



CITY OF
ARDMORE, OKLAHOMA

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

AS OF AND FOR THE FISCAL YEAR ENDED

JUNE 30, 2019

**THE CITY OF ARDMORE,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

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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, 2019, 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, 2019, 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, 2018, 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, other post-employment benefit plan information and pension information on pages 9-17, 71-73, 74-78 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 federal awards and state awards, pages 80 – 96 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards page 97 accompanying footnotes page 98 and schedule of findings and questioned costs page 103 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedules of state awards page 97 and accompanying footnotes page 98 is presented for 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 December 16, 2019, 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
December 16, 2019

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CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2019, the City's total net position increased by \$10,015,915 or 10% from the prior year.
- During the year, the City's expenses for governmental activities were \$31.1 million and were funded by program revenues of \$2.7 million and further funded with taxes and other general revenues that totaled \$35.9 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$1.8 million.
- At June 30, 2019, unassigned fund balance for the General Fund was \$215,982 or 1.1% of the total General Fund revenues for the year.
- For budgetary reporting purposes, the General Fund reported revenues over estimates (excluding transfers) of \$774,470 or 6.7%, while expenditures were under the final appropriations (excluding transfers) by \$398,701 or 2.1%.

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, 2019

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 two 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 a third type of activity, discretely-presented component units for 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
As of and for the Year Ended June 30, 2019

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 and deferred outflows exceeded liabilities and deferred inflows by approximately \$107.8 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Current assets	\$ 38,493	\$ 35,168	9%	\$ 27,360	\$ 30,720	-11%	\$ 65,853	\$ 65,888	0%
Capital assets, net	36,257	29,849	21%	52,453	52,915	-1%	88,710	82,764	7%
Total assets	<u>74,750</u>	<u>65,017</u>	15%	<u>79,813</u>	<u>83,635</u>	-5%	<u>154,563</u>	<u>148,652</u>	4%
Deferred outflow of resources	<u>3,906</u>	<u>3,798</u>	3%	<u>582</u>	<u>607</u>	-4%	<u>4,488</u>	<u>4,405</u>	2%
Current liabilities	4,378	4,228	4%	5,086	4,877	4%	9,464	9,105	4%
Non-current liabilities	12,667	14,266	-11%	25,731	29,667	-13%	38,398	43,933	-13%
Total liabilities	<u>17,045</u>	<u>18,494</u>	-8%	<u>30,817</u>	<u>34,544</u>	-11%	<u>47,862</u>	<u>53,038</u>	-10%
Deferred inflow of resources	<u>2,795</u>	<u>1,830</u>	53%	<u>593</u>	<u>404</u>	47%	<u>3,388</u>	<u>2,234</u>	52%
Net position									
Net investment in capital assets	34,963	27,284	28%	24,000	20,379	18%	58,963	47,663	24%
Restricted	21,927	21,823	0%	-	-	0%	21,927	21,823	0%
Unrestricted (deficit)	1,926	(616)	-413%	24,985	28,915	-14%	26,911	28,299	-5%
Total net position	<u>\$ 58,816</u>	<u>\$ 48,491</u>	21%	<u>\$ 48,985</u>	<u>\$ 49,294</u>	-1%	<u>\$ 107,801</u>	<u>\$ 97,785</u>	10%

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 2019, this net investment in capital assets amounted to \$58.9 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 increased 21% to approximately \$58.8 million. Most 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). Unrestricted net position showed a balance of \$1.9 million at the end of this year. Net position of the business-type activities decreased less than 1% to approximately

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
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\$48.9 million. \$24 million of that net position is invested in capital assets, net of related debt. Consequently, unrestricted net position showed approximately \$24.9 million at the end of the year.

Changes in Net Position

For the year ended June 30, 2019, 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.)
	2019	2018		2019	2018		2019	2018	
Revenues									
Charges for services	\$ 848	\$ 764	11%	\$ 15,244	\$ 15,857	-4%	\$ 16,092	\$ 16,621	-3%
Operating grants and contributions	1,775	3,790	-53%	-	-	-	1,775	3,790	-53%
Capital grants and contributions	38	185	-79%	-	-	-	38	185	-79%
Taxes	32,775	31,211	5%	-	-	-	32,775	31,211	5%
Intergovernmental revenue	350	362	-3%	-	-	-	350	362	-3%
Investment income	879	293	200%	646	355	82%	1,525	648	135%
Miscellaneous	1,916	1,226	56%	22	103	-79%	1,938	1,329	46%
Total revenues	38,581	37,831	2%	15,912	16,315	-2%	54,493	54,146	1%
Expenses									
General government	10,385	6,632	57%	-	-	-	10,385	6,632	57%
Public safety	10,600	10,699	-1%	-	-	-	10,600	10,699	-1%
Streets	3,730	3,706	1%	-	-	-	3,730	3,706	1%
Culture, parks and recreation	3,800	3,497	9%	-	-	-	3,800	3,497	9%
Cemetery	365	325	12%	-	-	-	365	325	12%
Airport	754	2,164	-65%	-	-	-	754	2,164	-65%
Economic development	1,411	1,322	7%	-	-	-	1,411	1,322	7%
Interest on long-term debt	68	85	-20%	-	-	-	68	85	-20%
Water	-	-	-	5,694	5,595	2%	5,694	5,595	2%
Wastewater	-	-	-	4,393	4,160	6%	4,393	4,160	6%
Sanitation	-	-	-	2,663	2,390	11%	2,663	2,390	11%
Golf	-	-	-	614	623	-1%	614	623	-1%
Total expenses	31,113	28,430	9%	13,364	12,768	5%	44,477	41,198	8%
Excess (deficiency) before transfers	7,468	9,401	-21%	2,548	3,547	-28%	10,016	12,948	-23%
Transfers	2,857	(889)	421%	(2,857)	889	-421%	-	-	0%
Change in net position	10,325	8,512	21%	(309)	4,436	-107%	10,016	12,948	-23%
Beginning net position	48,491	39,979	21.3%	49,294	44,858	10%	97,785	84,837	15%
Ending net position	\$ 58,816	\$ 48,491	21%	\$ 48,985	\$ 49,294	-1%	\$ 107,801	\$ 97,785	10%

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

Governmental Activities:

Operating grants and contributions decreased 53% and airport expenses decreased 65% due to lack of activity of FAA grants in the current year as compared to the prior year.

Capital grants and contributions decreased 79% due to less public safety grant activity in the current year as compared to the prior year.

Investment income increased 200% due primarily to an increase in the change in fair market value of investments in the current year.

Miscellaneous revenue increased 56% due primarily to a \$500,000 donation from the Southern Oklahoma Memorial Foundation for construction of The Clubhouse, the City's new family entertainment center.

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General government expenditures increased 56% due primarily to incentives paid in association with Market Street in the current year.

Net transfers increased 421% due primarily to transfers from enterprise funds related to capital asset purchases in the current year.

Business-Type Activities:

Investment income increased 82% simply due to better investment returns in the current year.

Net transfers decreased 421% due primarily to transfers to governmental funds related to capital asset purchases in the current year.

Governmental Activities

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

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	2019	2018		2019	2018	
General government	\$ 10,385	6,632	57%	(\$10,042)	(5,900)	70%
Public safety	10,600	10,699	-1%	(9,013)	(9,168)	-2%
Streets	3,730	3,706	1%	(3,509)	(3,485)	1%
Culture, parks and recreation	3,800	3,497	9%	(3,675)	(3,219)	14%
Cemetery	365	325	12%	(304)	(276)	10%
Airport	754	2,164	-65%	(430)	(236)	82%
Economic development	1,411	1,322	7%	(1,411)	(1,322)	7%
Interest on long-term debt	68	85	-20%	(68)	(85)	-20%
Total	31,113	\$ 28,430	9%	(\$28,452)	(\$23,691)	20%

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>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Water	\$ 5,694	\$ 5,595	2%	\$ 528	\$ 1,236	-57%
Wastewater	4,393	4,160	6%	185	466	-60%
Sanitation	2,663	2,390	11%	1,396	1,589	-12%
Golf	614	623	-1%	(229)	(202)	13%
Total	<u>\$13,364</u>	<u>\$12,768</u>	5%	<u>\$ 1,880</u>	<u>\$ 3,089</u>	-39%

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 2019 fiscal year, the governmental funds reported a combined fund balance of \$30.4 million, which is an increase of \$1,148,389 as compared with the prior year. The enterprise funds reported combined net position of \$48.9 million, which is a decrease of \$308,882 compared with the prior year.

Other fund highlights include:

- For the year ended June 30, 2019, the General Fund's total fund balance increased by \$655,356 or approximately 10%.
- There is \$7,076,105 of fund balance in the General Fund that is assigned for specific purposes.

General Fund Budgetary Highlights

- For the year ended June 30, 2019, the General Fund reported revenues over estimates (excluding transfers) of \$774,470 or 6.7%, while expenditures were under the final appropriations (excluding transfers) by \$398,701 or 2.1%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the City had \$88.7 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 \$5.9 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 5,357	\$ 5,338	\$ 371	\$ 371	\$ 5,728	\$ 5,709
Buildings	11,601	10,236	32,699	33,611	44,300	43,847
Computers	812	732	40	55	852	787
Furniture and fixtures	241	172	13	5	254	177
Vehicles	1,327	1,380	1,068	1,519	2,395	2,899
Machinery and equipment	827	950	1,210	838	2,037	1,788
Infrastructure	16,093	11,042	17,052	16,516	33,145	27,558
Totals	<u>\$ 36,258</u>	<u>\$ 29,850</u>	<u>\$ 52,453</u>	<u>\$ 52,915</u>	<u>\$ 88,711</u>	<u>\$ 82,765</u>

This year's more significant capital asset additions included:

Fire Station #3	\$ 733,825
2019 Dodge Charger	23,500
2019 Chevrolet Silverado	30,690
(2) 2019 Harley Davidson Motorcycle	49,938
(2) 2019 Chevrolet Tahoe	63,994
Dispatch Workstation	44,526
Boom Mower	65,622
Kubota Tractor	60,232
Bridge and Culvert Improvements	191,928
Street Construction	6,712,796
Restroom Facility for SW Park	55,724
Refuse Truck	275,000
Refuse Loader	172,000
Refuse Loader	274,200
Sanitary and Storm Sewer Improvements	984,579
Water Meters and Settings	1,427,279
Filter Media Underdrain	274,677
Water Line Improvements	430,636
Library Roof Replacement	92,481
Family Entertainment Center	859,955

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 \$32.4 million in long-term debt outstanding which represents a \$4.46 million or 12% decrease 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, 2019

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Notes payable	\$ -	\$ -	\$ 28,453	\$ 32,561	\$ 28,453	\$ 32,561
Revenue bonds payable	1,295	2,565	-	-	1,295	2,565
Claims payable	1,228	276	-	-	1,228	276
Deposits subject to refund	-	-	217	215	217	215
Accrued compensated absences	990	1,016	231	241	1,221	1,257
Totals	<u>\$ 3,513</u>	<u>\$ 3,857</u>	<u>\$ 28,901</u>	<u>\$ 33,017</u>	<u>\$ 32,414</u>	<u>\$ 36,874</u>

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 Fiscal Year 2019-2020, 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 budget for FY19-20 contains \$63,298,221 in estimated revenues, \$76,406,550 in estimated expenditures and \$15,265,666 in transfers between funds and finally \$61,743,768 in beginning fund balances to balance the budget. Estimated ending fund balances in all funds are estimated to be \$48,635,439. As in the past, the City's General fund is not keeping up with the increasing cost and demands for services. The FY19-20 General Fund has budgeted expenses exceeding budget revenues by \$7,602,034 before transfers-in of \$7,340,500 and transfers-out of \$409,000. 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. We have a long way to go to attain that goal. Our budgeted transfers-in for FY 19-20 are \$1,090,000 more than the FY18-19.

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, 2019**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Government-Wide Statement of Net Position— June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,885,454	\$ 21,522,448	\$ 47,407,902
Investments	6,955,787	4,000,000	10,955,787
Accounts receivable, net of allowance	-	1,755,556	1,755,556
Court fines receivable, net of allowance	148,828	-	148,828
Internal balances	476,260	(476,260)	-
Receivable from other governments	3,763,685	-	3,763,685
Other taxes receivable	130,136	-	130,136
Other receivables	24,288	-	24,288
Inventories	13,403	256,429	269,832
Net pension asset	1,094,917	301,628	1,396,545
Capital Assets:			
Land and construction in progress	5,356,854	370,602	5,727,456
Other capital assets, net of depreciation	30,900,888	52,082,627	82,983,515
Total Assets	<u>\$ 74,750,500</u>	<u>\$ 79,813,030</u>	<u>\$ 154,563,530</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	3,880,709	536,198	4,416,907
Deferred amount related to OPEB	623	36,892	37,515
Deferred amount on refunding	24,920	9,446	34,366
Total Deferred Outflows of Resources	<u>3,906,252</u>	<u>582,536</u>	<u>4,488,788</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,879,225	\$ 641,851	\$ 2,521,076
Accrued interest payable	1,723	168,780	170,503
Due to other governments	320,287	-	320,287
Due to bondholders	4,802	-	4,802
Due to employees	24,262	-	24,262
Other payables	754,022	4,982	759,004
Long-term liabilities:			
Due within one year	1,393,963	4,270,695	5,664,658
Due in more than one year	2,118,913	24,630,251	26,749,164
Total OPEB liability	3,353,453	1,100,620	4,454,073
Net pension liability	7,194,985	-	7,194,985
Total liabilities	<u>17,045,635</u>	<u>30,817,179</u>	<u>47,862,814</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	2,283,444	420,850	2,704,294
Deferred amount related to OPEB	511,855	172,648	684,503
Total Deferred Inflows	<u>2,795,299</u>	<u>593,498</u>	<u>3,388,797</u>
NET POSITION			
Net investment in capital assets	34,962,742	24,000,339	58,963,081
Restricted for:			
Community enhancement	3,488,944	-	3,488,944
Streets	2,011,806	-	2,011,806
Culture and recreation	145,766	-	145,766
Capital projects	4,802,228	-	4,802,228
Public safety	220,062	-	220,062
Grant projects	377,404	-	377,404
Cemetery	107,179	-	107,179
Library capital improvement	76,919	-	76,919
Donor provisions-library	5,349,985	-	5,349,985
Debt service	5,346,972	-	5,346,972
Unrestricted	1,925,811	24,984,550	26,910,361
Total net position	<u>\$ 58,815,818</u>	<u>\$ 48,984,889</u>	<u>\$ 107,800,707</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, 2019

