulting in no plan assets. The actuarial accrued liability for benefits was \$3,424,419, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,424,419. The covered payroll (annual payroll of active employees covered by the plan) was \$11.9 million, and the ratio of the UAAL to the covered payroll was 29 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

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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, 2014, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.35 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 7.35 percent initially, reduced by decrements to an ultimate rate of 4.87 percent in 2060, based upon dependent rates. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over 30 years as level payments. The remaining amortization period at June 30, 2015, was twenty-five years.

12. New Accounting Pronouncements

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the City's consideration of the impact of these pronouncements are described below:

Statement No. 72, *Fair Value Measurement and Application* – GASB No. 72 was issued in February 2015, and addresses issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement is effective for financial statements for period beginning after June 15, 2015. At this time the impact to the city is unknown.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – GASB No. 73 was issued in June 2015 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement is for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June

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15, 2015. The City has not yet determined the impact that implementation of GASB 73 will have on its net position.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - GASB No. 74 was issued in June 2015, and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 74 will have on its net position.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - GASB No. 75 was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - GASB No. 76 was issued in June 2015, and was issued to identify the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The City has not yet determined the impact that implementation of GASB 76 will have on its net position.

GASB Statement No. 77, *Tax Abatement Disclosures* - GASB 77 was issued in August 2015, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The City has not yet determined the impact that implementation of GASB 77 will have on its net position.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* - GASB 78 was issued in December 2015, and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers

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through a cost-sharing multiple-employer defined benefit plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The City has not yet determined the impact that implementation of GASB 78 will have on its net position.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* – GASB 79 was issued in December 2015, and establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the criteria. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The City has not yet determined the impact that implementation of GASB 79 will have on its net position.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* – GASB 80 was issued January 2016, and amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2015

GENERAL FUND				
Budget and Actual (with Variances) - Budgetary Basis				
Year Ended June 30, 2015				
	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 10,236,500	\$ 10,236,500	\$ 10,571,136	\$ 334,636
Licenses and permits	133,600	133,600	143,193	9,593
Intergovernmental	411,285	411,285	420,617	9,332
Charges for services	208,500	208,500	133,843	(74,657)
Fines and Forfeitures	241,200	241,200	182,957	(58,243)
Investment earnings	5,000	5,000	4,924	(76)
Miscellaneous	235,000	235,000	271,508	36,508
Total revenues	<u>11,471,085</u>	<u>11,471,085</u>	<u>11,728,178</u>	<u>257,093</u>
EXPENDITURES				
Department:				
<i>General Government:</i>				
Legislative	217,901	217,901	160,823	57,078
Municipal court	86,728	86,728	85,451	1,277
City manager	511,656	511,656	502,900	8,756
Human resources	350,498	350,498	237,113	113,385
Information tech	1,013,276	1,013,276	913,721	99,555
Legal	315,055	315,055	246,562	68,493
Finance	562,642	562,642	549,975	12,667
Purchasing	144,559	144,559	142,938	1,621
Engineering	435,799	448,799	448,447	352
Development services	609,890	609,890	504,867	105,023
GIS	99,816	99,816	98,885	931
Technical services	622,329	622,329	568,354	53,975
Pension benefits & insurance	954,840	766,840	587,055	179,785
Total General Government	<u>5,924,989</u>	<u>5,749,989</u>	<u>5,047,091</u>	<u>702,898</u>
<i>Public Safety:</i>				
Fire	2,993,649	2,993,649	2,858,226	135,423
Police	4,633,422	4,633,422	4,488,044	145,378
Police jail	135,000	151,000	150,350	650
Animal Control	136,609	136,609	130,290	6,319
Forensic lab	138,869	138,869	129,058	9,811
Emergency dispatch	629,113	629,113	558,562	70,551
Total Public Safety	<u>8,666,662</u>	<u>8,682,662</u>	<u>8,314,530</u>	<u>368,132</u>
<i>Street:</i>				
Street maintenance	1,150,878	1,228,878	1,228,690	188
Total Street	<u>1,150,878</u>	<u>1,228,878</u>	<u>1,228,690</u>	<u>188</u>
<i>Culture and Recreation:</i>				
Community center	245,305	245,305	217,491	27,814
Community pool	127,110	127,110	116,776	10,334
Parks & recreation	1,027,509	1,027,509	957,468	70,041
R.O.W. maintenance	452,629	452,629	416,397	36,232
Library	844,277	844,277	807,998	36,279
Total Culture and Recreation	<u>2,696,830</u>	<u>2,696,830</u>	<u>2,516,130</u>	<u>180,700</u>
<i>Cemetery:</i>				
Cemetery	328,771	328,771	289,040	39,731
Total Cemetery	<u>328,771</u>	<u>328,771</u>	<u>289,040</u>	<u>39,731</u>
Total Expenditures	<u>18,768,130</u>	<u>18,687,130</u>	<u>17,395,481</u>	<u>1,291,649</u>
Excess (deficiency) of revenues over expenditures	<u>(7,297,045)</u>	<u>(7,216,045)</u>	<u>(5,667,303)</u>	<u>1,548,742</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,274,571	6,274,571	6,309,771	35,200
Transfers out	(338,641)	(419,641)	(419,500)	141
Total other financing sources and uses	<u>5,935,930</u>	<u>5,854,930</u>	<u>5,890,271</u>	<u>35,341</u>
Net change in fund balances	(1,361,115)	(1,361,115)	222,968	1,584,083
Fund balances - beginning	2,268,863	2,268,863	3,160,915	892,052
Fund balances - ending	<u>\$ 907,748</u>	<u>\$ 907,748</u>	<u>\$ 3,383,883</u>	<u>\$ 2,476,135</u>

**CITY OF ARDMORE, OKLAHOMA
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**COMMUNITY ENHANCEMENT FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,894,902	\$ 94,902
Investment earnings	1,100	1,100	1,826	726
Total revenues	<u>2,801,100</u>	<u>2,801,100</u>	<u>2,896,728</u>	<u>95,628</u>
EXPENDITURES				
Departmental:				
General government	997,700	997,700	935,961	61,739
<i>Total General government</i>	<u>997,700</u>	<u>997,700</u>	<u>935,961</u>	<u>61,739</u>
Total Expenditures	<u>997,700</u>	<u>997,700</u>	<u>935,961</u>	<u>61,739</u>
Excess (deficiency) of revenues over expenditures	<u>1,803,400</u>	<u>1,803,400</u>	<u>1,960,767</u>	<u>157,367</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,654,400)	(1,654,400)	(1,654,400)	-
Total other financing sources and uses	<u>(1,654,400)</u>	<u>(1,654,400)</u>	<u>(1,654,400)</u>	<u>-</u>
Net change in fund balances	149,000	149,000	306,367	157,367
Fund balances - beginning	1,026,104	1,026,104	1,304,402	278,298
Fund balances - ending	<u>\$ 1,175,104</u>	<u>\$ 1,175,104</u>	<u>\$ 1,610,769</u>	<u>\$ 435,665</u>

