

**Ardmore Animal Care Trust Authority**

**Financial Statements**

**Year-End June 30, 2016**

ARDMORE ANIMAL CARE TRUST AUTHORITY  
For the Year Ended June 30, 2016

**Table of Contents**

Independent Auditor’s Report ..... 1

***Basic Financial Statements:***

Government-Wide Statement of Net Assets .....3

Government-Wide State of Activities .....4

Governmental Funds Balance Sheet .....5

Governmental Fund State of Revenues,  
Expenditures and Changes in Fund Balance .....6

Notes to the Financial Statements ..... 7

Report on Compliance and Other Matters and on Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
performed in Accordance with *Government Auditing Standards* ..... 12

# Russell & Williams CPAs, PC

Casey J. Russell, C.P.A., M.B.A.  
Autumn L. Williams, C.P.A., Esq.  
Member AICPA & OSCPA

2812 NW 57<sup>th</sup> Street, Suite 102  
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743  
Fax: (405) 607-8744  
Email: caseycpa@hotmail.com

---

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Ardmore Animal Care Trust Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major of the Ardmore Animal Care Trust Authority, a component unit of the City of Ardmore, Oklahoma as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Ardmore Animal Care Trust Authority as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Management has omitted the management discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2016, on our consideration of the Ardmore Animal Care Trust Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ardmore Animal Care Trust Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Russell & Williams CPAs PC".

Oklahoma City, Oklahoma  
July 28, 2016

**Ardmore Animal Care Trust Authority**  
**Statement of Net Position**  
**June 30, 2016**

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash in Bank - Unrestricted	<u>173.00</u>
Total Current Assets	173.00
Noncurrent Assets:	
Capital Assets, net	<u>367,297.00</u>
Total Noncurrent Assets	<u>367,297.00</u>
Total Assets	<u><u>\$ 367,470.00</u></u>
Net Position	
Net investment in capital assets	367,297.00
Unrestricted	<u>173.00</u>
Total Net Position	<u>367,470.00</u>
Total Liabilities and Net Position	<u><u>\$ 367,470.00</u></u>

The accompanying footnotes are an integral part of these financial statements.

**Ardmore Animal Care Trust Authority**  
**Statement of Activities**  
**For the Year Ending June 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities				
Public Health and Welfare	146,544.00	-	130,000.00	(16,544.00)
General Government	<u>5,563.00</u>	-	-	<u>(5,563.00)</u>
Total Governmental Activities	<u>152,107.00</u>	<u>-</u>	<u>130,000.00</u>	<u>(22,107.00)</u>
			Change in Net Position	(22,107.00)
			Net Assets Beginning	<u>389,577.00</u>
			Net Assets Ending	<u>\$ 367,470.00</u>

The accompanying footnotes are an integral part of these financial statements.

**Ardmore Animal Care Trust Authority**  
**Governmental Funds Balance Sheet**  
**June 30, 2016**

	Total
Assets	
Current Assets:	
Cash in Bank - Unrestricted	173.00
Total Assets	\$ 173.00

Liabilities and Fund Balances	
Fund Balances	
Unassigned	173.00
Total Fund Balances	173.00

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	367,297.00
Net assets of governmental activities	\$ 367,470.00

**Ardmore Animal Care Trust Authority**  
**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2016**

	<u>Total</u>
Revenues	
Grant Income	130,000.00
Total Revenues	130,000.00
Expenditures	
Program Expenses	124,437.00
Administrative	5,563.00
Total Expenditures	130,000.00
Excess (deficiency) of revenues over (under) expenditures	-
Beginning Fund Balance	173.00
Ending Fund Balance	173.00

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

Depreciation is reported as an expense on the statement of activities. However depreciation is not recorded in the governmental fund financial statements. This is the amount of depreciation expenses that was reported.

	(22,107.00)
Change in net assets of governmental activities	\$ (22,107.00)

The accompanying notes are an integral part of these financial statements.



# ARDMORE ANIMAL CARE TRUST AUTHORITY

## Notes to Financial Statement

June 30, 2016

### **Note 1 – General Statement and Summary of Significant Accounting Policies**

#### **Organization**

The Ardmore Animal Care Trust Authority (“Authority”) is a trust created pursuant to a trust indenture under the Oklahoma Trust Act of Title 60, Oklahoma statutes. The City of Ardmore is the beneficiary of Ardmore Animal Care Trust Authority. The Authority is a component unit of the City of Ardmore. The Authority is governed by a separate board but is fiscally dependent upon the City of Ardmore for operating funds. The primary purpose of the trust is to provide operating support to Ardmore Animal Care Inc., which operated the Ardmore Animal Shelter.

The Authority is a component unit of the City of Ardmore. Its financial statements are required to be included in the City’s financial report as a discretely presented unit.

The Authority’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAPP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments. Government are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established is GAAP and used by the Authority are discussed below.

#### **Reporting Entity**

The Authority’s basic financial statements include the accounts of all the Authority’s operations. The criteria for including organizations as component units within the Authority’s reporting entity include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Authority holds the corporate powers of the organization
- The Authority appoints a voting majority of the organization’s board
- The Authority is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Authority
- There is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, the Ardmore Animal Care Trust Authority has no component units.