Government-Wide Statement of Activities –Year Ended June 30, 2019

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	\$ 10,384,886	\$ 323,334	\$ 19,427	\$ -	\$ (10,042,125)	\$ -	\$ (10,042,125)
Public Safety	10,600,547	315,982	1,234,136	37,190	(9,013,239)	-	(9,013,239)
Streets	3,729,803	-	220,644	-	(3,509,159)	-	(3,509,159)
Culture and Recreation	3,800,070	103,252	22,180	-	(3,674,638)	-	(3,674,638)
Cemetery	365,330	61,155	-	-	(304,175)	-	(304,175)
Airport	754,406	44,577	278,967	1,028	(429,834)	-	(429,834)
Economic Development	1,411,037	-	-	-	(1,411,037)	-	(1,411,037)
Interest on Long-term debt	67,782	-	-	-	(67,782)	-	(67,782)
Total governmental activities	<u>31,113,861</u>	<u>848,300</u>	<u>1,775,354</u>	<u>38,218</u>	<u>(28,451,989)</u>	<u>-</u>	<u>(28,451,989)</u>
Business-Type Activities							
Water	5,694,009	6,222,438	-	-	-	528,429	528,429
Wastewater	4,392,661	4,577,509	-	-	-	184,848	184,848
Sanitation	2,662,742	4,058,295	-	-	-	1,395,553	1,395,553
Golf	614,236	385,298	-	-	-	(228,938)	(228,938)
Total business-type activities	<u>13,363,648</u>	<u>15,243,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,879,892</u>	<u>1,879,892</u>
Total primary government	<u>\$ 44,477,509</u>	<u>\$ 16,091,840</u>	<u>\$ 1,775,354</u>	<u>\$ 38,218</u>	<u>\$ (28,451,989)</u>	<u>\$ 1,879,892</u>	<u>\$ (26,572,097)</u>
General revenues:							
Taxes:							
Sales and use taxes					\$ 25,916,426	\$ -	\$ 25,916,426
Property taxes					3,601,659	-	3,601,659
Franchise and miscellaneous taxes					1,598,175	-	1,598,175
911 taxes					247,250	-	247,250
Hotel/motel taxes					1,411,037	-	1,411,037
Intergovernmental revenue not restricted to specific programs					349,813	-	349,813
Unrestricted investment earnings					879,367	646,491	1,525,858
Miscellaneous					1,915,731	22,063	1,937,794
Transfers					2,857,328	(2,857,328)	-
Total general revenues and transfers					<u>38,776,786</u>	<u>(2,188,774)</u>	<u>36,588,012</u>
Change in net position					10,324,797	(308,882)	10,015,915
Net position - beginning, restated					48,491,021	49,293,771	97,784,792
Net position - ending					<u>\$ 58,815,818</u>	<u>\$ 48,984,889</u>	<u>\$ 107,800,707</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, 2019**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Governmental Funds Balance Sheet - June 30, 2019

	General Fund	Special Revenue Funds				Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		Community Enhancement Fund	FAA Grant Fund	Library Trust Fund	GAPS Tax City	Street Improvement Fund	TIF 2		
ASSETS									
Cash and cash equivalents	\$ 5,938,952	\$ 2,937,713	\$ 11,209	\$ 58,668	\$ 4,065,989	\$ 2,567,407	\$ 5,735,148	\$ 1,904,294	\$ 23,219,380
Investments	1,060,680	402,527	-	5,291,317	-	201,263	-	-	6,955,787
Receivable from other governments	2,163,738	380,303	106,979	-	380,303	380,303	71,082	280,977	3,763,685
Due from other funds	702,814	-	-	-	-	-	-	26,564	729,378
Other taxes receivable, net	-	-	-	-	-	-	-	130,136	130,136
Court fines receivable, net	148,828	-	-	-	-	-	-	-	148,828
Other receivables	24,288	-	-	-	-	-	-	-	24,288
Total assets	<u>\$ 10,039,300</u>	<u>\$ 3,720,543</u>	<u>\$ 118,188</u>	<u>\$ 5,349,985</u>	<u>\$ 4,446,292</u>	<u>\$ 3,148,973</u>	<u>\$ 5,806,230</u>	<u>\$ 2,341,971</u>	<u>\$ 34,971,482</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 635,642	\$ 20,659	\$ 42,229	\$ -	\$ 26,912	\$ 782,168	\$ 288,800	\$ 67,381	\$ 1,863,791
Due to other funds	1,241,509	-	489	-	-	25,105	-	41,371	1,308,474
Due to bondholders	4,802	-	-	-	-	-	-	-	4,802
Payable to other governments	-	-	-	-	-	-	-	320,287	320,287
Other payables	754,022	-	-	-	-	-	-	-	754,022
Total liabilities	<u>2,635,975</u>	<u>20,659</u>	<u>42,718</u>	<u>-</u>	<u>26,912</u>	<u>807,273</u>	<u>288,800</u>	<u>429,039</u>	<u>4,251,376</u>
Deferred Inflows of Resources:									
Deferred revenue	111,238	-	106,979	-	-	-	-	69,385	287,602
Fund balances:									
Restricted	-	3,488,944	-	5,349,985	4,236,162	1,930,936	5,346,972	1,574,266	21,927,265
Assigned	7,076,105	210,940	-	-	183,218	410,764	170,458	288,239	8,339,724
Unassigned (deficit)	215,982	-	(31,509)	-	-	-	-	(18,958)	165,515
Total fund balances	<u>7,292,087</u>	<u>3,699,884</u>	<u>(31,509)</u>	<u>5,349,985</u>	<u>4,419,380</u>	<u>2,341,700</u>	<u>5,517,430</u>	<u>1,843,547</u>	<u>30,432,504</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 10,039,300</u>	<u>\$ 3,720,543</u>	<u>\$ 118,188</u>	<u>\$ 5,349,985</u>	<u>\$ 4,446,292</u>	<u>\$ 3,148,973</u>	<u>\$ 5,806,230</u>	<u>\$ 2,341,971</u>	<u>\$ 34,971,482</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, 2019

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2019

	Special Revenue Funds					Capital Project	Debt Service	Other Governmental Funds	Total Governmental Funds
	General Fund	Community Enhancement Fund	FAA Grant Fund	Library Trust Fund	GAPS Tax City	Street Improvement Fund	TIF 2		
REVENUES									
Taxes	\$ 17,068,284	\$ 3,055,305	\$ -	\$ -	\$ 3,055,305	\$ 3,055,305	\$ 3,590,622	\$ 2,949,726	\$ 32,774,547
Intergovernmental	1,375,347	-	459,454	-	-	-	-	815,810	2,650,611
Licenses and permits	277,717	-	-	-	-	-	-	-	277,717
Charges for services	194,735	-	-	-	-	-	-	74,851	269,586
Fines and forfeitures	288,572	-	-	-	-	-	-	-	288,572
Investment earnings	157,169	77,094	-	288,110	94,280	68,828	111,128	25,938	822,547
Miscellaneous	626,920	10,959	284,279	142,440	-	189,567	-	846,381	2,100,546
Total revenues	<u>19,988,744</u>	<u>3,143,358</u>	<u>743,733</u>	<u>430,550</u>	<u>3,149,585</u>	<u>3,313,700</u>	<u>3,701,750</u>	<u>4,712,706</u>	<u>39,184,126</u>
EXPENDITURES									
Current:									
General government	5,685,027	783,124	-	-	10,734	-	2,500,000	1,554,402	10,533,287
Public safety	11,386,465	-	-	-	-	-	-	68,039	11,454,504
Street	28,259	-	-	-	-	1,186,454	-	494,255	1,708,968
Culture and recreation	3,160,955	-	-	8,301	-	-	-	224,827	3,394,083
Cemetery	318,912	-	-	-	-	-	-	-	318,912
Airport	-	-	455,890	-	-	-	-	63,446	519,336
Economic development	-	-	-	-	-	-	-	1,411,037	1,411,037
Capital outlay	727,852	-	-	-	970,767	3,159,401	835,949	390,166	6,084,135
Debt service:									
Principal	-	-	-	-	-	-	1,270,000	32,602	1,302,602
Interest and other charges	-	-	-	-	-	-	40,758	3,795	44,553
Total expenditures	<u>21,307,470</u>	<u>783,124</u>	<u>455,890</u>	<u>8,301</u>	<u>981,501</u>	<u>4,345,855</u>	<u>4,646,707</u>	<u>4,242,569</u>	<u>36,771,417</u>
Excess (deficiency) of revenues over expenditures	<u>(1,318,726)</u>	<u>2,360,234</u>	<u>287,843</u>	<u>422,249</u>	<u>2,168,084</u>	<u>(1,032,155)</u>	<u>(944,957)</u>	<u>470,137</u>	<u>2,412,709</u>
OTHER FINANCING SOURCES (USES)									
Judgement proceeds	34,819	-	-	-	-	-	-	-	34,819
Transfers in	5,284,671	313,723	1,860	-	-	-	111,972	503,300	6,215,526
Transfers out	(3,345,408)	(1,800,000)	(313,723)	(275,000)	(1,225,556)	(169,000)	-	(385,978)	(7,514,665)
Total other financing sources and uses	<u>1,974,082</u>	<u>(1,486,277)</u>	<u>(311,863)</u>	<u>(275,000)</u>	<u>(1,225,556)</u>	<u>(169,000)</u>	<u>111,972</u>	<u>117,322</u>	<u>(1,264,320)</u>
Net change in fund balances	655,356	873,957	(24,020)	147,249	942,528	(1,201,155)	(832,985)	587,459	1,148,389
Fund balances - beginning	6,636,731	2,825,927	(7,489)	5,202,736	3,476,852	3,542,855	6,350,415	1,256,088	29,284,115
Fund balances - ending	<u>\$ 7,292,087</u>	<u>\$ 3,699,884</u>	<u>\$ (31,509)</u>	<u>\$ 5,349,985</u>	<u>\$ 4,419,380</u>	<u>\$ 2,341,700</u>	<u>\$ 5,517,430</u>	<u>\$ 1,843,547</u>	<u>\$ 30,432,504</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, 2019

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	30,432,504
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position, net of accumulated depreciation of \$83,288,442.		
		36,257,742
Other long-term assets are not available to pay current period expenditures and therefore are either not reported, or deferred in the funds:		
Grants receivable		183,896
Court fines receivable		103,706
Net pension asset		1,094,917
Deferred outflows are not current financial resources and, therefore, are not reported in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:		
Deferred amount on refunding		24,920
Pension related deferred outflows		3,880,709
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		2,344,906
Certain long-term liabilities are not due and payable from current resources, and therefore they, along with deferred inflows, are not reported in the funds:		
Net pension liability		(7,194,985)
Pension related deferred inflows		(2,283,444)
OPEB related deferred inflows		(499,365)
Accrued interest payable		(1,723)
Revenue bonds payable		(1,295,000)
Accrued compensated absences		(965,498)
Total OPEB Liability		(3,267,467)
Net Position of Governmental Activities in the Statement of Net Position	\$	58,815,818

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds:	\$	1,148,389
<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		9,762,309
Depreciation expense		(3,353,597)
<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		(815,849)
<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>		
		1,468,274
<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>		
Principal payments on revenue bonds payable		1,270,000
<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		1,033,051
<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		1,691
Change in Total OPEB Liability		(190,877)
Change in accrued compensated absences		26,326
Amortization of deferred amount on refunding		(24,920)
Change in net position of governmental activities	\$	10,324,797

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Proprietary Funds Statement of Net Position - June 30, 2019

	<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>	<u>Other Enterprise Funds</u>			
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 4,465,105	\$ 5,341,706	\$ 4,740,749	\$ 8,010	\$ 14,555,570	\$ 2,666,074	
Restricted cash and cash equivalents	-	-	6,966,878	-	6,966,878	-	
Investments	800,000	1,700,000	1,500,000	-	4,000,000	-	
Accounts receivable, net of allowance	530,106	612,317	613,133	-	1,755,556	-	
Due from other funds	-	190,151	190,151	-	380,302	1,085,591	
Inventories	-	-	256,429	-	256,429	13,403	
Total current assets	<u>5,795,211</u>	<u>7,844,174</u>	<u>14,267,340</u>	<u>8,010</u>	<u>27,914,735</u>	<u>3,765,068</u>	
Non-current assets:							
Land and construction in progress	-	285,520	85,082	-	370,602	-	
Other capital assets, net of depreciation	1,337,295	24,331,567	25,795,590	618,175	52,082,627	-	
Net pension asset	88,932	70,446	142,250	-	301,628	-	
Total non-current assets	<u>1,426,227</u>	<u>24,687,533</u>	<u>26,022,922</u>	<u>618,175</u>	<u>52,754,857</u>	<u>-</u>	
Total assets	<u>\$ 7,221,438</u>	<u>\$ 32,531,707</u>	<u>\$ 40,290,262</u>	<u>\$ 626,185</u>	<u>\$ 80,669,592</u>	<u>\$ 3,765,068</u>	
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount related to pensions	159,463	125,245	251,490	-	536,198	-	
Deferred amount related to OPEB	2,119	34,773	-	-	36,892	623	
Deferred amount on refunding	-	-	9,446	-	9,446	-	
Total Deferred Outflows of Resources	<u>161,582</u>	<u>160,018</u>	<u>260,936</u>	<u>-</u>	<u>582,536</u>	<u>623</u>	
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	38,068	279,764	323,565	454	641,851	\$ 15,434	
Accrued interest payable	-	-	168,780	-	168,780	-	
Due to other funds	61,493	656,157	138,912	-	856,562	30,235	
Other payables	-	-	4,982	-	4,982	-	
Due to employees	-	-	-	-	-	24,262	
Current portion of:							
Compensated absences	6,572	5,233	11,295	-	23,100	2,413	
Deposits subject to refund	-	-	43,412	-	43,412	-	
Notes payable	-	-	4,204,183	-	4,204,183	-	
Total current liabilities	<u>106,133</u>	<u>941,154</u>	<u>4,895,129</u>	<u>454</u>	<u>5,942,870</u>	<u>72,344</u>	
Non-current liabilities:							
Compensated absences	59,152	47,094	101,650	-	207,896	21,714	
Deposits subject to refund	-	-	173,648	-	173,648	-	
Total OPEB liability	292,352	343,944	464,324	-	1,100,620	85,986	
Claims payable	-	-	-	-	-	1,228,251	
Notes payable	-	-	24,248,707	-	24,248,707	-	
Total non-current liabilities	<u>351,504</u>	<u>391,038</u>	<u>24,988,329</u>	<u>-</u>	<u>25,730,871</u>	<u>1,335,951</u>	
Total liabilities	<u>457,637</u>	<u>1,332,192</u>	<u>29,883,458</u>	<u>454</u>	<u>31,673,741</u>	<u>1,408,295</u>	
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to pensions	134,282	94,723	191,845	-	420,850	-	
Deferred amounts related to OPEB	42,466	49,960	80,222	-	172,648	12,490	
Total deferred inflows of resources	<u>176,748</u>	<u>144,683</u>	<u>272,067</u>	<u>-</u>	<u>593,498</u>	<u>12,490</u>	
NET POSITION							
Net investment in capital assets	1,337,295	24,617,087	(2,572,218)	618,175	24,000,339	-	
Unrestricted	5,411,340	6,597,763	12,967,891	7,556	24,984,550	2,344,906	
Total net position	<u>\$ 6,748,635</u>	<u>\$ 31,214,850</u>	<u>\$ 10,395,673</u>	<u>\$ 625,731</u>	<u>\$ 48,984,889</u>	<u>\$ 2,344,906</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, 2019