**LIBRARY TRUST FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 52,400	\$ 52,400	\$ 102,280	\$ 49,880
Miscellaneous	315,000	315,000	183,365	(131,635)
Total revenues	<u>367,400</u>	<u>367,400</u>	<u>285,645</u>	<u>(81,755)</u>
EXPENDITURES				
Departmental:				
Culture and recreation	17,652	17,652	16,006	1,646
<i>Total Culture and recreation</i>	<u>17,652</u>	<u>17,652</u>	<u>16,006</u>	<u>1,646</u>
Total Expenditures	<u>17,652</u>	<u>17,652</u>	<u>16,006</u>	<u>1,646</u>
Excess (deficiency) of revenues over expenditures	<u>349,748</u>	<u>349,748</u>	<u>269,639</u>	<u>(80,109)</u>
OTHER FINANCING SOURCES				
Transfers out	-	(150,000)	(150,000)	-
Total other financing sources	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balances	349,748	199,748	119,639	(80,109)
Fund balances - beginning	5,077,679	5,077,679	4,520,006	(557,673)
Fund balances - ending	<u>\$ 5,427,427</u>	<u>\$ 5,277,427</u>	<u>\$ 4,639,645</u>	<u>\$ (637,782)</u>

**CITY OF ARDMORE, OKLAHOMA
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Footnotes to Budgetary Comparison Schedules:

1. The City prepares its budgets for all funds on the modified accrual basis of accounting with the exception of payroll accruals and certain expenditures related to on-behalf payments for police and fire and sales tax revenue transfers. For budgetary purposes, expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Commission. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	<u>General Fund</u>	<u>Community Enhancement Fund</u>	<u>Library Trust Fund</u>
Total revenue - budgetary basis	\$ 18,037,949	\$ 2,896,728	\$ 285,645
Total expenses - budgetary basis	<u>(17,814,981)</u>	<u>(2,590,361)</u>	<u>(166,006)</u>
Change in fund balance - budgetary basis	222,968	306,367	119,639
Revenue accruals	3,858,057	(2,391)	77,891
Expenditure accruals	<u>(3,989,180)</u>	-	-
Change in fund balance - GAAP basis	<u>\$ 91,845</u>	<u>\$ 303,976</u>	<u>\$ 197,530</u>

**CITY OF ARDMORE, OKLAHOMA
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Schedule of Funding Progress – OPEB Liability

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability (AAL) <u>-- PUC Method</u>	Unfunded Liability <u>— AAL</u>	Funded <u>Ratio</u>	(est) Covered <u>Payroll</u>	Unfunded AAL as a Percentage <u>of Covered Payroll</u>
7/1/09	\$0	\$3,745,587	\$3,745,587	0%	\$7,218,000	52%
7/1/10	\$0	\$4,044,420	\$4,044,420	0%	\$8,999,000	45%
7/1/11	\$0	\$4,099,507	\$4,099,507	0%	\$10,780,000	38%
7/1/12	\$0	\$4,869,519	\$4,869,519	0%	\$11,386,000	43%
7/1/13	\$0	\$3,424,419	\$3,424,419	0%	\$11,992,000	29%

**CITY OF ARDMORE, OKLAHOMA
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Schedules of Required Supplementary Information
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
 Last 10 Fiscal Years***

	2015
City's proportion of the net pension liability	0.6716109%
City's proportionate share of the net pension liability	\$ 6,906,497
City's covered-employee payroll	\$ 1,833,106
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	377%
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**

	2015
Statutorially required contribution	\$ 256,635
Contributions in relation to the statutorially required contribution	256,635
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 1,833,106
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 ARDMORE, 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)	0.8494%
City's proportionate share of the net pension liability (asset)	\$ (285,990)
City's covered-employee payroll	\$ 2,448,435
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.68%
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	\$ 318,361
Contributions in relation to the statutorially required contribution	<u>318,361</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 2,448,435
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 ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios	Last Fiscal Year
	2015
Total pension liability	
Service cost	\$ 1,128,774
Interest	1,559,184
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(434,050)
Net change in total pension liability	2,253,908
Total pension liability - beginning	19,202,713
Total pension liability - ending (a)	\$ 21,456,621
Plan fiduciary net position	
Contributions - employer	\$ 1,125,336
Contributions - member	471,839
Net investment income	3,129,727
Benefit payments, including refunds of member contributions	(434,050)
Administrative expense	(46,482)
Net change in plan fiduciary net position	4,246,370
Plan fiduciary net position - beginning	18,571,126
Plan fiduciary net position - ending (b)	\$ 22,817,496
Net pension liability (asset) - ending (a) - (b)	\$ (1,360,875)
Plan fiduciary net position as a percentage of the total pension liability	106.34%
Covered employee payroll	\$ 7,938,819
Net pension liability (asset) as a percentage of covered-employee payroll	17.14%

Notes to Schedule:

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

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

**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions	Last Fiscal Year
	2015
Actuarially determined contribution	\$ 1,018,499
Contributions in relation to the actuarially determined contribution	1,018,499
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 6,282,813
Contributions as a percentage of covered-employee payroll	16%

Notes to Schedule:

1. Only the current fiscal year is presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2014
3. Actuarially determined contribution rate is calculated as of July 1, 2013 and July 1, 2014
 FY13-14 contributions were at a rate of 9.28%.
 FY14-15 contributions were at a rate of 9.26%
4. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 29 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.00% to 7.42% (varies by attained age)
 - Investment rate of return - 7.50%

**CITY OF ARDMORE, OKLAHOMA
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OTHER SUPPLEMENTARY INFORMATION

CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2015

	General Fund	C.A.R.R. Account	Emergency Management Account	Insurance Recovery Account	Commercial Sidewalk Account	Drug Enforcement Account	A.L.E.R.T. Account	City Lakes Account	E.C. Hall Doll Account	Hester K. Horn Account
ASSETS										
Cash and cash equivalents	\$ 3,240,841	\$ -	\$ 1,885	\$ 57,641	\$ -	\$ 9,802	\$ -	\$ 2,956	\$ -	\$ -
Investments	286,831	-	-	-	-	-	-	-	-	-
Receivable from other governments	1,684,654	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Court fines receivable, net	65,873	-	-	-	-	-	-	-	-	-
Other receivables	2,953	-	15,063	-	-	-	-	-	-	-
Total assets	<u>\$ 5,281,152</u>	<u>\$ -</u>	<u>\$ 16,948</u>	<u>\$ 57,641</u>	<u>\$ -</u>	<u>\$ 9,802</u>	<u>\$ -</u>	<u>\$ 2,956</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 1,001,922	\$ -	\$ 4,484	\$ 1,948	\$ -	\$ 760	\$ -	\$ 1,598	\$ -	\$ -
Due to other funds	594,944	-	9	-	-	-	-	-	-	-
Due to bondholders	3,845	-	-	-	-	-	-	-	-	-
Other payables	388,397	-	-	-	-	-	-	-	-	-
Total liabilities	<u>1,989,108</u>	<u>-</u>	<u>4,493</u>	<u>1,948</u>	<u>-</u>	<u>760</u>	<u>-</u>	<u>1,598</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:										
Deferred revenue	39,284	-	15,063	-	-	-	-	-	-	-
Fund balances:										
Assigned	1,455,106	-	-	55,693	-	9,042	-	1,358	-	-
Unassigned (deficit)	1,797,654	-	(2,608)	-	-	-	-	-	-	-
Total fund balances	<u>3,252,760</u>	<u>-</u>	<u>(2,608)</u>	<u>55,693</u>	<u>-</u>	<u>9,042</u>	<u>-</u>	<u>1,358</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,281,152</u>	<u>\$ -</u>	<u>\$ 16,948</u>	<u>\$ 57,641</u>	<u>\$ -</u>	<u>\$ 9,802</u>	<u>\$ -</u>	<u>\$ 2,956</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2015, (Continued)

