



CITY OF ADA, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016



THE CITY OF ADA, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

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

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

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CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Ada, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ada Arts and Heritage Authority (the "Authority"), which represents approximately 14%, 14%, and 32% of the total assets, net position, and revenues, respectively, of discretely presented component units of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' Responsibility, Continued

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 3 to the financial statements, in 2016 the City adopted new accounting guidance, Statement No. 72 of the Governmental Accounting Standards Board, *Fair Value Measurement and Application* (GASB 72). Adoption of this statement resulted in revised disclosures related to the financial statements. Our opinions are not modified with respect to this matter.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the combining schedules of the APWA Enterprise Fund, and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters, Continued

Other Information, Continued

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Shawnee, Oklahoma
February 6, 2017

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

As management of the City of Ada, we offer readers this narrative overview and analysis of the financial activities of the City of Ada for the fiscal year ended June 30, 2016. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$13,220,307 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2016, by \$112,421,201 (net position). Of this amount, \$18,426,154 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2016, the City's governmental funds reported combined ending fund balances of \$20,020,715.
- At the end of fiscal year 2016, unassigned fund balance for the General Fund was \$1,253,927 or 10.6% of General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

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

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

For the year ended June 30, 2016, net position for the governmental activities and business-type activities increased \$13,220,307. The results indicate the City, as a whole, saw an increase in its financial position from the prior year.

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

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2016	2015		2016	2015		2016	2015	
Current assets	\$ 22,709	\$ 29,155	-22%	\$ 43,437	\$ 25,464	71%	\$ 66,146	\$ 54,619	21%
Capital assets, net	52,084	32,021	63%	43,204	27,546	57%	95,288	59,567	60%
Total assets	74,793	61,176	22%	86,641	53,010	63%	161,434	114,186	41%
Deferred outflow of resources	517	514	1%	-	-	-	517	514	1%
Current liabilities	1,681	680	147%	4,375	1,266	246%	6,056	1,946	211%
Non-current liabilities	6,526	6,380	2%	36,266	5,655	541%	42,792	12,035	256%
Total liabilities	8,207	7,060	16%	40,641	6,921	487%	48,848	13,981	249%
Deferred inflows of resources	682	1,519	-55%	-	-	-	682	1,519	-55%
Net position									
Net investment in capital assets	52,084	32,021	63%	8,327	24,726	-66%	60,411	56,747	6%
Restricted	13,886	20,821	-33%	19,698	4,221	367%	33,584	25,042	34%
Unrestricted	451	269	68%	17,975	17,142	5%	18,426	17,411	6%
Total net position	\$ 66,421	\$ 53,111	25%	\$ 46,000	\$ 46,089	0%	\$ 112,421	\$ 99,200	13%

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to \$60.4 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$33.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$18.4 million, may be used to meet the government's ongoing obligations to citizens and creditors.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

Change in Net Position

For the year ended June 30, 2016 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.)
	2016	2015		2016	2015		2016	2015	
Revenues									
Charges for service	\$ 947	\$ 1,043	-9%	\$ 12,255	\$ 10,223	20%	\$ 13,202	\$ 11,266	17%
Operating grants and contributions	825	774	7%	-	-	-	825	774	7%
Capital grants and contributions	6,528	1,961	233%	-	91	-100%	6,528	2,052	218%
Taxes	17,723	17,452	2%	-	-	-	17,723	17,452	2%
Intergovernmental revenue	327	306	7%	-	-	-	327	306	7%
Investment income	160	151	6%	132	124	6%	292	275	6%
Miscellaneous	977	707	38%	1,134	444	155%	2,111	1,151	83%
Total revenues	27,487	22,394	23%	13,521	10,882	24%	41,008	33,276	23%
Expenses									
General government	4,464	4,134	8%	-	-	-	4,464	4,134	8%
Streets	2,313	2,407	-4%	-	-	-	2,313	2,407	-4%
Public safety	7,222	6,015	20%	-	-	-	7,222	6,015	20%
Cemetery	211	190	11%	-	-	-	211	190	11%
Legal and judicial	320	351	-9%	-	-	-	320	351	-9%
Culture and recreation	1,528	1,584	-4%	-	-	-	1,528	1,584	-4%
Community development	427	406	5%	-	-	-	427	406	5%
Airport	496	571	-13%	-	-	-	496	571	-13%
Interest on long-term debt	19	15	27%	-	-	-	19	15	27%
Water	-	-	-	3,890	2,912	34%	3,890	2,912	34%
Sewer	-	-	-	2,339	2,210	6%	2,339	2,210	6%
Sanitation	-	-	-	3,790	3,751	1%	3,790	3,751	1%
Economic development	-	-	-	768	604	27%	768	604	27%
Total expenses	17,000	15,673	8%	10,787	9,477	14%	27,787	25,150	10%
Excess (deficiency) before transfers	10,487	6,721	56%	2,734	1,405	95%	13,221	8,126	63%
Transfers	2,823	(1,287)	-319%	(2,823)	1,287	-319%	-	-	0%
Change in net position	13,310	5,434	145%	(89)	2,692	-103%	13,221	8,126	63%
Beginning net position	53,111	47,677	11%	46,089	43,397	6%	99,200	91,074	9%
Ending net position	\$ 66,421	\$ 53,111	25%	\$ 46,000	\$ 46,089	0%	\$ 112,421	\$ 99,200	13%