	Ardmore Solid Waste Authority		Ardmore Public Works Authority		Other Enterprise Funds	Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise				
REVENUES							
Water	-	-	6,222,438	-	-	\$ 6,222,438	-
Wastewater	-	4,577,509	-	-	-	4,577,509	-
Sanitation	4,058,295	-	-	-	-	4,058,295	-
Golf	-	-	-	385,298	-	385,298	-
Self insurance charges	-	-	-	-	-	-	5,093,825
Miscellaneous	-	-	-	10,621	-	10,621	-
Total operating revenues	<u>4,058,295</u>	<u>4,577,509</u>	<u>6,222,438</u>	<u>395,919</u>	<u>-</u>	<u>15,254,161</u>	<u>5,093,825</u>
OPERATING EXPENSES							
Water	-	-	3,272,403	-	-	3,272,403	-
Wastewater	-	2,268,965	-	-	-	2,268,965	-
Sanitation	2,144,436	-	-	-	-	2,144,436	-
Administration	-	-	15,000	-	-	15,000	4,117,594
Golf operations	-	-	-	557,014	-	557,014	-
Depreciation	364,087	2,116,196	1,740,139	57,222	-	4,277,644	-
Total Operating Expenses	<u>2,508,523</u>	<u>4,385,161</u>	<u>5,027,542</u>	<u>614,236</u>	<u>-</u>	<u>12,535,462</u>	<u>4,117,594</u>
Operating income (loss)	<u>1,549,772</u>	<u>192,348</u>	<u>1,194,896</u>	<u>(218,317)</u>	<u>-</u>	<u>2,718,699</u>	<u>976,231</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	126,118	168,488	351,095	790	-	646,491	56,820
Miscellaneous revenue	-	301	11,141	-	-	11,442	-
Gain (loss) on sale of capital assets	(154,219)	-	-	-	-	(154,219)	-
Interest expense	-	-	(673,967)	-	-	(673,967)	-
Total non-operating revenue (expenses)	<u>(28,101)</u>	<u>168,789</u>	<u>(311,731)</u>	<u>790</u>	<u>-</u>	<u>(170,253)</u>	<u>56,820</u>
Income (loss) before contributions and transfers	1,521,671	361,137	883,165	(217,527)	-	2,548,446	1,033,051
Capital contributions	-	-	330,550	-	-	330,550	-
Transfers in	-	1,715,798	4,598,098	196,870	-	6,510,766	-
Transfers out	(1,050,000)	(2,414,846)	(6,195,328)	(38,470)	-	(9,698,644)	-
Change in net position	471,671	(337,911)	(383,515)	(59,127)	-	(308,882)	1,033,051
Total net position - beginning	6,276,964	31,552,761	10,779,188	684,858	-	49,293,771	1,311,855
Total net position - ending	<u>\$ 6,748,635</u>	<u>\$ 31,214,850</u>	<u>\$ 10,395,673</u>	<u>\$ 625,731</u>	<u>\$ -</u>	<u>\$ 48,984,889</u>	<u>\$ 2,344,906</u>

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2019

	Ardmore Solid Waste Authority		Ardmore Public Works Authority		Other Enterprise Funds	Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise				
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 4,025,381	\$ 4,591,806	\$ 6,392,586	\$ 395,919	\$ 15,405,692	\$ 5,177,049	
Receipts (payments) from (to) other funds	57,742	58,269	112,679	-	228,690	(927,835)	
Payments to suppliers	(1,081,662)	(1,086,664)	(1,036,864)	(557,938)	(3,763,128)	(525,128)	
Payments to employees	(1,051,935)	(1,043,612)	(1,956,482)	-	(4,052,029)	(331,054)	
Claims and judgements paid	-	-	-	-	-	(2,307,259)	
Receipts of customer meter deposits	-	-	66,270	-	66,270	-	
Refunds of customer meter deposits	-	-	(64,620)	-	(64,620)	-	
Net cash provided by (used in) operating activities	<u>1,949,526</u>	<u>2,519,799</u>	<u>3,513,569</u>	<u>(162,019)</u>	<u>7,820,875</u>	<u>1,085,773</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	-	1,715,798	4,697,689	196,870	6,610,357	-	
Transfers to other funds	(1,050,000)	(2,414,846)	(6,294,919)	(38,470)	(9,798,235)	-	
Net cash provided by (used in) noncapital financing activities	<u>(1,050,000)</u>	<u>(699,048)</u>	<u>(1,597,230)</u>	<u>158,400</u>	<u>(3,187,878)</u>	<u>-</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Principal paid on debt	-	-	(4,108,306)	-	(4,108,306)	-	
Interest and fiscal agent fees paid on debt	-	-	(668,664)	-	(668,664)	-	
Purchase of capital assets	(643,359)	(1,059,814)	(1,908,700)	(38,470)	(3,650,343)	-	
Proceeds from sale of capital assets	11,106	-	-	-	11,106	-	
Net cash provided by (used in) capital and related financing activities	<u>(632,253)</u>	<u>(1,059,814)</u>	<u>(6,685,670)</u>	<u>(38,470)</u>	<u>(8,416,207)</u>	<u>-</u>	
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale of investments	-	-	4,180	-	4,180	-	
Interest and dividends	126,118	168,488	351,095	790	646,491	56,820	
Net cash provided by investing activities	<u>126,118</u>	<u>168,488</u>	<u>355,275</u>	<u>790</u>	<u>650,671</u>	<u>56,820</u>	
Net increase (decrease) in cash and cash equivalents	393,391	929,425	(4,414,056)	(41,299)	(3,132,539)	1,142,593	
Balances - beginning of year	4,071,714	4,412,281	16,121,683	49,309	24,654,987	1,523,481	
Balances - end of year	<u>\$ 4,465,105</u>	<u>\$ 5,341,706</u>	<u>\$ 11,707,627</u>	<u>\$ 8,010</u>	<u>\$ 21,522,448</u>	<u>\$ 2,666,074</u>	
Reconciliation to Statement of Net Position:							
Cash and cash equivalents	\$ 4,465,105	\$ 5,341,706	\$ 4,740,749	\$ 8,010	\$ 14,555,570	\$ 2,666,074	
Restricted cash and cash equivalents - current	-	-	6,966,878	-	6,966,878	-	
Total cash and cash equivalents, end of year	<u>\$ 4,465,105</u>	<u>\$ 5,341,706</u>	<u>\$ 11,707,627</u>	<u>\$ 8,010</u>	<u>\$ 21,522,448</u>	<u>\$ 2,666,074</u>	

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See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
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As of and for the Year Ended June 30, 2019**

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2019, (Continued)

	Ardmore Solid		Ardmore Public Works Authority			Internal Service Funds		
	Waste Authority		Wastewater	Water	Other Enterprise			
	Sanitation Enterprise		Enterprise	Enterprise	Funds	Total		
Reconciliation of operating income (loss) to net cash provided by (used in)								
Operating Activities:								
Operating income (loss)	\$ 1,549,772	\$	192,348	\$	1,194,896	\$ (218,317) \$ 2,718,699	\$ 976,231	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities:								
Depreciation expense	364,087		2,116,196		1,740,139	57,222	4,277,644	-
Other non-operating revenues	-		301		11,141	-	11,442	-
Change in assets and liabilities:								
Receivables, net	(32,914)		13,996		159,007	-	140,089	-
Inventory	-		-		49,811	-	49,811	7,498
Due from other funds	-		14,519		14,519	-	29,038	(952,792)
Other receivables	-		-		-	-	-	83,224
Accounts payable and accrued liabilities	7,044		120,464		244,150	(924)	370,734	(10,364)
Customer meter deposits payable	-		-		1,650	-	1,650	-
Due to other funds	57,742		43,750		98,160	-	199,652	24,957
Due to employees	-		-		-	-	-	(689)
Other payable	-		-		700	-	700	-
Claims payable	-		-		-	-	-	952,792
Total OPEB liability	(612)		33,746		(18,206)	-	14,928	(180)
Accrued compensated absences	(613)		788		(10,140)	-	(9,965)	(296)
Net pension liability	(60,041)		(45,907)		(89,392)	-	(195,340)	-
Deferred outflows and inflows of resources	65,061		29,598		117,134	-	211,793	5,392
Net cash provided by (used in) operating activities	\$ 1,949,526	\$	2,519,799	\$	3,513,569	\$ (162,019)	\$ 7,820,875	\$ 1,085,773
Noncash activities:								
Contributed capital assets	\$ -	\$	-	\$	330,550	\$ -	\$ 330,550	\$ -
	\$ -	\$	-	\$	330,550	\$ -	\$ 330,550	\$ -

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.

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- Airport – rental fees and capital grants.
- 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 Funds:

- 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.
- FAA Grant Fund – accounts for grant funds received from FAA for airport operations and capital projects.
- Library Trust Fund – accounts for the activities of the bequests found in the wills of two Ardmore citizens.
- 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.

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:

- Other Police Grants Fund – accounts for revenues received from various grants to be used for police purposes.
- Street and Alley Fund - accounts for state shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes.

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- 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.
- 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.
- 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.
- FEMA DR 4222 – accounts for grant revenues received for disaster emergencies.

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.
- 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.
- Clubhouse Fund – accounts for revenues and expenditures related to the construction of the new Family Entertainment Center.
- SW Park Project – accounts for donations received to be used for park improvements.
- Valley Ranch Road Assessment Fund – accounts for activities of a special assessment district.

Debt Service Fund:

- 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.

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

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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, FAA Grant Fund, Library Trust Fund, GAPS Tax City 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 acquisition 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, net pension liabilities, 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. The City buys back accumulations of sick leave over 720 hours for police and accumulations over 960 hours for fire at a discounted rate in July of each year. The City buys back accumulation of sick leave over 720 for non-exempt employees in December of each 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.

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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.

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.
- ½ cent recorded in the GAPS Tax City Fund 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 agreed to issue sales tax refunds to any citizen that provided receipts within three years of December 2013. The City had not issued any refunds as of June 30, 2019. 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.

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, 2019, the City's net assessed valuation of taxable property was \$188,186,038. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2019, was \$0.19.

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.

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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.
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, 2019, 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			\$ 37,011,995
Cash on hand			2,300
Time deposit	8/6/2019		201,263
Time deposit	8/6/2019		201,263
Time deposit	8/6/2019		201,264
Time deposit	8/6/2019		200,000
Time deposit	9/3/2019		300,000
Time deposit	9/3/2019		250,000
Time deposit	9/3/2019		250,000
Time deposit	9/3/2019		100,000
Time deposit	9/3/2019		250,000
Time deposit	10/8/2019		400,000
Time deposit	10/8/2019		300,000
Time deposit	10/8/2019		300,000
Time deposit	10/8/2019		500,000
Time deposit	10/8/2019		300,000
Time deposit	11/5/2019		500,000
Time deposit	11/5/2019		400,000
Time deposit	11/5/2019		400,000
Time deposit	11/5/2019		300,000
			<u>42,618,085</u>
Investments:			
Trustee accounts money market fund		AAA	10,525,014
Investment in Judgements		N/A	60,680
FFCB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	2,645,361
FFCB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	124,919
FHLB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	2,266,749
FHLB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	122,881
			<u>15,745,604</u>
Total deposits and investments			<u><u>\$ 58,363,689</u></u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 47,407,902
Investments			<u>10,955,787</u>
			<u><u>\$ 58,363,689</u></u>

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

The City’s policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. At June 30, 2019 the City was not exposed to custodial credit risk.

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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, 2019 are as follows:

	Current
	Cash and cash equivalents
Series 2009 Debt Service Account	\$ 15,708
Series 2012 Reserve Account	72,485
Series 2014 Note Revenue Account	813,515
Series 2015 Note Revenue Account	84,937
Series 2015 Construction Account	3,054,588
Series 2016 Note Revenue Account	77,017
Series 2016 Construction Account	2,631,568
Meter deposits	217,060
Total	\$ 6,966,878

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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	\$ 186,035	\$ (37,207)	\$ 148,828
Business-Type Activities:			
Utilities	\$ 1,979,937	\$ (224,381)	\$ 1,755,556

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, 2019, capital assets balances changed as follows:

	Balance at July 1, 2018	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,337,571	\$ 27,024	\$ 7,741	\$ 5,356,854
Total capital assets not being depreciated	5,337,571	27,024	7,741	5,356,854
Other capital assets:				
Buildings	15,853,893	1,770,116	18,287	17,605,722
Computers	7,676,847	276,872	92,919	7,860,800
Furniture and fixtures	1,040,546	115,950	1,251	1,155,245
Vehicles	5,189,190	307,400	46,660	5,449,930
Machinery and equipment	4,963,714	167,484	67,714	5,063,484
Infrastructure	69,948,561	7,105,588	-	77,054,149
Total other capital assets at historical cost	104,672,751	9,743,410	226,831	114,189,330
Less accumulated depreciation for:				
Buildings	5,618,240	404,280	18,287	6,004,233
Computers	6,944,629	197,369	92,918	7,049,080
Furniture and fixtures	868,713	46,413	1,250	913,876
Vehicles	3,809,372	359,923	46,659	4,122,636
Machinery and equipment	4,013,463	290,765	67,332	4,236,896
Infrastructure	58,906,874	2,054,847	-	60,961,721
Total accumulated depreciation	80,161,291	3,353,597	226,446	83,288,442
Other capital assets, net	24,511,460	6,389,813	385	30,900,888
Governmental activities capital assets, net	\$ 29,849,031	\$ 6,416,837	\$ 8,126	\$ 36,257,742

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Business-type activities:

Capital assets not being depreciated:

Land	\$ 370,602	\$ -	\$ -	\$ 370,602
Total capital assets not being depreciated	<u>370,602</u>	<u>-</u>	<u>-</u>	<u>370,602</u>
Other capital assets:				
Buildings	48,839,712	60,089	-	48,899,801
Computers	286,579	-	-	286,579
Furniture and fixtures	67,093	9,903	-	76,996
Vehicles	3,647,711	121,189	373,069	3,395,831
Machinery and equipment	4,889,046	762,041	252,686	5,398,401
Infrastructure	112,067,745	3,117,171	-	115,184,916
Total other capital assets at historical cost	<u>169,797,886</u>	<u>4,070,393</u>	<u>625,755</u>	<u>173,242,524</u>
Less accumulated depreciation for:				
Buildings	15,228,359	972,281	-	16,200,640
Computers	231,507	14,639	-	246,146
Furniture and fixtures	62,015	2,375	-	64,390
Vehicles	2,128,415	325,726	126,666	2,327,475
Machinery and equipment	4,051,362	380,987	244,263	4,188,086
Infrastructure	95,551,525	2,581,635	-	98,133,160
Total accumulated depreciation	<u>117,253,183</u>	<u>4,277,643</u>	<u>370,929</u>	<u>121,159,897</u>
Other capital assets, net	52,544,703	(207,250)	254,826	52,082,627
Business-type activities capital assets, net	<u>\$ 52,915,305</u>	<u>\$ (207,250)</u>	<u>\$ 254,826</u>	<u>\$ 52,453,229</u>

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	\$ 505,832
Public safety	368,092
Street	1,992,966
Culture and recreation	220,492
Cemetery	39,630
Airport	226,585
	<u>\$ 3,353,597</u>

Depreciation expense charged to business-type activities:

Water	\$ 1,740,138
Wastewater	2,116,196
Sanitation	364,087
Golf	57,222
	<u>\$ 4,277,643</u>

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5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2019, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Revenue bonds payable-direct placement	\$ 2,565,000	\$ -	\$ 1,270,000	\$ 1,295,000	\$ 1,295,000
Claims payable	275,459	3,259,362	2,306,570	1,228,251	-
Accrued compensated absences	1,016,247	-	26,622	989,625	98,963
Total Governmental Activities	<u>\$ 3,856,706</u>	<u>\$ 3,259,362</u>	<u>\$ 3,603,192</u>	<u>\$ 3,512,876</u>	<u>\$ 1,393,963</u>
Business-Type Activities:					
Notes Payable-direct placements	\$ 32,561,196	\$ -	\$ 4,108,305	\$ 28,452,891	\$ 4,204,183
Deposits subject to refund	215,410	66,270	64,620	217,060	43,412
Accrued compensated absences	240,961	-	9,966	230,995	23,100
Total Business-Type Activities	<u>\$ 33,017,567</u>	<u>\$ 66,270</u>	<u>\$ 4,182,891</u>	<u>\$ 28,900,946</u>	<u>\$ 4,270,695</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 1,393,963
Due in more than one year	2,118,913
Total OPEB liability	3,353,453
Net pension liability	7,194,985
Total Governmental Activities Long-Term Liabilities	<u>\$ 14,061,314</u>

Business-Type Activities:

Due within one year	\$ 4,270,695
Due in more than one year	24,630,251
Total OPEB liability	1,100,620
Total Business-Type Activities Long-Term Liabilities	<u>\$ 30,001,566</u>

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

Revenue Bonds Payable-Direct Placement:

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 revenue, 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 2010A Series TIF Tax Exempt Revenue Note. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note.

	\$ 1,295,000
Total Revenue Bonds Payable	<u>\$ 1,295,000</u>
Current portion	\$ 1,295,000
Noncurrent portion	-
Total Revenue Bonds Payable	<u>\$ 1,295,000</u>

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Claims Payable:

	Current portion	-
	Noncurrent portion	1,228,251
	Total Claims Payable	<u>\$ 1,228,251</u>

Accrued Compensated Absences:

	Current portion	98,963
	Noncurrent portion	890,662
	Total Accrued Compensated Absences	<u>\$ 989,625</u>

Total OPEB Liability:

	Current portion	-
	Noncurrent portion	3,353,453
	Total OPEB liability	<u>\$ 3,353,453</u>

Net Pension Liability:

	Current portion	-
	Noncurrent portion	7,194,985
	Total Net Pension Liability	<u>\$ 7,194,985</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-Direct Placements:

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. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note.

\$ 6,870,897

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. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.

11,900,000

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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. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.

4,560,000

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. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note.

431,994

2016 Series Utility System and Sales Tax Revenue Note through Bancfirst dated June 7, 2016, original amount of \$7,035,000 with an annual interest rate of 1.68% due in semi-annual installments of principal and interest beginning June 1, 2017, final installment due June 1, 2024, payable from and secured by utility revenues and 1/2 cent sales tax. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.

4,690,000

	Total Notes Payable	\$ 28,452,891
	Current portion	\$ 4,204,183
	Noncurrent portion	24,248,708
	Total Notes Payable	\$ 28,452,891

Deposits Subject to Refund:

	Current portion	43,412
	Noncurrent portion	173,648
	Total Deposits Subject to Refund	\$ 217,060

Accrued Compensated Absences:

	Current portion	23,100
	Noncurrent portion	207,895
	Total Accrued Compensated Absences	\$ 230,995

Total OPEB Liability:

	Noncurrent portion	1,100,620
	Total OPEB Liability	\$ 1,100,620

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Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>		<u>Governmental Activities</u>	
		<u>Direct Placement Revenue</u>	
		<u>Bonds Payable</u>	
		<u>Principal</u>	<u>Interest</u>
2020		1,295,000	16,296
Totals		<u>\$ 1,295,000</u>	<u>\$ 16,296</u>
<u>Year Ending June 30,</u>		<u>Business Type Activities</u>	
		<u>Direct Placements Notes Payable</u>	
		<u>Principal</u>	<u>Interest</u>
2020		4,204,183	580,238
2021		4,300,145	474,987
2022		4,396,103	376,955
2023		4,502,087	376,955
2024		4,158,078	210,735
2025-2029		2,790,983	640,781
2030-2034		3,387,156	289,308
2035		714,156	12,002
Totals		<u>\$ 28,452,891</u>	<u>\$ 2,961,961</u>

6. Fund Balances

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

	General Fund	Community Enhancement Fund	FAA Grant Fund	Library Trust Fund	GAPS Tax City Fund	Street Improvement Fund	TIF 2 Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances:									
Restricted for:									
Community enhancement	\$ -	\$ 3,488,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,488,944
Street improvements	-	-	-	-	-	1,930,936	-	80,870	2,011,806
Library grants	-	-	-	-	-	-	-	26,347	26,347
Grant programs	-	-	-	-	-	-	-	377,404	377,404
Public safety	-	-	-	-	-	-	-	220,062	220,062
Library	-	-	-	5,349,985	-	-	-	-	5,349,985
Cemetery	-	-	-	-	-	-	-	107,179	107,179
Capital projects	-	-	-	-	4,236,162	-	-	762,404	4,998,566
Debt service	-	-	-	-	-	-	5,346,972	-	5,346,972
Sub-total Restricted	-	3,488,944	-	5,349,985	4,236,162	1,930,936	5,346,972	1,574,266	21,927,265
Assigned for:									
Community enhancement	-	210,940	-	-	-	-	-	-	210,940
Street improvements	-	-	-	-	-	410,764	-	-	410,764
Library grants	-	-	-	-	-	-	-	14,290	14,290
Capital projects	-	-	-	-	183,218	-	-	252,670	435,888
Public safety capital projects	-	-	-	-	-	-	-	9,797	9,797
Debt service	-	-	-	-	-	-	170,458	-	170,458
Insurance recovery	91,009	-	-	-	-	-	-	-	91,009
Drug enforcement	20,775	-	-	-	-	-	-	-	20,775
Public safety	80,827	-	-	-	-	-	-	9,621	90,448
Reserve management	5,244,407	-	-	-	-	-	-	-	5,244,407
Grant programs	4,690	-	-	-	-	-	-	1,861	6,551
OHP building maintenance	27,239	-	-	-	-	-	-	-	27,239
Recreation	333,330	-	-	-	-	-	-	-	333,330
Library	91,797	-	-	-	-	-	-	-	91,797
Subsequent year's budget	1,182,031	-	-	-	-	-	-	-	1,182,031
Sub-total Assigned	7,076,105	210,940	-	-	183,218	410,764	170,458	288,239	8,339,724
Unassigned (deficit):	215,982	-	(31,509)	-	-	-	-	(18,958)	165,515
TOTAL FUND BALANCES	<u>\$ 7,292,087</u>	<u>\$ 3,699,884</u>	<u>\$ (31,509)</u>	<u>\$ 5,349,985</u>	<u>\$ 4,419,380</u>	<u>\$ 2,341,700</u>	<u>\$ 5,517,430</u>	<u>\$ 1,843,547</u>	<u>\$ 30,432,504</u>

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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, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Lakeview Golf Course	158,400	Operating transfer
General Fund	Wastewater Enterprise Fund	1,527,652	Sales tax transfer
General Fund	Water Enterprise Fund	1,527,652	Sales tax transfer
General Fund	FAA Grant Fund	1,860	Reimbursement of expenses incurred
Reserve Management Fund	Downtown Executive Airport	59,300	Reimbursement of expenses incurred
Reserve Management Fund	Water Enterprise	70,544	Reimbursement of expenses incurred
Water Enterprise	Reserve Management Fund	308,193	Reimbursement of expenses incurred
Water Enterprise	TIF 2 Fund	111,972	Reimbursement of expenses incurred
Water Enterprise	General Fund	1,100,000	Operating transfer
Water Enterprise	Wastewater Enterprise Fund	188,146	Capital assets
GAPS Tax Fund	Water Enterprise	1,225,556	Debt payments
Street and Alley Fund	Commercial Sidewalk	1,943	Project expenses
Street and Alley Fund	General Fund-RSP	4,035	Operating transfer
Community Enhancement Fund	General Fund	1,800,000	Operating transfer
FAA Grant Fund	Community Enhancement Fund	313,723	Operating transfer
Street Improvement Fund	Street and Alley Fund	169,000	Operating transfer
Mayor's Anti Crime Fund	General Fund	130,000	Operating transfer
Capital Improvement Fund	General Fund	250,000	Operating transfer
Library Trust Fund	Library Capital Improvement	275,000	Operating transfer
Golf Course Building	Lakeview Golf Course	38,470	Capital assets
Sanitation Enterprise	General Fund	1,050,000	Operating transfer
Wastewater Enterprise	General Fund	640,500	Operating transfer
Wastewater Enterprise	Water Enterprise	1,774,346	Debt payments
Total		<u>\$ 12,726,292</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>GW Capital Asset/Grant Purchases/Transfers</u>	<u>Net Transfers</u>
Governmental Funds	\$ 6,215,526	\$ (7,514,665)	\$ 4,156,467	\$ 2,857,328
Proprietary Funds	6,510,766	(9,698,644)	330,550	(2,857,328)
	<u>\$ 12,726,292</u>	<u>\$ (17,213,309)</u>	<u>\$ 4,487,017</u>	<u>\$ -</u>

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Balances:

Interfund receivable and payables at June 30, 2019 were comprised of the following:

General Fund	Wastewater Enterprise Fund	190,151	Portion of sales tax accrual
General Fund	Water Enterprise Fund	190,151	Portion of sales tax accrual
General Fund	Employee Benefit Internal Service Fund	779,734	Portion of self-insurance claims payable
General Fund	Garage Cash Fund	19,060	Reimburse for deposit recorded incorrectly
General Fund	Parks Cash Fund	34,235	Reimburse for deposit recorded incorrectly
Municipal Court Fund	General Fund	2,324	Court fines not yet transferred
Street Improvement Fund	Hazard Mitigation Fund	25,105	Reimburse expenses
Debt Service Fund	General Fund	41,371	Judgement principal and interest not transferred
E911 Fund	General Fund	24,395	Tobacco revenues posted in E911 fund
Garage Cash Fund	Employee Benefit Internal Service Fund	30,235	Portion of self-insurance claims payable
Sanitation Enterprise Fund	Employee Benefit Internal Service Fund	61,493	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Employee Benefit Internal Service Fund	56,157	Portion of self-insurance claims payable
Water Enterprise Fund	Employee Benefit Internal Service Fund	138,912	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Reserve Management Fund	600,000	Reimburse for deposit recorded incorrectly
Library Cash Fund	Literacy Grant Fund	1,459	Reimburse for deposit recorded incorrectly
FAA Grant Fund	Reserve Management Fund	489	Reimburse revenues
Total		<u>\$ 2,195,271</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Internal Service Fund Activity	Net Internal Balances
Governmental Funds	\$ 729,378	\$ (1,308,474)	\$ 1,055,356	\$ 476,260
Proprietary Funds	380,302	(856,562)	-	(476,260)
Internal Service Funds	1,085,591	(30,235)	<u>\$ (1,055,356)</u>	-
Total	<u>\$ 2,195,271</u>	<u>\$ (2,195,271)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge – The City has pledged ½ cent 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, \$8,697,000 of 2012 OWRB Notes Payable, \$26,140,000 of 2014 Series Utility System and Sales Tax Revenue Notes, \$5,430,000 of 2015 Series Utility System and Sales Tax Revenue Notes, and \$7,035,000 of 2017 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, 2035, 2023, 2024 and 2024 respectively. The total principal and interest payable for the remainder of the life of these notes is \$31,414,852. Pledged net water and sewer utility revenues and pledged sales tax in the current fiscal year were \$8,313,883. Maximum annual debt service on all parity debt totaled \$5,600,478 which was 148% of total pledged revenues for these notes.

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Gross Revenue Available for Debt Service:	
Charges for services	\$10,799,947
Sales tax pledged (1/2 cent)	3,055,304
Total Gross Revenues Available	<u>13,855,251</u>
Operating Expenses:	
Operations	5,541,368
Total Operating Expenses	<u>5,541,368</u>
Net Revenues Available for Debt Service	<u><u>\$8,313,883</u></u>
Debt Service Requirements:	
Maximum annual debt service on all APWA parity debt	<u><u>\$5,600,478</u></u>
Computed Coverage	<u><u>148%</u></u>
Coverage Requirement	<u><u>125%</u></u>

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.

The following represents the changes in approximate aggregate health care liabilities for the City from July 1, 2017 to June 30, 2019:

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10. Commitments and Contingencies

	Employee Health
Claims liability, June 30, 2017	\$ 304,100
Claims incurred and changes in estimates	3,303,606
Claims paid	(3,332,247)
Claims liability, June 30, 2018	275,459
Claims incurred and changes in estimates	3,259,362
Claims paid	(2,306,570)
Claims liability, June 30, 2019	1,228,251
Assets available to pay claims at June 30, 2019	\$3,732,012

Asset Retirement Obligation:

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2019, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the subsequent fiscal year.

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 2019, the City's involvement in federal and state award programs was not 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.