	OHP Account	Recreation Account	Library Cash Account	Reserve Management Account	Emergency 911 Account	Car Seat Grant Account	Parks Cash Account	R.S.P. Account	Revolving Loan-ADA Account	Total General Fund Accounts
ASSETS										
Cash and cash equivalents	\$ 36,396	\$ 750	\$ 65,970	\$ 2,206,209	\$ -	\$ 3,677	\$ 196,562	\$ -	\$ -	\$ 5,822,689
Investments	-	-	-	1,000,398	-	-	-	-	-	1,287,229
Receivable from other governments	-	-	-	197,687	-	-	-	-	-	1,882,341
Due from other funds	-	-	-	600,000	-	-	34,235	-	-	634,235
Court fines receivable, net	-	-	-	-	-	-	-	-	-	65,873
Other receivables	-	-	-	-	18,711	-	-	-	-	36,727
Total assets	<u>\$ 36,396</u>	<u>\$ 750</u>	<u>\$ 65,970</u>	<u>\$ 4,004,294</u>	<u>\$ 18,711</u>	<u>\$ 3,677</u>	<u>\$ 230,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,729,094</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 358	\$ 4,393	\$ -	\$ 12,234	\$ -	\$ 130	\$ -	\$ -	\$ -	\$ 1,027,827
Due to other funds	-	1,130	1,459	-	-	-	-	-	-	597,542
Due to bondholders	-	-	-	-	-	-	-	-	-	3,845
Other payables	-	-	-	-	-	-	-	-	-	388,397
Total liabilities	<u>358</u>	<u>5,523</u>	<u>1,459</u>	<u>12,234</u>	<u>-</u>	<u>130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,017,611</u>
Deferred Inflows of Resources:										
Deferred revenue	-	-	-	-	-	-	-	-	-	54,347
Fund balances:										
Assigned	36,038	-	64,511	3,992,060	18,711	3,547	230,797	-	-	5,866,863
Unassigned (deficit)	-	(4,773)	-	-	-	-	-	-	-	1,790,273
Total fund balances	<u>36,038</u>	<u>(4,773)</u>	<u>64,511</u>	<u>3,992,060</u>	<u>18,711</u>	<u>3,547</u>	<u>230,797</u>	<u>-</u>	<u>-</u>	<u>7,657,136</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 36,396</u>	<u>\$ 750</u>	<u>\$ 65,970</u>	<u>\$ 4,004,294</u>	<u>\$ 18,711</u>	<u>\$ 3,677</u>	<u>\$ 230,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,729,094</u>

CITY OF ARDMORE, OKLAHOMA
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As of and for the Year Ended June 30, 2015

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

	General Fund	C.A.R.R. Account	Emergency Management Account	Insurance Recovery Account	Commercial Sidewalk Account	Drug Enforcement Account	A.L.E.R.T. Account	City Lakes Account	E.C. Hall Doll Account	Hester K. Horn Account
REVENUES										
Taxes	\$ 13,451,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,360,585	-	15,063	-	-	-	-	-	-	-
Licenses and permits	143,193	-	-	-	-	-	-	7,982	-	-
Charges for services	133,843	-	-	-	-	-	-	-	-	-
Fines and forfeitures	173,250	-	-	-	-	-	-	-	-	-
Investment earnings	39,255	314	3	166	-	16	6	3	1	-
Miscellaneous	270,971	-	62	140,660	-	8,390	-	958	-	-
Total revenues	<u>15,572,758</u>	<u>314</u>	<u>15,128</u>	<u>140,826</u>	<u>-</u>	<u>8,406</u>	<u>6</u>	<u>8,943</u>	<u>1</u>	<u>-</u>
EXPENDITURES										
Current:										
General government	4,900,040	-	-	13,480	-	-	-	-	-	-
Public Safety	9,383,532	-	80,329	-	-	10,303	1,357	-	-	-
Street	1,294,535	-	-	-	12,201	-	-	-	-	-
Culture and recreation	2,479,325	-	-	-	-	-	-	23,974	-	-
Cemetery	290,308	-	-	-	-	-	-	-	-	-
Capital Outlay	326,409	-	3,347	117,870	-	-	-	1,511	-	-
Total Expenditures	<u>18,674,149</u>	<u>-</u>	<u>83,676</u>	<u>131,350</u>	<u>12,201</u>	<u>10,303</u>	<u>1,357</u>	<u>25,485</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,101,391)	314	(68,548)	9,476	(12,201)	(1,897)	(1,351)	(16,542)	1	-
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	13,477	-	-	-	-	-	-	-	-	-
Interaccount transfer in	1,325,114	-	61,000	-	-	-	-	15,000	-	-
Interaccount transfer out	(132,500)	(207,887)	-	-	-	-	(2,527)	-	-	-
Transfers in	4,984,657	-	-	-	12,201	-	-	-	-	-
Transfers out	(2,997,512)	-	-	-	-	-	-	-	(648)	(81)
Total other financing sources and uses	<u>3,193,236</u>	<u>(207,887)</u>	<u>61,000</u>	<u>-</u>	<u>12,201</u>	<u>-</u>	<u>(2,527)</u>	<u>15,000</u>	<u>(648)</u>	<u>(81)</u>
Net change in fund balances	91,845	(207,573)	(7,548)	9,476	-	(1,897)	(3,878)	(1,542)	(647)	(81)
Fund balances - beginning	3,160,915	207,573	4,940	46,217	-	10,939	3,878	2,900	647	81
Fund balances - ending	<u>\$ 3,252,760</u>	<u>\$ -</u>	<u>\$ (2,608)</u>	<u>\$ 55,693</u>	<u>\$ -</u>	<u>\$ 9,042</u>	<u>\$ -</u>	<u>\$ 1,358</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF ARDMORE, 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 – For the Year Ended June 30, 2015,
(Continued)