The City's governmental activities capital grants and contributions increased approximately \$4.6 million due in large part to partnership projects with the Chickasaw Nation related primarily to street activities. The City's business-type miscellaneous revenue increased approximately \$700,000 due to a litigation award.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

Governmental Activities

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

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	<u>2016</u>	<u>2015</u>	(Dec.)	<u>2016</u>	<u>2015</u>	(Dec.)
General government	\$ 4,464	\$ 4,134	8%	(\$4,195)	(\$3,045)	38%
Streets	2,313	2,407	-4%	2,773	(2,245)	-224%
Public Safety	7,222	6,015	20%	(5,956)	(4,582)	30%
Cemetery	211	190	11%	(146)	(136)	7%
Legal and Judicial	320	351	-9%	(320)	(351)	-9%
Culture and Recreation	1,528	1,584	-4%	(1,140)	(1,374)	-17%
Community Development	427	406	5%	(427)	(406)	5%
Airport	496	571	-13%	730	259	182%
Interest on long-term debt	19	15	27%	(19)	(15)	27%
Total	<u>17,000</u>	<u>\$ 15,673</u>	8%	<u>(\$8,700)</u>	<u>(\$11,895)</u>	-27%

For the year ended June 30, 2016, total expenses for governmental activities amounted to \$17 million which is a 8% increase from the prior year.

The City's street activities reported a decrease in net expense of 224% due to partnership projects with the Chickasaw Nation recorded in the financials as capital grants and contributions, which funded these projects.

The City's airport activities reported an increase in net revenues of 182% due to grant revenue received from the OAC and the FAA in the current year.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

Business-type Activities

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

	<u>Total Expense of Services</u>		<u>% Inc. Dec.</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. Dec.</u>
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>	
Water	\$ 3,890	\$ 2,912	34%	\$ 2,892	\$ 2,526	14%
Sewer	2,339	2,210	6%	(533)	(822)	-35%
Sanitation	3,790	3,751	1%	(123)	(263)	-53%
Economic development	<u>768</u>	<u>604</u>	27%	<u>(769)</u>	<u>(604)</u>	27%
Total	<u>\$ 10,787</u>	<u>\$ 9,477</u>	14%	<u>\$ 1,467</u>	<u>\$ 837</u>	75%

The City's business-type activities include utility services for water, sewer, sanitation and economic development. The large increase in net costs related to water was due primarily to the allocation of administration, depreciation, and interest expense.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2016 fiscal year, the governmental funds reported a combined fund balance of \$20 million, or a 27% decrease from the prior year. The enterprise funds reported combined net position of \$46 million, or .2% decrease from 2015.

Other fund highlights include:

- For the year ended June 30, 2016, the General Fund's total fund balance decreased by \$1,127,331, or 22%, due primarily to a decrease in revenues and transfers in and an increase in transfers out related to the 2015B revenue note.
- The City closed the EMS Fund in the current year.
- The Street and Alley Fund's total fund balance increased by \$1,098,784 or 32% due to a decrease in transfers out for street expenditures.
- The Sales Tax Capital Facility Fund's total fund balance decreased by \$6,803,069 or 50% due to capital outlay purchases related to police, fire, and sports facilities.
- The APWA Enterprise Fund reported a net income before transfers of \$3,900,586.

General Fund Budgetary Highlights

For the year ended June 30, 2016, the General Fund reported actual budgetary basis revenues below final estimates by \$1,096,364 or a 7.3% negative variance. General Fund actual expenditures were under final appropriations by \$2,132,674 or a 12.5% positive variance.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2016, the City had approximately \$95.3 million invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. This represents a net increase of approximately \$35.7 million over last year.

Below are details regarding the City's capital assets for the years ended June 30, 2016 and 2015.¹

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1,345	\$ 1,345	\$ 2,221	\$ 2,217	\$ 3,566	\$ 3,562
Buildings and improvements	9,801	9,813	9,469	9,776	19,270	19,589
Machinery, furniture and equipment	2,510	2,497	1,797	1,695	4,307	4,192
Infrastructure	17,043	10,669	12,147	9,561	29,190	20,230
Water rights	-	-	1,261	1,261	1,261	1,261
Construction in progress	21,385	7,697	16,309	3,036	37,694	10,733
Totals	<u>\$ 52,084</u>	<u>\$ 32,021</u>	<u>\$ 43,204</u>	<u>\$ 27,546</u>	<u>\$ 95,288</u>	<u>\$ 59,567</u>

This year's more significant capital asset additions include street projects totaling approximately \$6.7 million, a bucket truck for the street department in the amount of \$100,689, Wintersmith Park projects totaling approximately \$116,000, donated Christmas displays totaling \$184,842, airport projects totaling approximately \$557,000, water projects totaling approximately \$2.6 million, sewer projects totaling approximately \$241,000, and a horizontal baler, front loader truck, and drum roller in the sanitation department costing \$72,173, \$253,157, and \$78,500 respectively.