Benefits provided - FPRS provides defined retirement benefits based on members’ final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan’s benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member’s final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- Hired After November 1, 2013
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member’s final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

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

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the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$276,770. The State of Oklahoma also made on-behalf payments to the OFPRS in the amount of \$650,054 during the current fiscal year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$641,318. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a net pension liability of \$7,194,985 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.639187%.

For the year ended June 30, 2019, the City recognized pension expense of \$(55,271). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,502,830	\$ -
Net difference between projected and actual earnings on pension plan investments	-	597,846
Changes in proportion and differences between City contributions and proportionate share of contributions	175,576	392,212
City contributions during measurement date	4,620	1,576
City contributions subsequent to the measurement date	276,770	-
Total	<u>\$ 1,959,796</u>	<u>\$ 991,634</u>

\$276,770 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:

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Year ended June 30:	
2020	\$ 260,526
2021	182,025
2022	(27,014)
2023	176,824
2024	99,031
	\$ 691,392

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

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

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

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 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, 2018, 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%	4.37%
Domestic equity	47%	7.01%
International equity	15%	8.83%
Real estate	10%	6.58%
Other assets	8%	5.70%

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

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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	\$ 9,424,010	\$ 7,194,985	\$ 5,322,955

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).

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$368,002. The State of Oklahoma also made on-behalf payments to the OPPRS in the amount of \$345,353 during the current fiscal year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$362,299. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a net pension asset of \$442,198 for its proportionate share of the total net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.928304%.

For the year ended June 30, 2019, the City recognized pension expense of \$319,552. At June 30, 2019, 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	\$ 2,612	\$ 414,340
Changes of assumptions	193,124	-
Net difference between projected and actual earnings on pension plan investments	230,269	-
Changes in proportion and differences between contributions and proportionate share of contributions	15,501	-
Contributions during measurement date	7,294	5,200
City contributions subsequent to the measurement date	368,002	-
Total	<u>\$ 816,802</u>	<u>\$ 419,540</u>

\$368,002 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, 2020. 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:

2020	\$ 238,294
2021	97,081
2022	(240,936)
2023	(77,229)
2024	12,050
	<u>\$ 29,260</u>

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

Inflation:	2.75%
Salary increases:	3.5% to 10% 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.

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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, 2018, 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, 2018, are summarized in the following table:

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

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.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension 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:

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	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 2,051,218	\$ (442,198)	\$ (2,550,098)

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 Firefighter's Pension and Retirement System			Oklahoma Police Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2017	\$ 272,468	100%	2017	\$ 373,224	100%
2018	\$ 266,149	100%	2018	\$ 368,900	100%
2019	\$ 276,770	100%	2019	\$ 368,002	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 (asset), 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.

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

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- Actuarially Determined	Yes
- Employer Rate	10.21% 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	173
Deferred Vested Former Employees	27
Retirees or Retiree Beneficiaries	<u>47</u>
Total	<u>247</u>

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 8.58% of covered payroll as of 7-1-18. For the year ended June 30, 2019, the City recognized \$748,867 of employer contributions to the plan which is equal to the actuarially determined amount based on covered payroll of \$8,564,524.

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Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2018
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

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.

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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, 2018 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%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	<u>100%</u>		<u>4.75%</u>

Changes in Net Pension Liability (Asset)– The total pension liability was determined based on an actuarial valuation performed as of July 1, 2018 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, 2018 and the City's report ending date of June 30, 2019, that would have had a significant impact on the net pension liability (asset). The following table reports the components of changes in net pension liability (asset):

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	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	\$ 28,521,840	\$ 28,851,291	\$ (329,451)
Changes for the Year:			
Service cost	1,240,101	-	1,240,101
Interest expense	2,101,240	-	2,101,240
Experience losses (gains) (amortized over avg remain svc period of actives & inactives)	(681,761)	-	(681,761)
Changes of assumptions	-	-	-
Contributions--City	-	712,659	(712,659)
Contributions--members	-	497,441	(497,441)
Net investment income	-	2,135,242	(2,135,242)
Benefits paid	(1,029,226)	(1,029,226)	-
Plan administrative expenses	-	(60,866)	60,866
Net Changes	<u>1,630,354</u>	<u>2,255,250</u>	<u>(624,896)</u>
Balances End of Year	<u>\$ 30,152,194</u>	<u>\$ 31,106,541</u>	<u>\$ (954,347)</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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.5%	1% Increase 8.50%
Net Pension Liability (Asset)	\$ 3,299,925	\$ (954,347)	\$ (4,478,135)

The City reported \$839,148 in pension expense for the year ended June 30, 2019. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,099,176
Changes of assumptions	620,180	-
Net difference between projected and actual earnings on plan investments	215,326	-
Changes in proportion and differences between contributions and proportionate share of contributions	55,936	193,946
City contributions subsequent to the measurement date	748,867	-
Total	<u>\$ 1,640,309</u>	<u>\$ 1,293,122</u>

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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:	
2020	\$ 176,697
2021	(82,251)
2022	(366,396)
2023	(94,800)
2024	(34,930)
Thereafter	-
	<u>\$ (401,680)</u>

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, 2019, 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, 2019 were \$119,349.

12. Other Post-Employment Benefits

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

Benefits provided. The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City fully self-insured health plan. In accordance with administrative policy, retiree contributions are approximately 65% of the average employee premium at 7/1/2016 decreasing to 54% at 7/1/2019. An additional contribution is required for dependent coverage. This creates an implicit rate subsidy. The benefits offered by the City to retirees include health, dental and prescription drug benefits.

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Benefits continue to age 65 if the retiree continues to make the required contribution. Certain grandfathered retirees and spouses have lifetime benefits. Dental benefits may be continued after age 65.

The amount of benefit payments during the fiscal year ended June 30, 2019 were \$85,135.

Employees Covered by Benefit Terms

Active Employees	248
Inactive or beneficiaries receiving benefits	<u>16</u>
Total	<u>264</u>

Total OPEB Liability. The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2019. The measurement date used was June 30, 2019.

Actuarial Assumptions. The total OPEB liability in the June 30, 2019 valuation was determine using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Discount Rate - 3.87% based on the 20 year municipal bond yield
- Retirement Age - Civilian - 55 with 7 years of service, Police 20 years of service
- Health Care Cost Trend Rates:
 - 2017 6.09%
 - 2018 6.02%
 - 2019 6.05%
 - 2020 6.02%
 - 2025 5.99%
 - 2030 5.86%
 - 2035 5.99%
 - 2040 5.87%
 - 2045 5.33%
 - 2050 5.15%
 - 2055 5.03%
 - 2060 4.87%

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at Beginning of Year	\$ 4,497,865
Changes For the Year:	
Service cost	314,357
Interest expense	172,278
Change in benefit terms	-
Difference between expected and actual experience	(11,476)
Change in assumptions	(399,035)
Expected net benefit payments	\$ (119,916)
Net changes	<u>\$ (43,792)</u>
Balances at End of Year	<u>\$ 4,454,073</u>

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2019, the City recognized OPEB expense of \$385,099. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,997
Changes of assumptions	-	636,990
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion	37,515	37,516
Total	\$ 37,515	\$ 684,503

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (101,536)
2021	(101,536)
2022	(101,536)
2023	(101,536)
2024	(101,536)
Thereafter	(139,308)
	\$ (646,988)

Sensitivity of the City's total OPEB liability to changes in the discount rate. The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability	\$ 5,464,454	\$ 4,454,073	\$ 3,677,325

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rate. The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.09%) or 1-percentage-point higher (7.09%) than the current healthcare cost trend rate:

	1% Decrease 5.09% Grading to 3.87%	Healthcare Cost Trend Rates 6.09% Grading to 4.87%	1% Increase 7.09% Grading to 5.87%
Total OPEB Liability	\$ 3,698,731	\$ 4,454,073	\$ 5,410,869

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2019

GENERAL FUND				
Budget and Actual (with Variances) - Budgetary Basis				
Year Ended June 30, 2019				
	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 10,388,700	\$ 10,388,700	\$ 10,876,084	\$ 487,384
Intergovernmental	377,000	377,000	344,531	(32,469)
Licenses and permits	134,500	134,500	267,667	133,167
Charges for services	192,200	192,200	231,514	39,314
Fines and Forfeitures	294,300	294,300	291,934	(2,366)
Investment earnings	15,000	15,000	66,566	51,566
Miscellaneous	180,000	180,000	277,874	97,874
Total revenues	<u>11,581,700</u>	<u>11,581,700</u>	<u>12,356,170</u>	<u>774,470</u>
EXPENDITURES				
Department:				
<i>General Government:</i>				
Legislative	160,375	160,375	139,679	20,696
Municipal court	109,842	117,842	117,554	288
City manager	641,444	641,444	616,661	24,783
Human resources	315,959	315,959	298,482	17,477
Information tech	1,283,570	1,093,970	1,087,893	6,077
Legal	206,647	119,647	119,266	381
Finance	612,932	612,932	592,880	20,052
Purchasing	141,591	144,191	144,144	47
Engineering	562,823	315,823	313,473	2,350
Development services	672,656	672,656	666,020	6,636
GIS	101,610	102,610	102,561	49
Technical services	419,382	698,382	697,575	807
Pension benefits & insurance	646,500	688,500	687,588	912
Total General Government	<u>5,875,331</u>	<u>5,684,331</u>	<u>5,583,776</u>	<u>100,555</u>
<i>Public Safety:</i>				
Fire	3,173,674	3,103,674	3,099,184	4,490
Police	5,376,084	5,340,084	5,315,258	24,826
Police jail	225,000	225,000	213,654	11,346
Animal control	100,952	100,952	100,026	926
Forensic lab	151,236	151,236	138,738	12,498
Emergency dispatch	758,694	714,194	688,382	25,812
Total Public Safety	<u>9,785,640</u>	<u>9,635,140</u>	<u>9,555,242</u>	<u>79,898</u>
<i>Culture and Recreation:</i>				
Community center	317,119	317,119	283,192	33,927
Community pool	146,660	146,660	140,818	5,842
Parks & recreation	1,143,348	1,143,348	1,065,617	77,731
R.O.W. maintenance	454,992	454,992	371,300	83,692
Library	957,622	996,622	996,432	190
Total Culture and Recreation	<u>3,019,741</u>	<u>3,058,741</u>	<u>2,857,359</u>	<u>201,382</u>
<i>Cemetery:</i>				
Cemetery	319,458	319,458	302,592	16,866
Total Cemetery	<u>319,458</u>	<u>319,458</u>	<u>302,592</u>	<u>16,866</u>
Total Expenditures	<u>19,000,170</u>	<u>18,697,670</u>	<u>18,298,969</u>	<u>398,701</u>
Excess (deficiency) of revenues over expenditures	<u>(7,418,470)</u>	<u>(7,115,970)</u>	<u>(5,942,799)</u>	<u>1,173,171</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,250,500	6,250,500	6,155,438	(95,062)
Transfers out	(357,500)	(660,000)	(659,660)	340
Total other financing sources and uses	<u>5,893,000</u>	<u>5,590,500</u>	<u>5,495,778</u>	<u>(94,722)</u>
Net change in fund balances	(1,525,470)	(1,525,470)	(447,021)	1,078,449
Fund balances - beginning	1,721,197	1,721,197	2,825,927	1,104,730
Fund balances - ending	<u>\$ 195,727</u>	<u>\$ 195,727</u>	<u>\$ 2,378,906</u>	<u>\$ 2,183,179</u>

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COMMUNITY ENHANCEMENT FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2019

	<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 -</u> <u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 2,800,000	\$ 2,800,000	\$ 3,084,343	\$ 284,343
Investment earnings	11,000	11,000	76,503	65,503
Miscellaneous	500	500	10,959	10,459
Total revenues	<u>2,811,500</u>	<u>2,811,500</u>	<u>3,171,805</u>	<u>360,305</u>
EXPENDITURES				
Departmental:				
General government	710,900	783,900	783,124	776
Total General government	<u>710,900</u>	<u>783,900</u>	<u>783,124</u>	<u>776</u>
Total Expenditures	<u>710,900</u>	<u>783,900</u>	<u>783,124</u>	<u>776</u>
Excess (deficiency) of revenues over expenditures	<u>2,100,600</u>	<u>2,027,600</u>	<u>2,388,681</u>	<u>361,081</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,800,000)	(1,727,000)	(1,486,277)	240,723
Total other financing sources and uses	<u>(1,800,000)</u>	<u>(1,727,000)</u>	<u>(1,486,277)</u>	<u>240,723</u>
Net change in fund balances	300,600	300,600	902,404	601,804
Fund balances - beginning	2,456,810	2,456,810	2,825,927	369,117
Fund balances - ending	<u>\$ 2,757,410</u>	<u>\$ 2,757,410</u>	<u>\$ 3,728,331</u>	<u>\$ 970,921</u>

FAA GRANT FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2019

	<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 -</u> <u>Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 459,454	\$ 459,454
Miscellaneous	-	-	284,279	284,279
Total revenues	<u>-</u>	<u>-</u>	<u>743,733</u>	<u>743,733</u>
EXPENDITURES				
Departmental:				
Airport	-	456,800	455,890	910
Total Airport	<u>-</u>	<u>456,800</u>	<u>455,890</u>	<u>910</u>
Total Expenditures	<u>-</u>	<u>456,800</u>	<u>455,890</u>	<u>910</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(456,800)</u>	<u>287,843</u>	<u>744,643</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(311,863)	(311,863)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(311,863)</u>	<u>(311,863)</u>
Net change in fund balances	-	(456,800)	(24,020)	432,780
Fund balances - beginning	485,293	485,293	(7,489)	(492,782)
Fund balances - ending	<u>\$ 485,293</u>	<u>\$ 28,493</u>	<u>\$ (31,509)</u>	<u>\$ (60,002)</u>

**CITY OF ARDMORE, OKLAHOMA
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**LIBRARY TRUST FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 82,500	\$ 82,500	\$ 104,050	\$ 21,550
Miscellaneous	84,600	84,600	142,440	57,840
Total revenues	<u>167,100</u>	<u>167,100</u>	<u>246,490</u>	<u>79,390</u>
EXPENDITURES				
Departmental:				
Culture and recreation	10,902	10,902	8,301	2,601
Total Culture and recreation	<u>10,902</u>	<u>10,902</u>	<u>8,301</u>	<u>2,601</u>
Total Expenditures	<u>10,902</u>	<u>10,902</u>	<u>8,301</u>	<u>2,601</u>
Excess (deficiency) of revenues over expenditures	<u>156,198</u>	<u>156,198</u>	<u>238,189</u>	<u>81,991</u>
OTHER FINANCING SOURCES				
Transfers out	(300,000)	(300,000)	(275,000)	25,000
Total other financing sources	<u>(300,000)</u>	<u>(300,000)</u>	<u>(275,000)</u>	<u>25,000</u>
Net change in fund balances	(143,802)	(143,802)	(36,811)	106,991
Fund balances - beginning	5,308,598	5,308,598	5,202,736	(105,862)
Fund balances - ending	<u>\$ 5,164,796</u>	<u>\$ 5,164,796</u>	<u>\$ 5,165,925</u>	<u>\$ 1,129</u>

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:

	General Fund	Community Enhancement Fund	FAA Grant Fund	Library Trust Fund	GAPS Tax City Fund
Total revenue - budgetary basis	\$ 18,511,608	\$ 3,171,805	\$ 743,733	\$ 246,490	\$ 3,178,623
Total expenses - budgetary basis	(18,958,629)	(2,269,401)	(767,753)	(283,301)	(2,000,420)
Change in fund balance - budgetary basis	(447,021)	902,404	(24,020)	(36,811)	1,178,203
Revenue accruals	4,006,599	285,276	-	184,060	(29,038)
Expenditure accruals	(4,863,239)	(313,723)	-	-	(206,637)
Change in fund balance - GAAP basis	<u>\$ (1,303,661)</u>	<u>\$ 873,957</u>	<u>\$ (24,020)</u>	<u>\$ 147,249</u>	<u>\$ 942,528</u>

**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	2016	2017	2018	2019
City's proportion of the net pension liability	0.6716109%	0.6709177%	0.6364976%	0.6597064%	0.6391870%
City's proportionate share of the net pension liability	\$ 6,906,497	\$ 7,121,176	\$ 7,776,178	\$ 8,297,271	\$ 7,194,985
City's covered payroll	\$ 1,731,982	\$ 1,833,106	\$ 1,780,408	\$ 1,946,200	\$ 1,901,064
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	399%	388%	437%	426%	378%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%

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

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Statutorially required contribution	\$ 256,635	\$ 249,258	\$ 272,468	\$ 266,149	\$ 276,770
Contributions in relation to the statutorially required contribution	256,635	249,258	272,468	266,149	276,770
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,833,107	\$ 1,780,414	\$ 1,946,200	\$ 1,901,064	\$ 1,976,929
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available.