	<u>OHP Account</u>	<u>Recreation Account</u>	<u>Library Cash Account</u>	<u>Reserve Management Account</u>	<u>Emergency 911 Account</u>	<u>Car Seat Grant Account</u>	<u>Parks Cash Account</u>	<u>R.S.P. Account</u>	<u>Revolving Loan-ADA Account</u>	<u>Total General Fund Accounts</u>
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ 2,038,985	\$ 218,756	-	\$ -	-	-	\$ 15,709,402
Intergovernmental	-	-	-	-	-	-	-	-	-	1,375,648
Licenses and permits	-	-	-	-	-	-	-	-	-	151,175
Charges for services	-	-	9,485	-	-	-	-	-	-	143,328
Fines and forfeitures	-	-	-	-	-	-	-	-	-	173,250
Investment earnings	51	4	-	4,232	-	-	286	-	293	44,630
Miscellaneous	6,600	80,532	9,954	-	-	950	53,218	-	-	572,295
Total revenues	<u>6,651</u>	<u>80,536</u>	<u>19,439</u>	<u>2,043,217</u>	<u>218,756</u>	<u>950</u>	<u>53,504</u>	<u>-</u>	<u>293</u>	<u>18,169,728</u>
EXPENDITURES										
Current:										
General government	-	-	-	8,378	-	7,752	-	-	157	4,929,807
Public Safety	2,863	-	-	-	-	-	-	-	-	9,478,384
Street	-	-	-	-	-	-	-	4,770	-	1,311,506
Culture and recreation	-	133,503	15,568	-	-	-	39,455	-	-	2,691,825
Cemetery	-	-	-	-	-	-	-	-	-	290,308
Capital Outlay	-	4,139	570	533,578	-	-	55,222	-	-	1,042,646
Total Expenditures	<u>2,863</u>	<u>137,642</u>	<u>16,138</u>	<u>541,956</u>	<u>-</u>	<u>7,752</u>	<u>94,677</u>	<u>4,770</u>	<u>157</u>	<u>19,744,476</u>
Excess (deficiency) of revenues over expenditures	<u>3,788</u>	<u>(57,106)</u>	<u>3,301</u>	<u>1,501,261</u>	<u>218,756</u>	<u>(6,802)</u>	<u>(41,173)</u>	<u>(4,770)</u>	<u>136</u>	<u>(1,574,748)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	13,477
Interaccount transfer in	-	56,500	-	-	-	-	-	-	-	1,457,614
Interaccount transfer out	-	-	-	(700,000)	(220,401)	-	-	-	(194,299)	(1,457,614)
Transfers in	-	-	1,314	-	-	-	1	4,770	21	5,002,964
Transfers out	-	-	(1,775)	(101,792)	-	-	-	-	-	(3,101,808)
Total other financing sources and uses	<u>-</u>	<u>56,500</u>	<u>(461)</u>	<u>(801,792)</u>	<u>(220,401)</u>	<u>-</u>	<u>1</u>	<u>4,770</u>	<u>(194,278)</u>	<u>1,914,633</u>
Net change in fund balances	3,788	(606)	2,840	699,469	(1,645)	(6,802)	(41,172)	-	(194,142)	339,885
Fund balances - beginning	32,250	(4,167)	61,671	3,292,591	20,356	10,349	271,969	-	194,142	7,317,251
Fund balances - ending	<u>\$ 36,038</u>	<u>\$ (4,773)</u>	<u>\$ 64,511</u>	<u>\$ 3,992,060</u>	<u>\$ 18,711</u>	<u>\$ 3,547</u>	<u>\$ 230,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,657,136</u>

CITY OF ARDMORE, OKLAHOMA
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Combining Schedule of Net Position – APWA Water Enterprise Fund Accounts – June 30, 2015

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,131,339	\$ -	\$ -	\$ -	\$ 1,131,339
Restricted cash and cash equivalents	-	212,575	6,110,870	-	6,323,445
Investments	1,500,502	-	-	-	1,500,502
Accounts receivable, net of allowance	557,169	-	-	-	557,169
Due from other funds	180,654	-	-	-	180,654
Other receivables	68	-	-	-	68
Inventories	255,353	-	-	-	255,353
Total current assets	<u>3,625,085</u>	<u>212,575</u>	<u>6,110,870</u>	<u>-</u>	<u>9,948,530</u>
Non-current assets:					
Land and construction in progress	85,082	-	-	-	85,082
Other capital assets, net of depreciation	27,013,098	-	-	-	27,013,098
Net pension asset	216,685	-	-	-	216,685
Total non-current assets	<u>27,314,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,314,865</u>
Total assets	<u>30,939,950</u>	<u>212,575</u>	<u>6,110,870</u>	<u>-</u>	<u>37,263,395</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount related to pensions	162,170	-	-	-	162,170
Deferred amount on refunding	-	-	33,022	-	33,022
Total Deferred Outflows of Resources	<u>162,170</u>	<u>-</u>	<u>33,022</u>	<u>-</u>	<u>195,192</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	338,257	-	8,978	-	347,235
Accrued interest payable	-	-	171,536	-	171,536
Due to other funds	59,082	-	-	-	59,082
Other payables	2,812	-	-	-	2,812
Current portion of:					
Compensated absences	12,534	-	-	-	12,534
Deposits subject to refund	-	42,515	-	-	42,515
Notes payable	-	-	3,278,013	-	3,278,013
Total current liabilities	<u>412,685</u>	<u>42,515</u>	<u>3,458,527</u>	<u>-</u>	<u>3,913,727</u>
Non-current liabilities:					
Compensated absences	112,807	-	-	-	112,807
Deposits subject to refund	-	170,060	-	-	170,060
OPEB liability	244,352	-	-	-	244,352
Notes payable	-	-	32,999,579	-	32,999,579
Total non-current liabilities	<u>357,159</u>	<u>170,060</u>	<u>32,999,579</u>	<u>-</u>	<u>33,526,798</u>
Total liabilities	<u>769,844</u>	<u>212,575</u>	<u>36,458,106</u>	<u>-</u>	<u>37,440,525</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	182,291	-	-	-	182,291
NET POSITION					
Net investment in capital assets	27,098,180	-	(36,277,592)	-	(9,179,412)
Unrestricted	3,051,805	-	5,963,378	-	9,015,183
Total net position	<u>\$ 30,149,985</u>	<u>\$ -</u>	<u>\$ (30,314,214)</u>	<u>\$ -</u>	<u>\$ (164,229)</u>

CITY OF ARDMORE, OKLAHOMA
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Combining Schedule of Revenues, Expenses, and Changes in Net Position – APWA Water Enterprise Fund Accounts – Year Ended June 30, 2015