#### **Basis of Presentation Government-Wide and Fund Financial Statements**

##### *Governmental Financial Statements and Fund Type*

The Authority operates one fund, general fund, which is a governmental type of activity. Governmental funds are those through which the government functions of the Authority are financed. The measurement focus is upon determination of changes in net assets, rather than upon net income determination.

## **Note 1 – General Statement and Summary of Significant Accounting Policies - continued**

### **Basis of Presentation Government-Wide and Fund Financial Statements—continued**

#### ***Governmental Financial Statements and Fund Type – continued***

In the statement of net assets, the governmental activities are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long –term debt and obligations. The Authority’s net assets are reported in two arts – invested in capital assets and unrestricted net assets.

The statement of activities reports both the gross and net cost of each of the Authority’s functions. The statement of activities reduces gross expenses (including depreciation) by related program revenues, grants, and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants.

The net costs, by function, are normally covered by general revenue (interest income, intergovernmental revenues).

The government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority’s net assets resulting from current year’s activities.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Authority considers amount to have been spent first out of committed funds, then assigned funds and finally unassigned funds as needed.

#### **Measurement Focus/Basis of Accounting**

Measurement focus refers to hat is being measured; basis of accounting refers to the timing of when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Government fund types use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures in the current period. Accordingly, revenues are recoded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due.

#### **Governmental fund Financial Statements**

The Authority has adopted Governmental Accounting Standards Board Statement No, 54, *Fund Balance Reporting and governmental fund Type Definitions*, effective July 1, 2010, which redefined how fund balances of the governmental funds are presented in the financial statements, The governmental fund financial statements present fund balances based on classifications the comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

## Note 1 – General Statement and Summary of Significant Accounting Policies – continued

### Governmental Fund Financial Statements – continued

- **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted**: The classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Authority has classified funds restricted by debt indentures as restricted.
- **Committed**: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Authority does not have any funds in this category as of June 30, 2015.
- **Assigned**: This classification includes amounts that are considered by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Authority does not have any funds in this category as of June 30, 2015.
- **Unassigned**: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Authority would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

### Capital Assets

Capital assets are primarily building, improvements and equipment. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$100 (amount not rounded) and an estimated useful life which extends substantially beyond the year of acquisition. The cost of the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset utilizing the straight-line method. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**Note 1 – General Statement and summary of Significant Accounting Policies – continued**

**Capital Assets – continued**

Depreciation is computed using the straight line method over the estimated useful lives of five to seven years for equipment and 40 years for building.

**Budgetary Comparison Information**

Budgetary comparison information is required to be presented for the general fund if there is a legally adopted budget. The Authority is not legally required to adopt a budget for the general fund. Therefore, budgetary comparison information is not included in the Authority’s financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with the modified basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**Note 2 – Cash**

*Custodial Credit Risk.* Custodial credit risk for cash deposits is the risk that in the event of a bank failure, the Authority’s deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority’s policy requires collateral for demand deposits and certificates of deposits for all amounts not covered by federal deposit insurance. Custodial credit risk for deposits not formally addressed by bond indentures require that deposits be maintained by the trustee bank specified in the indenture. Cash deposits of the Authority are insured or collateralized by a pledging bank’s agent in the Authority’s name with securities consisting of U.S. government, state or municipal securities.

**Note 3 – Capital Assets**

Capital assets as of June 30, 2016, consist of the following:

	Beginning Balance	Additions	Disposals	Ending Balance
Building	\$ 809,488	-	-	\$ 809,488
Equipment	33,595	-	-	33,595
	843,083	-	-	843,083
Accumulated Depreciation	(453,679)	(22,107)	-	(475,786)
	<u>\$ 389,404</u>			<u>\$ 367,297</u>

Depreciation expense of \$22,110 was charged to the Authority’s public health and welfare activity.

**Note 4 – Contingencies**

The Authority 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.

**Note 5 – Subsequent Events**

Management has evaluated subsequent events through July 28, 2016, the date which the financial statements were available and issued.

**Note 6 – Concentrations**

The Authority derives 100% of its revenue from the City of Ardmore, Oklahoma.

## Russell & Williams CPAs, PC

Casey J. Russell, C.P.A., M.B.A.  
Autumn L. Williams, C.P.A., Esq.  
Member AICPA & OSCPA

2812 NW 57<sup>th</sup> Street, Suite 102  
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743  
Fax: (405) 607-8744  
Email: caseycpa@hotmail.com

---

### 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 Board of Trustees  
Ardmore Animal Care Trust Authority

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 and each major fund of City of Ardmore Animal Care Trust Authority, a component unit of the City of Ardmore, Oklahoma as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Ardmore Animal Care Trust Authority's basic financial statements, and have issued our report thereon dated July 28, 2016.

#### **Internal Control over Financial Reporting**

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

*Sandell & Williams CPAs PC*

Oklahoma City, Oklahoma

July 28, 2016