**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 (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
City's proportion of the net pension liability (asset)	0.8494%	0.8664%	0.8798%	0.9309%	0.9283%
City's proportionate share of the net pension liability (asset)	\$ (285,990)	\$ 35,326	\$ 1,347,423	\$ 71,607	\$ (442,198)
City's covered payroll	\$ 2,376,325	\$ 2,448,435	\$ 2,594,725	\$ 2,870,953	\$ 2,837,692
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.03%	1.44%	51.93%	2.49%	15.58%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%

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

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Statutorially required contribution	\$ 318,361	\$ 337,314	\$ 373,224	\$ 368,900	\$ 368,002
Contributions in relation to the statutorially required contribution	318,361	337,314	373,224	368,900	368,002
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,448,931	\$ 2,594,723	\$ 2,870,954	\$ 2,837,692	\$ 2,830,785
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available.

**CITY OF ARDMORE, OKLAHOMA
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Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

EMPLOYMENT HEALTH INSURANCE IMPLICIT RATE SUBSIDY PLAN

Last 10 Fiscal Years*

	2018	2019
Total OPEB Liability		
Service Cost	\$ 354,770	\$ 314,357
Interest	124,315	172,278
Differences between expected and actual experience	-	(11,476)
Changes in assumptions	(386,648)	(399,035)
Benefit Payments	(85,135)	(119,916)
Net change in total OPEB liability	\$ 7,302	\$ (43,792)
Balances- Beginning of Year	\$ 4,490,563	\$ 4,497,865
Balances- End of Year	\$ 4,497,865	\$ 4,454,073
Covered employee payroll	\$ 13,040,000	\$ 12,444,000
Total OPEB liability as a percentage of covered employee payroll	34.49%	35.79%

Notes to Schedule:

**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 Five Fiscal Years

	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 1,128,774	\$ 1,258,516	\$ 1,280,059	\$ 1,260,934	\$ 1,240,101
Interest	1,559,184	1,640,888	1,788,599	1,941,697	2,101,240
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(371,969)	(388,309)	(326,953)	(681,761)
Changes of assumptions	-	-	-	971,557	-
Benefit payments, including refunds of member contributions	(434,050)	(578,537)	(666,062)	(745,201)	(1,029,226)
Net change in total pension liability	2,253,908	1,948,898	2,014,287	3,102,034	1,630,354
Total pension liability - beginning	19,202,713	21,456,621	23,405,519	25,419,806	28,521,840
Total pension liability - ending (a)	\$ 21,456,621	\$ 23,405,519	\$ 25,419,806	\$ 28,521,840	\$ 30,152,194
Plan fiduciary net position					
Contributions - employer	\$ 1,125,336	\$ 1,014,468	\$ 847,375	\$ 782,365	\$ 712,659
Contributions - member	471,839	479,653	497,968	499,382	497,441
Net investment income	3,129,727	654,125	239,592	3,161,435	2,135,242
Benefit payments, including refunds of member contributions	(434,050)	(578,537)	(666,062)	(745,201)	(1,029,226)
Administrative expense	(46,482)	(48,122)	(48,765)	(55,881)	(60,866)
Net change in plan fiduciary net position	4,246,370	1,521,587	870,108	3,642,100	2,255,250
Plan fiduciary net position - beginning	18,571,126	22,817,496	24,339,083	25,209,191	28,851,291
Plan fiduciary net position - ending (b)	\$ 22,817,496	\$ 24,339,083	\$ 25,209,191	\$ 28,851,291	\$ 31,106,541
Net pension liability (asset) - ending (a) - (b)	\$ (1,360,875)	\$ (933,564)	\$ 210,615	\$ (329,451)	\$ (954,347)
Plan fiduciary net position as a percentage of the total pension liability	106.34%	103.99%	99.17%	101.16%	103.17%
Covered employee payroll	\$ 7,938,819	\$ 8,059,981	\$ 8,247,671	\$ 8,022,574	\$ 8,236,196
Net pension liability (asset) as a percentage of covered-employee payroll	17.14%	11.58%	2.55%	4.11%	11.59%

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available.

**CITY OF ARDMORE, OKLAHOMA
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**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions	Last Five Fiscal Years				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 1,018,499	\$ 855,186	\$ 815,114	\$ 712,659	\$ 748,867
Contributions in relation to the actuarially determined contribution	1,018,499	855,186	815,114	712,659	748,867
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 7,986,208	\$ 8,298,332	\$ 8,643,783	\$ 8,284,562	\$ 8,564,524
Contributions as a percentage of covered-employee payroll	12.8%	10.3%	9.4%	8.6%	8.7%

Notes to Schedule:

1. Only five fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2018
3. Actuarially determined contribution rate is calculated as of July 1, 2014, July 1, 2015, July 1, 2016, July 1, 2017, and July 1, 2018.
 - FY14-15 contributions were at a rate of 12.8%
 - FY15-16 contributions were at a rate of 10.3%
 - FY16-17 contributions were at a rate of 9.4%
 - FY17-18 contributions were at a rate of 8.6%
 - FY18-19 contributions were at a rate of 8.7%
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 - 28 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.50% to 7.50% (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, 2019

	<u>General Fund</u>	<u>Emergency Management Account</u>	<u>Insurance Recovery Account</u>	<u>Commercial Sidewalk Account</u>	<u>Drug Enforcement Account</u>	<u>A.L.E.R.T. Account</u>	<u>City Lakes Account</u>	<u>OHP Account</u>	<u>Recreation Account</u>
ASSETS									
Cash and cash equivalents	\$ 2,055,385	\$ 94	\$ 91,009	\$ -	\$ 21,931	\$ 9,284	\$ 4	\$ 27,239	\$ 451
Investments	60,680	-	-	-	-	-	-	-	-
Receivable from other governments	1,725,174	22,595	-	-	-	-	-	-	-
Due from other funds	68,090	-	-	-	-	-	-	-	-
Court fines receivable, net	148,828	-	-	-	-	-	-	-	-
Other receivables	2,953	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4,061,110</u>	<u>\$ 22,689</u>	<u>\$ 91,009</u>	<u>\$ -</u>	<u>\$ 21,931</u>	<u>\$ 9,284</u>	<u>\$ 4</u>	<u>\$ 27,239</u>	<u>\$ 451</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 581,182	\$ 2,354	\$ -	\$ -	\$ 1,156	\$ -	\$ 685	\$ -	\$ 3,500
Due to other funds	1,215,655	-	-	-	-	-	-	-	-
Due to bondholders	4,802	-	-	-	-	-	-	-	-
Other payables	754,022	-	-	-	-	-	-	-	-
Total liabilities	<u>2,555,661</u>	<u>2,354</u>	<u>-</u>	<u>-</u>	<u>1,156</u>	<u>-</u>	<u>685</u>	<u>-</u>	<u>3,500</u>
Deferred Inflows of Resources:									
Deferred revenue	103,706	7,532	-	-	-	-	-	-	-
Fund balances:									
Assigned	1,182,031	12,803	91,009	-	20,775	9,284	-	27,239	-
Unassigned (deficit)	219,712	-	-	-	-	-	(681)	-	(3,049)
Total fund balances	<u>1,401,743</u>	<u>12,803</u>	<u>91,009</u>	<u>-</u>	<u>20,775</u>	<u>9,284</u>	<u>(681)</u>	<u>27,239</u>	<u>(3,049)</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,061,110</u>	<u>\$ 22,689</u>	<u>\$ 91,009</u>	<u>\$ -</u>	<u>\$ 21,931</u>	<u>\$ 9,284</u>	<u>\$ 4</u>	<u>\$ 27,239</u>	<u>\$ 451</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
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As of and for the Year Ended June 30, 2019

Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2019, (Continued)

	Library Cash Account	Reserve Management Account	Emergency 911 Account	Car Seat Grant Account	Parks Cash Account	R.S.P. Account	Total General Fund Accounts
ASSETS							
Cash and cash equivalents	\$ 93,256	\$ 3,274,714	\$ 61,800	\$ 4,690	\$ 299,095	\$ -	\$ 5,938,952
Investments	-	1,000,000	-	-	-	-	1,060,680
Receivable from other governments	-	415,969	-	-	-	-	2,163,738
Due from other funds	-	600,489	-	-	34,235	-	702,814
Court fines receivable, net	-	-	-	-	-	-	148,828
Other receivables	-	-	21,335	-	-	-	24,288
Total assets	<u>\$ 93,256</u>	<u>\$ 5,291,172</u>	<u>\$ 83,135</u>	<u>\$ 4,690</u>	<u>\$ 333,330</u>	<u>\$ -</u>	<u>\$ 10,039,300</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 46,765	\$ -	\$ -	\$ -	\$ -	\$ 635,642
Due to other funds	1,459	-	24,395	-	-	-	1,241,509
Due to bondholders	-	-	-	-	-	-	4,802
Other payables	-	-	-	-	-	-	754,022
Total liabilities	<u>1,459</u>	<u>46,765</u>	<u>24,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,635,975</u>
Deferred Inflows of Resources:							
Deferred revenue	-	-	-	-	-	-	111,238
Fund balances:							
Assigned	91,797	5,244,407	58,740	4,690	333,330	-	7,076,105
Unassigned (deficit)	-	-	-	-	-	-	215,982
Total fund balances	<u>91,797</u>	<u>5,244,407</u>	<u>58,740</u>	<u>4,690</u>	<u>333,330</u>	<u>-</u>	<u>7,292,087</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 93,256</u>	<u>\$ 5,291,172</u>	<u>\$ 83,135</u>	<u>\$ 4,690</u>	<u>\$ 333,330</u>	<u>\$ -</u>	<u>\$ 10,039,300</u>

CITY OF ARDMORE, OKLAHOMA
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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Emergency Management Account</u>	<u>Insurance Recovery Account</u>	<u>Commercial Sidewalk Account</u>	<u>Drug Enforcement Account</u>	<u>A.L.E.R.T. Account</u>	<u>City Lakes Account</u>	<u>OHP Account</u>	<u>Recreation Account</u>
REVENUES									
Taxes	\$ 13,819,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,345,220	30,127	-	-	-	-	-	-	-
Licenses and permits	267,667	-	-	-	-	-	10,050	-	-
Charges for services	149,655	-	-	-	-	-	-	-	-
Fines and forfeitures	285,066	-	-	-	-	3,506	-	-	-
Investment earnings	70,360	21	1,687	-	547	193	97	1,018	45
Miscellaneous	390,586	-	79,044	-	6,904	-	3,662	6,600	38,852
Total revenues	<u>16,327,949</u>	<u>30,148</u>	<u>80,731</u>	<u>-</u>	<u>7,451</u>	<u>3,699</u>	<u>13,809</u>	<u>7,618</u>	<u>38,897</u>
EXPENDITURES									
Current:									
General government	5,532,060	-	42,896	-	-	-	-	-	-
Public Safety	11,260,038	108,904	-	-	9,327	-	-	8,196	-
Street	23,196	-	-	1,943	-	-	-	-	-
Culture and recreation	2,896,663	-	-	-	-	-	48,473	-	112,230
Cemetery	318,912	-	-	-	-	-	-	-	-
Capital Outlay	398,034	-	37,658	-	1,320	-	2,290	18,131	9,542
Total Expenditures	<u>20,428,903</u>	<u>108,904</u>	<u>80,554</u>	<u>1,943</u>	<u>10,647</u>	<u>-</u>	<u>50,763</u>	<u>26,327</u>	<u>121,772</u>
Excess (deficiency) of revenues over expenditures	<u>(4,100,954)</u>	<u>(78,756)</u>	<u>177</u>	<u>(1,943)</u>	<u>(3,196)</u>	<u>3,699</u>	<u>(36,954)</u>	<u>(18,709)</u>	<u>(82,875)</u>
OTHER FINANCING SOURCES (USES)									
Judgement proceeds	34,819	-	-	-	-	-	-	-	-
Interaccount transfer in	1,184,938	84,700	-	-	-	-	21,900	-	70,800
Interaccount transfer out	(177,400)	-	-	-	-	-	-	-	-
Transfers in	4,970,500	-	-	1,943	-	-	-	-	-
Transfers out	(3,215,564)	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>2,797,293</u>	<u>84,700</u>	<u>-</u>	<u>1,943</u>	<u>-</u>	<u>-</u>	<u>21,900</u>	<u>-</u>	<u>70,800</u>
Net change in fund balances	(1,303,661)	5,944	177	-	(3,196)	3,699	(15,054)	(18,709)	(12,075)
Fund balances - beginning	2,705,404	6,859	90,832	-	23,971	5,585	14,373	45,948	9,026
Fund balances - ending	<u>\$ 1,401,743</u>	<u>\$ 12,803</u>	<u>\$ 91,009</u>	<u>\$ -</u>	<u>\$ 20,775</u>	<u>\$ 9,284</u>	<u>\$ (681)</u>	<u>\$ 27,239</u>	<u>\$ (3,049)</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2019,
(Continued)