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
REVENUES					
Water	\$ 5,428,977	\$ -	\$ -	\$ -	\$ 5,428,977
Total operating revenues	<u>5,428,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,428,977</u>
OPERATING EXPENSES					
Water operations	2,857,742	-	-	-	2,857,742
Administration	-	-	58,800	-	58,800
Depreciation	1,945,277	-	-	-	1,945,277
Total Operating Expenses	<u>4,803,019</u>	<u>-</u>	<u>58,800</u>	<u>-</u>	<u>4,861,819</u>
Operating income	<u>625,958</u>	<u>-</u>	<u>(58,800)</u>	<u>-</u>	<u>567,158</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	3,788	-	431	-	4,219
Miscellaneous revenue	8,937	-	-	-	8,937
Gain on sale of capital assets	6,920	-	-	-	6,920
Interest expense	-	-	(749,084)	-	(749,084)
Total non-operating revenue (expenses)	<u>19,645</u>	<u>-</u>	<u>(748,653)</u>	<u>-</u>	<u>(729,008)</u>
Income (loss) before contributions and transfers	645,603	-	(807,453)	-	(161,850)
Capital contributions	196,382	-	-	-	196,382
Interaccount transfer in	-	-	2,275,817	-	2,275,817
Interaccount transfer out	(2,275,817)	-	-	-	(2,275,817)
Transfers in	1,446,256	-	1,308,500	-	2,754,756
Transfers out	(1,658,753)	-	(4,252,369)	(21)	(5,911,143)
Change in net position	<u>(1,646,329)</u>	<u>-</u>	<u>(1,475,505)</u>	<u>(21)</u>	<u>(3,121,855)</u>
Total net position - beginning, restated	31,796,314	-	(28,838,709)	21	2,957,626
Total net position - ending	<u>\$ 30,149,985</u>	<u>\$ -</u>	<u>\$ (30,314,214)</u>	<u>\$ -</u>	<u>\$ (164,229)</u>

CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015

	Special Revenue Funds									
	GAPS Tax Schools	Street and Alley	Library State Grant	Historical Grant	Pass Thru Grants	FAA Grant	Mayor's Anti Crime	Homeland Security Grant	JAG LLEBG Grant	ADA Industrial
ASSETS										
Cash and cash equivalents	\$ -	\$ 790	\$ 28,013	\$ 4,727	\$ -	\$ 6,603	\$ 60,014	\$ 975	\$ -	\$ -
Receivable from other governments	-	20,890	-	2,442	-	6,387	-	-	-	180,654
Due from other funds	-	-	-	-	-	-	-	-	-	-
Other taxes receivable, net	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 21,680</u>	<u>\$ 28,013</u>	<u>\$ 7,169</u>	<u>\$ -</u>	<u>\$ 12,990</u>	<u>\$ 60,014</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 180,654</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 6,062	\$ 425	\$ -	\$ 235	\$ 1,250	\$ -	\$ -	\$ -
Due to other funds	-	-	180	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-	-	-	180,654
Total liabilities	<u>-</u>	<u>-</u>	<u>6,242</u>	<u>425</u>	<u>-</u>	<u>235</u>	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>180,654</u>
Deferred Inflows of Resources:										
Deferred revenue	-	-	-	-	-	6,387	-	-	-	-
Fund balances:										
Restricted	-	-	20,523	5,870	-	-	57,695	-	-	-
Assigned	-	21,680	1,248	874	-	6,368	1,069	975	-	-
Total fund balances	<u>-</u>	<u>21,680</u>	<u>21,771</u>	<u>6,744</u>	<u>-</u>	<u>6,368</u>	<u>58,764</u>	<u>975</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ -</u>	<u>\$ 21,680</u>	<u>\$ 28,013</u>	<u>\$ 7,169</u>	<u>\$ -</u>	<u>\$ 12,990</u>	<u>\$ 60,014</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 180,654</u>

(Continued)

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

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

	Special Revenue Funds				Capital Project Funds						
	GAPS Tax City	Convention Tourism	Literacy Grant	Tobacco Settlement	Hazard Mitigation	Fire Capital	Downtown Executive Airport	Capital Improvement	CDBG Fund	Cemetery Care	Library Capital Improvement
ASSETS											
Cash and cash equivalents	\$ 1,408,312	\$ -	\$ 38,823	\$ -	\$ 10,094	\$ 31,525	\$ 97,669	\$ 876,909	\$ 12,746	\$ 147,537	\$ 215,926
Receivable from other governments	361,307	-	-	-	-	-	50,758	-	-	-	-
Due from other funds	-	-	1,459	-	25,105	-	-	-	-	-	-
Other taxes receivable, net	-	80,003	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,769,619</u>	<u>\$ 80,003</u>	<u>\$ 40,282</u>	<u>\$ -</u>	<u>\$ 35,199</u>	<u>\$ 31,525</u>	<u>\$ 148,427</u>	<u>\$ 876,909</u>	<u>\$ 12,746</u>	<u>\$ 147,537</u>	<u>\$ 215,926</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	\$ 124,709	\$ -	\$ 352	\$ -	\$ -	\$ -	\$ 88,803	\$ 8,648	\$ -	\$ -	\$ 20,381
Due to other funds	-	-	-	-	-	-	-	-	-	-	586
Due to component unit	-	80,003	-	-	-	-	-	-	-	-	-
Total liabilities	<u>124,709</u>	<u>80,003</u>	<u>352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,803</u>	<u>8,648</u>	<u>-</u>	<u>-</u>	<u>20,967</u>
Deferred Inflows of Resources:											
Deferred revenue	-	-	-	-	-	-	19,613	-	-	-	-
Fund balances:											
Restricted	1,616,758	-	39,930	-	35,199	-	-	-	12,746	147,537	186,486
Assigned	28,152	-	-	-	-	31,525	40,011	868,261	-	-	8,473
Total fund balances	<u>1,644,910</u>	<u>-</u>	<u>39,930</u>	<u>-</u>	<u>35,199</u>	<u>31,525</u>	<u>40,011</u>	<u>868,261</u>	<u>12,746</u>	<u>147,537</u>	<u>194,959</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,769,619</u>	<u>\$ 80,003</u>	<u>\$ 40,282</u>	<u>\$ -</u>	<u>\$ 35,199</u>	<u>\$ 31,525</u>	<u>\$ 148,427</u>	<u>\$ 876,909</u>	<u>\$ 12,746</u>	<u>\$ 147,537</u>	<u>\$ 215,926</u>

(Continued)

CITY OF ARDMORE, 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 Funds		Total Other Governmental Funds	
	Main Street Streetscape	Timber Grove Street Assessment	Champion Station Street Assessment	Streetscape II Assessment	Greenbriar Steet Assessment	Valley Ranch Road Assessment	Debt Service Fund		Ardmore Community Facilities Authority
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,357	\$ 25,537	\$ -	\$ 3,036,557
Receivable from other governments	-	-	-	-	-	-	16,551	-	638,989
Due from other funds	-	-	-	-	-	-	-	-	26,564
Other taxes receivable, net	-	-	-	-	-	-	-	-	80,003
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,357</u>	<u>\$ 42,088</u>	<u>\$ -</u>	<u>\$ 3,782,113</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,865
Due to other funds	-	-	-	-	-	-	-	-	766
Due to component unit	-	-	-	-	-	-	-	-	260,657
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,288</u>
Deferred Inflows of Resources:									
Deferred revenue	-	-	-	-	-	-	12,000	-	38,000
Fund balances:									
Restricted	-	-	-	-	-	-	30,088	-	2,152,832
Assigned	-	-	-	-	-	70,357	-	-	1,078,993
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,357</u>	<u>30,088</u>	<u>-</u>	<u>3,231,825</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,357</u>	<u>\$ 42,088</u>	<u>\$ -</u>	<u>\$ 3,782,113</u>

CITY OF ARDMORE, 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 – For the Year Ended June 30, 2015

	Special Revenue Funds									
	GAPS Tax Schools	Street and Alley	Library State Grant	Historical Grant	Pass Thru Grants	FAA Grant	Mayor's Anti Crime	Homeland Security Grant	JAG LLEBG Grant	ADA Industrial
REVENUES										
Taxes	\$ 424,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,446,256
Intergovernmental	-	235,292	25,015	7,755	6,548	109,538	-	22,566	26,590	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	3	75	-	-	-	64	-	-	-
Miscellaneous	-	-	1,150	181	-	-	194,070	-	-	-
Total revenues	<u>424,119</u>	<u>235,295</u>	<u>26,240</u>	<u>7,936</u>	<u>6,548</u>	<u>109,538</u>	<u>194,134</u>	<u>22,566</u>	<u>26,590</u>	<u>1,446,256</u>
EXPENDITURES										
Current:										
General government	175,948	-	-	-	-	-	-	-	-	1,446,256
Public Safety	-	-	-	-	-	-	20,282	-	18,805	-
Street	-	498,493	-	-	-	-	-	-	-	-
Culture and recreation	-	-	73,612	7,528	-	-	-	-	-	-
Airport	-	-	-	-	-	109,773	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	7,217	-	13,680	-	-	22,566	7,754	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>175,948</u>	<u>498,493</u>	<u>80,829</u>	<u>7,528</u>	<u>13,680</u>	<u>109,773</u>	<u>20,282</u>	<u>22,566</u>	<u>26,559</u>	<u>1,446,256</u>
Excess (deficiency) of revenues over expenditures	<u>248,171</u>	<u>(263,198)</u>	<u>(54,589)</u>	<u>408</u>	<u>(7,132)</u>	<u>(235)</u>	<u>173,852</u>	<u>-</u>	<u>31</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	251,000	1,775	-	7,132	-	31	-	-	-
Transfers out	(430,020)	(16,971)	(1,314)	-	-	-	(142,132)	-	(31)	-
Total other financing sources and uses	<u>(430,020)</u>	<u>234,029</u>	<u>461</u>	<u>-</u>	<u>7,132</u>	<u>-</u>	<u>(142,101)</u>	<u>-</u>	<u>(31)</u>	<u>-</u>
Net change in fund balances	(181,849)	(29,169)	(54,128)	408	-	(235)	31,751	-	-	-
Fund balances - beginning	181,849	50,849	75,899	6,336	-	6,603	27,013	975	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 21,680</u>	<u>\$ 21,771</u>	<u>\$ 6,744</u>	<u>\$ -</u>	<u>\$ 6,368</u>	<u>\$ 58,764</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF ARDMORE, 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 – For the Year Ended June 30, 2015, (Continued)

	Special Revenue Funds					Capital Project Funds					
	GAPS Tax City	Convention Tourism	Literacy Grant	Tobacco Settlement	Hazard Mitigation	Fire Capital	Downtown Executive Airport	Capital Improvement	CDBG Fund	Cemetery Care	Library Capital Improvement
REVENUES											
Taxes	\$ 2,467,642	\$ 956,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	10,875	-	154,075	-	-	-	-
Charges for services	-	-	-	-	-	16,724	180,402	-	-	12,691	-
Investment earnings	1,274	-	-	-	-	56	23	1,380	-	217	393
Miscellaneous	-	-	52,000	-	-	-	357	181,994	12,746	-	-
Total revenues	<u>2,468,916</u>	<u>956,522</u>	<u>52,000</u>	<u>-</u>	<u>10,875</u>	<u>16,780</u>	<u>334,857</u>	<u>183,374</u>	<u>12,746</u>	<u>12,908</u>	<u>393</u>
EXPENDITURES											
Current:											
General government	32,390	-	-	1,236	10,875	-	-	120	77	-	-
Public Safety	-	-	-	-	-	8,173	-	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	2,250	-	-	-	-	-	-	-	109,368
Airport	-	-	-	-	-	-	221,849	-	-	-	-
Economic development	-	958,983	-	-	-	-	-	-	-	-	-
Capital Outlay	1,159,392	-	9,820	-	-	20,017	192,257	8,648	-	2,821	179,315
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,191,782</u>	<u>958,983</u>	<u>12,070</u>	<u>1,236</u>	<u>10,875</u>	<u>28,190</u>	<u>414,106</u>	<u>8,768</u>	<u>77</u>	<u>2,821</u>	<u>288,683</u>
Excess (deficiency) of revenues over expenditures	<u>1,277,134</u>	<u>(2,461)</u>	<u>39,930</u>	<u>(1,236)</u>	<u>-</u>	<u>(11,410)</u>	<u>(79,249)</u>	<u>174,606</u>	<u>12,669</u>	<u>10,087</u>	<u>(288,290)</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	106,792	-	121,243	-	150,729
Transfers out	-	-	-	(1)	-	-	-	(255,000)	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>106,792</u>	<u>(255,000)</u>	<u>121,243</u>	<u>-</u>	<u>150,729</u>
Net change in fund balances	1,277,134	(2,461)	39,930	(1,237)	-	(11,410)	27,543	(80,394)	133,912	10,087	(137,561)
Fund balances - beginning	367,776	2,461	-	1,237	35,199	42,935	12,468	948,655	(121,166)	137,450	332,520
Fund balances - ending	<u>\$ 1,644,910</u>	<u>\$ -</u>	<u>\$ 39,930</u>	<u>\$ -</u>	<u>\$ 35,199</u>	<u>\$ 31,525</u>	<u>\$ 40,011</u>	<u>\$ 868,261</u>	<u>\$ 12,746</u>	<u>\$ 147,537</u>	<u>\$ 194,959</u>

(Continued)

CITY OF ARDMORE, 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 – For the Year Ended June 30, 2015, (Continued)