	Library Cash Account	Reserve Management Account	Emergency 911 Account	Car Seat Grant Account	Parks Cash Account	R.S.P. Account	Total General Fund Accounts
REVENUES							
Taxes	\$ -	\$ 3,001,639	\$ 247,250	-	\$ -	-	\$ 17,068,284
Intergovernmental	-	-	-	-	-	-	1,375,347
Licenses and permits	-	-	-	-	-	-	277,717
Charges for services	11,918	-	-	-	33,162	-	194,735
Fines and forfeitures	-	-	-	-	-	-	288,572
Investment earnings	-	75,574	-	-	7,627	-	157,169
Miscellaneous	9,144	-	-	22,745	69,383	-	626,920
Total revenues	<u>21,062</u>	<u>3,077,213</u>	<u>247,250</u>	<u>22,745</u>	<u>110,172</u>	<u>-</u>	<u>19,988,744</u>
EXPENDITURES							
Current:							
General government	-	91,421	-	18,650	-	-	5,685,027
Public Safety	-	-	-	-	-	-	11,386,465
Street	-	-	-	-	-	3,120	28,259
Culture and recreation	17,546	-	-	-	86,043	-	3,160,955
Cemetery	-	-	-	-	-	-	318,912
Capital Outlay	1,963	232,684	-	-	26,230	-	727,852
Total Expenditures	<u>19,509</u>	<u>324,105</u>	<u>-</u>	<u>18,650</u>	<u>112,273</u>	<u>3,120</u>	<u>21,307,470</u>
Excess (deficiency) of revenues over expenditures	<u>1,553</u>	<u>2,753,108</u>	<u>247,250</u>	<u>4,095</u>	<u>(2,101)</u>	<u>(3,120)</u>	<u>(1,318,726)</u>
OTHER FINANCING SOURCES (USES)							
Judgement proceeds	-	-	-	-	-	-	34,819
Interaccount transfer in	-	-	-	-	-	-	1,362,338
Interaccount transfer out	-	(1,000,000)	(184,938)	-	-	-	(1,362,338)
Transfers in	-	308,193	-	-	-	4,035	5,284,671
Transfers out	-	(129,844)	-	-	-	-	(3,345,408)
Total other financing sources and uses	<u>-</u>	<u>(821,651)</u>	<u>(184,938)</u>	<u>-</u>	<u>-</u>	<u>4,035</u>	<u>1,974,082</u>
Net change in fund balances	1,553	1,931,457	62,312	4,095	(2,101)	915	655,356
Fund balances - beginning	90,244	3,312,950	(3,572)	595	335,431	(915)	6,636,731
Fund balances - ending	<u>\$ 91,797</u>	<u>\$ 5,244,407</u>	<u>\$ 58,740</u>	<u>\$ 4,690</u>	<u>\$ 333,330</u>	<u>\$ -</u>	<u>\$ 7,292,087</u>

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Combining Schedule of Net Position – APWA Water Enterprise Fund Accounts – June 30, 2019

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,740,749	\$ -	\$ -	\$ -	\$ 4,740,749
Restricted cash and cash equivalents	-	217,060	6,749,818	-	6,966,878
Investments	1,500,000	-	-	-	1,500,000
Accounts receivable, net of allowance	613,133	-	-	-	613,133
Due from other funds	190,151	-	-	-	190,151
Inventories	256,429	-	-	-	256,429
Total current assets	<u>7,300,462</u>	<u>217,060</u>	<u>6,749,818</u>	<u>-</u>	<u>14,267,340</u>
Non-current assets:					
Land and construction in progress	85,082	-	-	-	85,082
Other capital assets, net of depreciation	25,795,590	-	-	-	25,795,590
Net pension asset	142,250	-	-	-	142,250
Total non-current assets	<u>26,022,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,022,922</u>
Total assets	<u>33,323,384</u>	<u>217,060</u>	<u>6,749,818</u>	<u>-</u>	<u>40,290,262</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount related to pensions	251,490	-	-	-	251,490
Deferred amount on refunding	-	-	9,446	-	9,446
Total Deferred Outflows of Resources	<u>251,490</u>	<u>-</u>	<u>9,446</u>	<u>-</u>	<u>260,936</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	198,636	-	124,929	-	323,565
Accrued interest payable	-	-	168,780	-	168,780
Due to other funds	138,912	-	-	-	138,912
Other payables	4,982	-	-	-	4,982
Current portion of:					
Compensated absences	11,295	-	-	-	11,295
Deposits subject to refund	-	43,412	-	-	43,412
Notes payable	-	-	4,204,183	-	4,204,183
Total current liabilities	<u>353,825</u>	<u>43,412</u>	<u>4,497,892</u>	<u>-</u>	<u>4,895,129</u>
Non-current liabilities:					
Compensated absences	101,650	-	-	-	101,650
Deposits subject to refund	-	173,648	-	-	173,648
Total OPEB liability	464,324	-	-	-	464,324
Notes payable	-	-	24,248,707	-	24,248,707
Total non-current liabilities	<u>565,974</u>	<u>173,648</u>	<u>24,248,707</u>	<u>-</u>	<u>24,988,329</u>
Total liabilities	<u>919,799</u>	<u>217,060</u>	<u>28,746,599</u>	<u>-</u>	<u>29,883,458</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	191,845	-	-	-	191,845
Deferred amounts related to OPEB	80,222	-	-	-	80,222
Total deferred inflows of resources	<u>272,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,067</u>
NET POSITION					
Net investment in capital assets	25,880,672	-	(28,452,890)	-	(2,572,218)
Unrestricted	6,502,336	-	6,465,555	-	12,967,891
Total net position	<u>\$ 32,383,008</u>	<u>\$ -</u>	<u>\$ (21,987,335)</u>	<u>\$ -</u>	<u>\$ 10,395,673</u>

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Combining Schedule of Revenues, Expenses, and Changes in Net Position – APWA Water Enterprise Fund Accounts – Year Ended June 30, 2019

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
REVENUES					
Water	\$ 6,222,438	\$ -	\$ -	\$ -	\$ 6,222,438
Total operating revenues	<u>6,222,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,222,438</u>
OPERATING EXPENSES					
Water operations	3,272,403	-	-	-	3,272,403
Administration	-	-	15,000	-	15,000
Depreciation	1,740,139	-	-	-	1,740,139
Total Operating Expenses	<u>5,012,542</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>5,027,542</u>
Operating income (loss)	<u>1,209,896</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>1,194,896</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	167,422	-	183,673	-	351,095
Miscellaneous revenue	11,141	-	-	-	11,141
Interest expense	-	-	(673,967)	-	(673,967)
Total non-operating revenue (expenses)	<u>178,563</u>	<u>-</u>	<u>(490,294)</u>	<u>-</u>	<u>(311,731)</u>
Income (loss) before contributions and transfers	1,388,459	-	(505,294)	-	883,165
Capital contributions	330,550	-	-	-	330,550
Interaccount transfer in	99,591	-	1,760,381	-	1,859,972
Interaccount transfer out	(1,760,381)	-	(99,591)	-	(1,859,972)
Transfers in	1,527,652	-	3,070,446	-	4,598,098
Transfers out	(1,100,000)	-	(5,095,328)	-	(6,195,328)
Change in net position	485,871	-	(869,386)	-	(383,515)
Total net position - beginning	31,897,137	-	(21,117,949)	-	10,779,188
Total net position - ending	<u>\$ 32,383,008</u>	<u>\$ -</u>	<u>\$ (21,987,335)</u>	<u>\$ -</u>	<u>\$ 10,395,673</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019

	Special Revenue Funds								
	Other Police Grants	Street and Alley	Library State Grant	Historical Grant	Pass Thru Grants	Mayor's Anti Crime	Homeland Security Grant	JAG LLEBG Grant	ADA Industrial
ASSETS									
Cash and cash equivalents	\$ -	\$ 61,065	\$ 31,612	\$ 5,622	\$ -	\$ 229,683	\$ 975	\$ -	\$ -
Receivable from other governments	-	19,805	-	1,439	-	-	-	-	190,151
Due from other funds	-	-	-	-	-	-	-	-	-
Other taxes receivable, net	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 80,870</u>	<u>\$ 31,612</u>	<u>\$ 7,061</u>	<u>\$ -</u>	<u>\$ 229,683</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 190,151</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-	-	190,151
Total liabilities	<u>-</u>	<u>-</u>	<u>3,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,151</u>
Deferred Inflows of Resources:									
Deferred revenue	-	-	-	-	-	-	-	-	-
Fund balances:									
Restricted	-	80,870	13,859	6,175	-	220,062	-	-	-
Assigned	-	-	14,290	886	-	9,621	975	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>80,870</u>	<u>28,149</u>	<u>7,061</u>	<u>-</u>	<u>229,683</u>	<u>975</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ -</u>	<u>\$ 80,870</u>	<u>\$ 31,612</u>	<u>\$ 7,061</u>	<u>\$ -</u>	<u>\$ 229,683</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 190,151</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019, (Continued)

	Capital Project Funds							
	Convention Tourism	Literacy Grant	FEMA DR 4222	Hazard Mitigation	Fire Capital	Downtown Executive Airport	Capital Improvement	Cemetery Care
ASSETS								
Cash and cash equivalents	\$ -	\$ 12,923	\$ 371,229	\$ 40,961	\$ 9,953	\$ 40	\$ 207,407	\$ 107,179
Receivable from other governments	-	-	62,428	6,957	-	-	-	-
Due from other funds	-	1,459	-	25,105	-	-	-	-
Other taxes receivable, net	130,136	-	-	-	-	-	-	-
Total assets	<u>\$ 130,136</u>	<u>\$ 14,382</u>	<u>\$ 433,657</u>	<u>\$ 73,023</u>	<u>\$ 9,953</u>	<u>\$ 40</u>	<u>\$ 207,407</u>	<u>\$ 107,179</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 1,894	\$ -	\$ -	\$ 156	\$ 9,180	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Due to component unit	130,136	-	-	-	-	-	-	-
Total liabilities	<u>130,136</u>	<u>1,894</u>	<u>-</u>	<u>-</u>	<u>156</u>	<u>9,180</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:								
Deferred revenue	-	-	62,428	6,957	-	-	-	-
Fund balances:								
Restricted	-	12,488	371,229	66,066	-	-	-	107,179
Assigned	-	-	-	-	9,797	-	207,407	-
Unassigned (deficit)	-	-	-	-	-	(9,140)	-	-
Total fund balances	<u>-</u>	<u>12,488</u>	<u>371,229</u>	<u>66,066</u>	<u>9,797</u>	<u>(9,140)</u>	<u>207,407</u>	<u>107,179</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 130,136</u>	<u>\$ 14,382</u>	<u>\$ 433,657</u>	<u>\$ 73,023</u>	<u>\$ 9,953</u>	<u>\$ 40</u>	<u>\$ 207,407</u>	<u>\$ 107,179</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019, (Continued)

	<u>Capital Project Funds</u>				<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
	<u>Library Capital Improvement</u>	<u>Clubhouse</u>	<u>SW Park Project</u>	<u>Valley Ranch Road Assessment</u>	<u>Debt Service Fund</u>	
ASSETS						
Cash and cash equivalents	\$ 143,191	\$ 502,142	\$ 125,860	\$ 23,096	\$ 31,356	\$ 1,904,294
Receivable from other governments	-	-	-	-	197	280,977
Due from other funds	-	-	-	-	-	26,564
Other taxes receivable, net	-	-	-	-	-	130,136
Total assets	<u>\$ 143,191</u>	<u>\$ 502,142</u>	<u>\$ 125,860</u>	<u>\$ 23,096</u>	<u>\$ 31,553</u>	<u>\$ 2,341,971</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 52,688	\$ -	\$ -	\$ -	\$ -	\$ 67,381
Due to other funds	-	-	-	-	41,371	41,371
Due to component unit	-	-	-	-	-	320,287
Total liabilities	<u>52,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,371</u>	<u>429,039</u>
Deferred Inflows of Resources:						
Deferred revenue	-	-	-	-	-	69,385
Fund balances:						
Restricted	76,919	500,000	119,419	-	-	1,574,266
Assigned	13,584	2,142	6,441	23,096	-	288,239
Unassigned (deficit)	-	-	-	-	(9,818)	(18,958)
Total fund balances	<u>90,503</u>	<u>502,142</u>	<u>125,860</u>	<u>23,096</u>	<u>(9,818)</u>	<u>1,843,547</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 143,191</u>	<u>\$ 502,142</u>	<u>\$ 125,860</u>	<u>\$ 23,096</u>	<u>\$ 31,553</u>	<u>\$ 2,341,971</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2019

Special Revenue Funds

	Other Police Grants	Street and Alley	Library State Grant	Historical Grant	Pass Thru Grants	Mayor's Anti Crime	Homeland Security Grant	JAG LLEBG Grant	ADA Industrial
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,527,652
Intergovernmental	8,634	395,176	19,430	3,552	18,875	-	-	34,190	-
Charges for services	-	-	-	-	-	-	-	-	-
Investment earnings	-	1,179	824	-	-	5,335	-	-	-
Miscellaneous	-	-	5,000	-	-	194,070	-	-	-
Total revenues	<u>8,634</u>	<u>396,355</u>	<u>25,254</u>	<u>3,552</u>	<u>18,875</u>	<u>199,405</u>	<u>-</u>	<u>34,190</u>	<u>1,527,652</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	15,875	-	-	-	1,527,652
Public Safety	3,005	-	-	-	-	15,032	-	17,095	-
Street	-	494,255	-	-	-	-	-	-	-
Culture and recreation	-	-	20,597	3,552	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Capital Outlay	3,317	-	3,629	-	3,000	5,208	-	17,095	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>6,322</u>	<u>494,255</u>	<u>24,226</u>	<u>3,552</u>	<u>18,875</u>	<u>20,240</u>	<u>-</u>	<u>34,190</u>	<u>1,527,652</u>
Excess (deficiency) of revenues over expenditures	<u>2,312</u>	<u>(97,900)</u>	<u>1,028</u>	<u>-</u>	<u>-</u>	<u>179,165</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	169,000	-	-	-	-	-	-	-
Transfers out	-	(5,978)	-	-	-	(130,000)	-	-	-
Total other financing sources and uses	<u>-</u>	<u>163,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,312	65,122	1,028	-	-	49,165	-	-	-
Fund balances - beginning	(2,312)	15,748	27,121	7,061	-	180,518	975	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 80,870</u>	<u>\$ 28,149</u>	<u>\$ 7,061</u>	<u>\$ -</u>	<u>\$ 229,683</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF ARDMORE, OKLAHOMA
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As of and for the Year Ended June 30, 2019