	Capital Project Funds					Debt Service Funds		Total Other Governmental Funds	
	Main Street Streetscape	Timber Grove Street Assessment	Champion Station Street Assessment	Streetscape II Assessment	Greenbriar Steet Assessment	Valley Ranch Road Assessment	Debt Service Fund		Ardmore Community Facilities Authority
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	426,723	\$ -	\$ 5,721,262
Intergovernmental	-	-	-	-	-	-	-	-	598,254
Charges for services	-	-	-	-	-	-	-	-	209,817
Investment earnings	-	-	1	21	1	109	-	37,021	40,638
Miscellaneous	-	-	-	3,504	-	2,216	-	-	448,218
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>3,525</u>	<u>1</u>	<u>2,325</u>	<u>426,723</u>	<u>37,021</u>	<u>7,018,189</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	26	-	1,026,959	2,693,887
Public Safety	-	-	-	-	-	-	-	-	47,260
Highways and roads	-	-	-	-	-	-	-	-	498,493
Culture and recreation	-	-	-	-	-	-	-	-	192,758
Airport	-	-	-	-	-	-	-	-	331,622
Economic development	-	-	-	-	-	-	-	-	958,983
Capital Outlay	-	-	-	-	-	-	-	-	1,623,487
Debt Service:									
Principal	-	-	-	-	-	-	384,661	1,545,000	1,929,661
Interest and other charges	-	-	-	-	-	-	35,256	66,214	101,470
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>419,917</u>	<u>2,638,173</u>	<u>8,377,621</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>3,525</u>	<u>1</u>	<u>2,299</u>	<u>6,806</u>	<u>(2,601,152)</u>	<u>(1,359,432)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	430,020	1,068,722
Transfers out	(3)	(99)	(1,126)	(15,177)	(1)	-	(301,342)	-	(1,163,217)
Total other financing sources and uses	<u>(3)</u>	<u>(99)</u>	<u>(1,126)</u>	<u>(15,177)</u>	<u>(1)</u>	<u>-</u>	<u>(301,342)</u>	<u>430,020</u>	<u>(94,495)</u>
Net change in fund balances	(3)	(99)	(1,125)	(11,652)	-	2,299	(294,536)	(2,171,132)	(1,453,927)
Fund balances - beginning	3	99	1,125	11,652	-	68,058	324,624	2,171,132	4,685,752
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,357</u>	<u>\$ 30,088</u>	<u>\$ -</u>	<u>\$ 3,231,825</u>

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

Combining Statement of Net Position – Nonmajor Enterprise Funds – June 30, 2015

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,690	\$ 16,207	\$ 21,897
Total current assets	<u>5,690</u>	<u>16,207</u>	<u>21,897</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	-	-	-
Other capital assets, net of accumulated depreciation	<u>706,582</u>	<u>-</u>	<u>706,582</u>
Total non-current assets	<u>706,582</u>	<u>-</u>	<u>706,582</u>
Total assets	<u>712,272</u>	<u>16,207</u>	<u>728,479</u>
NET POSITION			
Net investment in capital assets	706,582	-	706,582
Unrestricted	<u>5,690</u>	<u>16,207</u>	<u>21,897</u>
Total net position	<u>\$ 712,272</u>	<u>\$ 16,207</u>	<u>\$ 728,479</u>

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

**Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise
Funds – Year Ended June 30, 2015**

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
REVENUES			
Charges for services - Golf	\$ 424,135	\$ 7,787	\$ 431,922
Miscellaneous	9,786	-	9,786
Total operating revenues	<u>433,921</u>	<u>7,787</u>	<u>441,708</u>
OPERATING EXPENSES			
Golf operations	555,420	6,313	561,733
Depreciation	57,567	-	57,567
Total operating expenses	<u>612,987</u>	<u>6,313</u>	<u>619,300</u>
Operating income (loss)	<u>(179,066)</u>	<u>1,474</u>	<u>(177,592)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	37	31	68
Total non-operating revenue (expenses)	<u>37</u>	<u>31</u>	<u>68</u>
Income (loss) before contributions and transfers	<u>(179,029)</u>	<u>1,505</u>	<u>(177,524)</u>
Capital contributions	-	-	-
Transfers in	107,938	-	107,938
Transfers out	(260,000)	(2,938)	(262,938)
Change in net position	(331,091)	(1,433)	(332,524)
Total net position - beginning	1,043,363	17,640	1,061,003
Total net position - ending	<u>\$ 712,272</u>	<u>\$ 16,207</u>	<u>\$ 728,479</u>

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

Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Year Ended June 30, 2015

	Lakeview Golf Course	Golf Course Building	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 433,921	\$ 7,787	\$ 441,708
Payments to suppliers and employees	(555,434)	(6,606)	(562,040)
Net cash provided by (used in) operating activities	<u>(121,513)</u>	<u>1,181</u>	<u>(120,332)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	107,938	-	107,938
Transfers to other funds	-	(2,938)	(2,938)
Net cash provided by (used in) noncapital financing activities	<u>107,938</u>	<u>(2,938)</u>	<u>105,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(2,938)	-	(2,938)
Net cash provided by (used in) capital and related financing activities	<u>(2,938)</u>	<u>-</u>	<u>(2,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	37	31	68
Net cash provided by investing activities	<u>37</u>	<u>31</u>	<u>68</u>
Net increase (decrease) in cash and cash equivalents	(16,476)	(1,726)	(18,202)
Balances - beginning of year	22,166	17,933	40,099
Balances - end of year	<u>\$ 5,690</u>	<u>\$ 16,207</u>	<u>\$ 21,897</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 5,690	\$ 16,207	\$ 21,897
Total cash and cash equivalents, end of year	<u>\$ 5,690</u>	<u>\$ 16,207</u>	<u>\$ 21,897</u>
Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:			
Operating income (loss)	\$ (179,066)	\$ 1,474	\$ (177,592)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	57,567	-	57,567
Change in assets and liabilities:			
Accounts payable	(14)	(293)	(307)
Net cash provided by operating activities	<u>\$ (121,513)</u>	<u>\$ 1,181</u>	<u>\$ (120,332)</u>

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

Combining Statement of Net Position – Internal Service Funds – June 30, 2015

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,695	\$ 855,103	\$ 856,798
Investments	-	500,157	500,157
Due from other funds	19,060	286,599	305,659
Inventories	20,803	-	20,803
Total assets	<u>41,558</u>	<u>1,641,859</u>	<u>1,683,417</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	26,504	-	26,504
Due to other funds	8,389	-	8,389
Due to employees	-	12,646	12,646
Compensated absences	2,948	-	2,948
Total current liabilities	<u>37,841</u>	<u>12,646</u>	<u>50,487</u>
Non-current liabilities:			
Compensated absences	26,531	-	26,531
OPEB liability	29,763	-	29,763
Claims payable	-	447,623	447,623
Total non-current liabilities	<u>56,294</u>	<u>447,623</u>	<u>503,917</u>
Total liabilities	<u>94,135</u>	<u>460,269</u>	<u>554,404</u>
NET POSITION			
Unrestricted (deficit)	(52,577)	1,181,590	1,129,013
Total net position	<u>\$ (52,577)</u>	<u>\$ 1,181,590</u>	<u>\$ 1,129,013</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
– Year Ended June 30, 2015**

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 693,449	\$ 3,683,365	\$ 4,376,814
Total operating revenues	<u>693,449</u>	<u>3,683,365</u>	<u>4,376,814</u>
OPERATING EXPENSES			
General government	720,641	3,744,921	4,465,562
Total operating expenses	<u>720,641</u>	<u>3,744,921</u>	<u>4,465,562</u>
Operating income (loss)	<u>(27,192)</u>	<u>(61,556)</u>	<u>(88,748)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	6	2,173	2,179
Total non-operating revenue (expenses)	<u>6</u>	<u>2,173</u>	<u>2,179</u>
Income (loss) before transfers	<u>(27,186)</u>	<u>(59,383)</u>	<u>(86,569)</u>
Change in net position	(27,186)	(59,383)	(86,569)
Total net position - beginning	(25,391)	1,240,973	1,215,582
Total net position - ending	<u>\$ (52,577)</u>	<u>\$ 1,181,590</u>	<u>\$ 1,129,013</u>