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2019, (Continued)

	Capital Project Funds							
	Convention Tourism	Literacy Grant	FEMA DR 4222	Hazard Mitigation	Fire Capital	Downtown Executive Airport	Capital Improvement	Cemetery Care
REVENUES								
Taxes	\$ 1,411,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	335,953	-	-	-	-	-
Charges for services	-	-	-	-	14,985	44,577	-	15,289
Investment earnings	-	-	-	-	470	185	6,368	2,162
Miscellaneous	-	2,750	-	-	500	517	143,352	-
Total revenues	<u>1,411,037</u>	<u>2,750</u>	<u>335,953</u>	<u>-</u>	<u>15,955</u>	<u>45,279</u>	<u>149,720</u>	<u>17,451</u>
EXPENDITURES								
Current:								
General government	-	-	-	10,875	-	-	-	-
Public Safety	-	-	-	-	32,907	-	-	-
Highways and roads	-	-	-	-	-	-	-	-
Culture and recreation	-	34,760	-	-	-	-	-	-
Airport	-	-	-	-	-	63,446	-	-
Economic development	1,411,037	-	-	-	-	-	-	-
Capital Outlay	-	3,303	-	-	5,301	70,973	-	38,982
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,411,037</u>	<u>38,063</u>	<u>-</u>	<u>10,875</u>	<u>38,208</u>	<u>134,419</u>	<u>-</u>	<u>38,982</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(35,313)</u>	<u>335,953</u>	<u>(10,875)</u>	<u>(22,253)</u>	<u>(89,140)</u>	<u>149,720</u>	<u>(21,531)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	59,300	-	-
Transfers out	-	-	-	-	-	-	(250,000)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,300</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balances	-	(35,313)	335,953	(10,875)	(22,253)	(29,840)	(100,280)	(21,531)
Fund balances - beginning	-	47,801	35,276	76,941	32,050	20,700	307,687	128,710
Fund balances - ending	<u>\$ -</u>	<u>\$ 12,488</u>	<u>\$ 371,229</u>	<u>\$ 66,066</u>	<u>\$ 9,797</u>	<u>\$ (9,140)</u>	<u>\$ 207,407</u>	<u>\$ 107,179</u>

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CITY OF ARDMORE, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2019, (Continued)

	Capital Project Funds				Debt Service Fund	Total Other Governmental Funds
	Library Capital Improvement	Clubhouse	SW Park Project	Valley Ranch Road Assessment	Debt Service Fund	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	11,037	\$ 2,949,726
Intergovernmental	-	-	-	-	-	815,810
Charges for services	-	-	-	-	-	74,851
Investment earnings	2,441	2,142	4,261	571	-	25,938
Miscellaneous	192	500,000	-	-	-	846,381
Total revenues	<u>2,633</u>	<u>502,142</u>	<u>4,261</u>	<u>571</u>	<u>11,037</u>	<u>4,712,706</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	1,554,402
Public Safety	-	-	-	-	-	68,039
Highways and roads	-	-	-	-	-	494,255
Culture and recreation	165,918	-	-	-	-	224,827
Airport	-	-	-	-	-	63,446
Economic development	-	-	-	-	-	1,411,037
Capital Outlay	183,634	-	55,724	-	-	390,166
Debt Service:						
Principal	-	-	-	-	32,602	32,602
Interest and other charges	-	-	-	-	3,795	3,795
Total Expenditures	<u>349,552</u>	<u>-</u>	<u>55,724</u>	<u>-</u>	<u>36,397</u>	<u>4,242,569</u>
Excess (deficiency) of revenues over expenditures	<u>(346,919)</u>	<u>502,142</u>	<u>(51,463)</u>	<u>571</u>	<u>(25,360)</u>	<u>470,137</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	275,000	-	-	-	-	503,300
Transfers out	-	-	-	-	-	(385,978)
Total other financing sources and uses	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,322</u>
Net change in fund balances	(71,919)	502,142	(51,463)	571	(25,360)	587,459
Fund balances - beginning	162,422	-	177,323	22,525	15,542	1,256,088
Fund balances - ending	<u>\$ 90,503</u>	<u>\$ 502,142</u>	<u>\$ 125,860</u>	<u>\$ 23,096</u>	<u>\$ (9,818)</u>	<u>\$ 1,843,547</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Statement of Net Position – Nonmajor Enterprise Funds – June 30, 2019

	Lakeview Golf Course	Golf Course Building	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 20	\$ 7,990	\$ 8,010
Total current assets	20	7,990	8,010
Non-current assets:			
Capital assets:			
Other capital assets, net of accumulated depreciation	618,175	-	618,175
Total non-current assets	618,175	-	618,175
Total assets	618,195	7,990	626,185
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	454	-	454
Total liabilities	454	-	454
NET POSITION			
Net investment in capital assets	618,175	-	618,175
Unrestricted (deficit)	(434)	7,990	7,556
Total net position	\$ 617,741	\$ 7,990	\$ 625,731

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds – Year Ended June 30, 2019

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
REVENUES			
Charges for services - Golf	\$ 377,575	\$ 7,723	\$ 385,298
Miscellaneous	9,871	750	10,621
Total operating revenues	<u>387,446</u>	<u>8,473</u>	<u>395,919</u>
OPERATING EXPENSES			
Golf operations	555,978	1,036	557,014
Depreciation	<u>57,222</u>	<u>-</u>	<u>57,222</u>
Total operating expenses	<u>613,200</u>	<u>1,036</u>	<u>614,236</u>
Operating income (loss)	<u>(225,754)</u>	<u>7,437</u>	<u>(218,317)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	<u>65</u>	<u>725</u>	<u>790</u>
Total non-operating revenue (expenses)	<u>65</u>	<u>725</u>	<u>790</u>
Income (loss) before transfers	<u>(225,689)</u>	<u>8,162</u>	<u>(217,527)</u>
Transfers in	196,870	-	196,870
Transfers out	-	(38,470)	(38,470)
Change in net position	<u>(28,819)</u>	<u>(30,308)</u>	<u>(59,127)</u>
Total net position - beginning	<u>646,560</u>	<u>38,298</u>	<u>684,858</u>
Total net position - ending	<u>\$ 617,741</u>	<u>\$ 7,990</u>	<u>\$ 625,731</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Year Ended June 30, 2019

	Lakeview Golf Course	Golf Course Building	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 387,446	\$ 8,473	\$ 395,919
Payments to suppliers and employees	(556,902)	(1,036)	(557,938)
Net cash provided by (used in) operating activities	(169,456)	7,437	(162,019)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	196,870	-	196,870
Transfers to other funds	-	(38,470)	(38,470)
Net cash provided by (used in) noncapital financing activities	196,870	(38,470)	158,400
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(38,470)	-	(38,470)
Net cash provided by (used in) capital and related financing activities	(38,470)	-	(38,470)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	65	725	790
Net cash provided by investing activities	65	725	790
Net increase (decrease) in cash and cash equivalents	(10,991)	(30,308)	(41,299)
Balances - beginning of year	11,011	38,298	49,309
Balances - end of year	\$ 20	\$ 7,990	\$ 8,010
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 20	\$ 7,990	\$ 8,010
Total cash and cash equivalents, end of year	\$ 20	\$ 7,990	\$ 8,010
Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:			
Operating income (loss)	\$ (225,754)	\$ 7,437	\$ (218,317)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	57,222	-	57,222
Change in assets and liabilities:			
Accounts payable	(924)	-	(924)
Net cash provided by (used in) operating activities	\$ (169,456)	\$ 7,437	\$ (162,019)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Statement of Net Position – Internal Service Funds – June 30, 2019

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 593	\$ 2,665,481	\$ 2,666,074
Due from other funds	19,060	1,066,531	1,085,591
Other receivables	-	-	-
Inventories	13,403	-	13,403
Total assets	<u>33,056</u>	<u>3,732,012</u>	<u>3,765,068</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to OPEB	623	-	623
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	15,434	-	15,434
Due to other funds	30,235	-	30,235
Due to employees	-	24,262	24,262
Compensated absences	2,413	-	2,413
Total current liabilities	<u>48,082</u>	<u>24,262</u>	<u>72,344</u>
Non-current liabilities:			
Compensated absences	21,714	-	21,714
Total OPEB liability	85,986	-	85,986
Claims payable	-	1,228,251	1,228,251
Total non-current liabilities	<u>107,700</u>	<u>1,228,251</u>	<u>1,335,951</u>
Total liabilities	<u>155,782</u>	<u>1,252,513</u>	<u>1,408,295</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to OPEB	12,490	-	12,490
NET POSITION			
Unrestricted (deficit)	(134,593)	2,479,499	2,344,906
Total net position	<u>\$ (134,593)</u>	<u>\$ 2,479,499</u>	<u>\$ 2,344,906</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2019

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 829,303	\$ 4,264,522	\$ 5,093,825
Total operating revenues	<u>829,303</u>	<u>4,264,522</u>	<u>5,093,825</u>
OPERATING EXPENSES			
General government	858,232	3,259,362	4,117,594
Total operating expenses	<u>858,232</u>	<u>3,259,362</u>	<u>4,117,594</u>
Operating income (loss)	<u>(28,929)</u>	<u>1,005,160</u>	<u>976,231</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	95	56,725	56,820
Total non-operating revenue (expenses)	<u>95</u>	<u>56,725</u>	<u>56,820</u>
Change in net position	(28,834)	1,061,885	1,033,051
Total net position - beginning	(105,759)	1,417,614	1,311,855
Total net position - ending	<u>\$ (134,593)</u>	<u>\$ 2,479,499</u>	<u>\$ 2,344,906</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2019

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 829,303	\$ 4,347,746	\$ 5,177,049
Receipts (payments) from (to) other funds	24,957	(952,792)	(927,835)
Payments to suppliers	(525,128)	-	(525,128)
Payments to employees	(331,054)	-	(331,054)
Claims and judgements paid	-	(2,307,259)	(2,307,259)
Net cash provided by (used in) operating activities	<u>(1,922)</u>	<u>1,087,695</u>	<u>1,085,773</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	95	56,725	56,820
Net cash provided by investing activities	<u>95</u>	<u>56,725</u>	<u>56,820</u>
Net increase (decrease) in cash and cash equivalents	(1,827)	1,144,420	1,142,593
Balances - beginning of year	<u>2,420</u>	<u>1,521,061</u>	<u>1,523,481</u>
Balances - end of year	<u>\$ 593</u>	<u>\$ 2,665,481</u>	<u>\$ 2,666,074</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 593	\$ 2,665,481	\$ 2,666,074
Total cash and cash equivalents, end of year	<u>\$ 593</u>	<u>\$ 2,665,481</u>	<u>\$ 2,666,074</u>
Reconciliation of operating income (loss) to net cash provided by (used in)			
Operating Activities:			
Operating income (loss)	\$ (28,929)	\$ 1,005,160	\$ 976,231
Change in assets and liabilities:			
Other receivable	-	83,224	83,224
Due from other funds	-	(952,792)	(952,792)
Inventory	7,498	-	7,498
Accounts payable	(10,364)	-	(10,364)
Due to other funds	24,957	-	24,957
Due to employees	-	(689)	(689)
Claims payable	-	952,792	952,792
OPEB liability	(180)	-	(180)
Accrued compensated absences	(296)	-	(296)
Deferred outflows and inflows of resources	5,392	-	5,392
Net cash provided by (used in) operating activities	<u>\$ (1,922)</u>	<u>\$ 1,087,695</u>	<u>\$ 1,085,773</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Schedule of Expenditures of Federal Awards

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	17-613	5,000	1,100
Historic Preservation Fund Grants-In-Aid	15.904	18-613	5,625	2,452
Total U.S. Department of Interior			10,625	3,552
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bureau of Justice Assistance - JAG Grant	16.738	2017-DJ-BX-0836	34,190	34,190
District Attorney's Council	16.742	2017CDBX00	6,000	3,005
Bureau of Justice Assistance - Bulletproof Vest Partnership	16.607	2018 BVP	3,082	3,082
Bureau of Justice Assistance - Bulletproof Vest Partnership	16.607	2017 BVP	2,461	235
Sub-total CFDA 16.607			5,543	3,317
Total U.S. Department of Justice			45,733	40,512
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Airport Improvement Program	20.106	3-40-0005-017-2018	199,800	182,473
Airport Improvement Program	20.106	3-40-0005-018-2019	3,798,312	91,377
Total U.S. Department of Transportation			3,998,112	273,850
<u>U.S. DEPARTMENT OF LIBRARIES:</u>				
Grants to States - Continuing Education Conference Grant	45.310	State Aid-CEU	1,202	1,202
Total U.S. Department of Libraries			1,202	1,202
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management:				
Emergency Mgmt Reimb - State 15-16	97.042	EMPG 18	30,126	7,532
Emergency Mgmt Reimb - State 16-17	97.042	EMPG 19	30,126	22,595
Sub-total CFDA 97.042			60,252	30,127
Passed through Oklahoma Department of Emergency Management:				
Hazard Mitigation Plan - ISR	97.039	FEMA-4299-DR-0052-OK	66,400	15,875
Total U.S. Department of Homeland Security			126,652	46,002
TOTAL FEDERAL ASSISTANCE			4,182,324	365,118

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 the Uniform Guidance.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
Oklahoma Department of Libraries:			
State Aid	N/A	\$18,228	\$18,228
Oklahoma Aeronautics Commission:			
State Portion	3-40-0006-016-2017	211,017	5,077
TOTAL STATE AWARDS		<u>\$229,245</u>	<u>\$23,305</u>

Footnotes to the Schedules of Expenditures of Federal and State Awards:

1. The Schedules of Expenditures of Federal and State Awards are 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, 2019**

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, 2019, 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 December 16, 2019. 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 black ink that reads "Russell & Williams CPAs PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
December 16, 2019

City of Ardmore, Oklahoma
Schedule of Findings and Questioned costs
For the Year Ending June 30, 2019

Summary of Auditor's Results

1. The auditor's report expresses a unqualified opinion on the financial statement of the City of Ardmore, Oklahoma
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs
3. No instances of noncompliance material to the financial statements of the City of Ardmore, Oklahoma were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for the US Department of Transportation, Airport Improvement Program funds expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 2 CFR 200.561(a) of the Uniform Guidance in this Schedule.
7. The program tested as major programs were: US Department of Transportation, Airport Improvement Program. CFDA 20.106.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. City of Ardmore, Oklahoma. did not qualify as a low-risk auditee.

Findings-Financial Statements Audit

None