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

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2015

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 693,449	\$ 3,683,365	\$ 4,376,814
Receipts (payments) from (to) other funds	2,178	(123,362)	(121,184)
Payments to suppliers	(357,693)	-	(357,693)
Payments to employees	(357,317)	-	(357,317)
Claims and judgements paid	-	(3,612,563)	(3,612,563)
Net cash provided by (used in) operating activities	<u>(19,383)</u>	<u>(52,560)</u>	<u>(71,943)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	-	(157)	(157)
Interest and dividends	6	2,173	2,179
Net cash provided by investing activities	<u>6</u>	<u>2,016</u>	<u>2,022</u>
Net increase (decrease) in cash and cash equivalents	(19,377)	(50,544)	(69,921)
Balances - beginning of year	<u>21,072</u>	<u>905,647</u>	<u>926,719</u>
Balances - end of year	<u>\$ 1,695</u>	<u>\$ 855,103</u>	<u>\$ 856,798</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 1,695	\$ 855,103	\$ 856,798
Total cash and cash equivalents, end of year	<u>\$ 1,695</u>	<u>\$ 855,103</u>	<u>\$ 856,798</u>
Reconciliation of operating income (loss) to net cash provided by (used in)			
Operating Activities:			
Operating income (loss)	\$ (27,192)	\$ (61,556)	\$ (88,748)
Change in assets and liabilities:			
Due from other funds	-	(123,362)	(123,362)
Inventory	5,420	-	5,420
Accounts payable	(10,872)	(3,650)	(14,522)
Due to other funds	2,178	-	2,178
Claims payable	-	123,362	123,362
Other post-employment benefit obligation	6,228	-	6,228
Accrued compensated absences	4,855	12,646	17,501
Net cash provided by (used in) operating activities	<u>\$ (19,383)</u>	<u>\$ (52,560)</u>	<u>\$ (71,943)</u>

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

Schedule of Expenditure of Federal and State Awards

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL 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 INTERIOR:</u>				
Passed through Oklahoma Historical Society:				
Historic Preservation Fund Grants-In-Aid	15.904	13-613	10,500	3,034
Historic Preservation Fund Grants-In-Aid	15.904	14-613	4,500	4,491
Historic Preservation Fund Grants-In-Aid	15.904	15-613	9,000	-
Total U.S. Department of Justice			24,000	7,525
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bureau of Justice Assistance - JAG Grant	16.738	2013-DJ-BX-0697	29,395	1,643
Bureau of Justice Assistance - JAG Grant	16.738	2014-DJ-BX-0324	31,942	22,473
Bureau of Justice Assistance - JAG Grant	16.738	2015-DJ-BX-0733	30,855	-
Sub-total CFDA 16.738			92,192	24,116
District Attorney's Council	16.742	FSF14-001/ 2014CDBX0045	2,473	2,473
Sub-total CFDA 16.742			2,473	2,473
Bureau of Justice Assistance - Bulletproof Vest Partnership	16.607	2014 BVP	6,548	6,548
Bureau of Justice Assistance - Bulletproof Vest Partnership	16.607	2015 BVP	3,121	-
Sub-total CFDA 16.607			9,669	6,548
Total U.S. Department of Justice			104,334	33,137
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Airport Improvement Program	20.106	3-40-0005-013-2011	272,222	109,538
Airport Improvement Program	20.106	3-40-0006-013-2013	94,680	47,485
Airport Improvement Program	20.106	3-40-0006-014-2014	822,426	104,399
Airport Improvement Program	20.106	3-40-0005-015-2015	886,428	-
Airport Improvement Program	20.106	3-40-0006-015-2015	198,850	19,613
Total U.S. Department of Transportation			2,274,606	281,035
<u>U.S. DEPARTMENT OF LIBRARIES:</u>				
Grants to States - E-book grant	45.310	CE-2015	1,982	1,740
Total U.S. Department of Libraries			1,982	1,740
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management:				
Emergency Mgmt Reimb - State 13-14	97.042	EMPG 14	30,126	7,531
Emergency Mgmt Reimb - State 14-15	97.042	EMPG 15	30,126	22,594
Sub-total CFDA 97.042			60,252	30,125
Passed through Oklahoma Department of Emergency Management:				
Safe Room Grant	97.039	FEMA-1823-DR-OK	273,375	-
Passed through Oklahoma Department of Emergency Management:				
Hazard Mitigation Plan	97.036	FEMA-4109-DR-OK	46,838	10,875
Passed through Oklahoma Office of Homeland Security:				
Regional Response Sustainment	97.073	460.101	4,341	4,341
Regional Response Sustainment	97.073	460.151	2,158	2,158
Regional Response Sustainment	97.073	560.033	4,084	4,084
Sub-total CFDA 97.073			10,583	10,583
Passed through Oklahoma Office of Homeland Security:				
Homeland Security Grant Program	97.067	2012 HSGP	11,346	11,346
Homeland Security Grant Program	97.067	2013 HSGP	637	637
Sub-total CFDA 97.067			11,983	11,983
Total U.S. Department of Homeland Security			403,031	63,566
TOTAL FEDERAL ASSISTANCE			\$ 2,807,953	\$ 387,003

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Ardmore and is presented in accordance with the basis for determining federal awards expended as defined by Section 205 of Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
Oklahoma Department of Libraries:			
State Aid	N/A	\$23,275	\$23,275
Oklahoma Tobacco Settlement Endowment Trust:			
Health Communities Incentive Grant	TSET	10,000	1,229
Oklahoma Attorney General's Office:			
2014 Safe OK Grant	Safe OK 2014	61,285	23,108
TOTAL STATE AWARDS		\$94,560	\$47,612

Footnotes to Schedule of Expenditures of Federal and State Awards:

1. The Schedule of Expenditures of Federal and 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.

2. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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

INTERNAL CONTROL AND COMPLIANCE INFORMATION

Russell & Williams CPAs, PC

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

To the Members of the City Commission
City of Ardmore, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ardmore, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents, and have issued our report thereon dated April 19, 2016. The City of Ardmore, Oklahoma has chosen to omit all financial information related to its discretely presented component units, the inclusion of which is required by Generally Accepted Accounting Principles. Our opinions on the basic financial statements referred to above contains an adverse opinion related to the omission of the financial information of the discretely presented component units, and also contains a disclaimer of opinion on required supplemental information.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Ardmore, Oklahoma'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 City of Ardmore, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Ardmore, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 City of Ardmore, Oklahoma'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Samuel & Williams CPAs PC".

Oklahoma City, Oklahoma
April 19, 2016