In addition, the City also had several ongoing projects during the year. Some of the more significant construction in progress additions include swimming pool projects totaling approximately \$3.7 million, Latta Road access project totaling approximately \$3.4 million, airport projects totaling approximately \$1.1 million, sports complex projects totaling approximately \$3.4 million, fire station project totaling approximately \$2.2 million, police/911 facility project totaling approximately \$3.7 million, and 2015C Note Projects totaling approximately \$15 million.

(Unaudited. See accompanying auditor's report.)

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

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

Long-Term Debt

At year-end, the City had \$39.9 million in long-term debt outstanding, which represents approximately a \$32.3 million increase from the prior year. This increase was due to the issuance of the 2015A, 2015B, and 2015C revenue notes in the current year.²

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accrued Compensation	\$ 754	\$ 778	\$ 449	\$ 454	\$ 1,203	\$ 1,232
Deposits subject to refund	-	-	771	743	771	743
Landfill closure liability	-	-	2,428	2,261	2,428	2,261
Judgements payable	31	48	-	-	31	48
Notes payable	-	-	34,877	2,820	34,877	2,820
OPEB obligations	379	317	194	165	573	482
Totals	<u>\$ 1,164</u>	<u>\$ 1,143</u>	<u>\$ 38,719</u>	<u>\$ 6,443</u>	<u>\$ 39,883</u>	<u>\$ 7,586</u>

ECONOMIC OUTLOOK

Fiscal Year 2015-16 was extremely busy for the City of Ada. The following report is designed to illustrate some of the city's activities during this period of time and for the immediate future.

Propositions 1 and 2

Propositions 1 and 2 continue to generate strong revenues for the City of Ada. These temporary measures combine to make up a penny sales tax dedicated to improvements throughout the City of Ada. Prop 1 is a three-quarter cent sales tax earmarked for infrastructure, such as streets, alleys, water and sewer distribution systems. Prop 2 is a quarter-cent sales tax earmarked for economic development inside Ada city limits. In 2017 the City will be asking the community to renew these Propositions another five years: 2018-2023.

In Fiscal Year 2015-16, Prop 1 generated \$2,857,000 in revenue and Prop 2 generated more than \$952,000. Both of these are high water marks over the past five years.

(Unaudited. See accompanying auditor's report.)

² For more detailed information on long-term debt activity please refer to page 41-43, Note 5. Long-Term Debt and Debt Service Requirements

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

City Projects

While our crews are extremely busy every day, there have been several major projects occurring during Fiscal Year 2015-16. These projects include: a rebuild of Booker Drive in Hammond Heights, completion of West 18th street project, replacement of street panels on North Broadway and continued asphalt mill and overlay projects. Our partnership program with the Chickasaw Nation has resulted in numerous street upgrades including a portion of East Arlington, North Broadway and in the year to come the total reconstruction of South Kerr Lab Road. Other activities include the completion of the south side water tower; installation of new runway lights and grading improvements to the main runway, as well as, a new entrance road, additional parking, and infrastructure upgrades at the Municipal Airport. Additionally, the Music and Movie Venue in Wintersmith Park is near completion. This facility will provide another recreational feature for our citizens to gather. The receipt of a \$100,000 Healthy Initiative Grant provided all new lighting around the walking trail in Wintersmith Park and through a joint effort between the City and the Ada Area Chamber of Commerce approximately \$250,000 was raised to purchase additional displays for the "Trail of Lights" Christmas extravaganza in the Park.

Through a Drinking Water State Revolving Fund loan, of \$23m, the City was able to begin the long-needed water line replacement of approximately 14-miles; plus, well and water plant upgrades. Not only will this line replace the two older lines the newest of which was installed in 1975; but, it will provide potable water to the customers who have only had access to raw water in the past.

The sewer pipe bursting program continues to meet the required annual line replacement schedule.

New Business/Construction

In April, Air Evac, announced it would be moving their headquarters to the Ada Municipal Airport creating 15 new jobs.

Highlights of existing businesses in Ada with continued growth pertaining to jobs and/or facility investments include Lovera Cheese Factory, iQor, Flex-N-Gate, Holcim Cement Plant and True Steel. Additionally, several new businesses and retailers are bringing their brand to Ada: Heartland-Frontier Trading Company, Hobby Lobby, Harp Foods; plus, additional restaurants opening in the near future are Cotton Patch, Jimmy Johns and Papa John's Pizza.

"Penny for Our City" Sales Tax

Since August 2010, the City of Ada has been collecting a one-cent sales tax known as "Penny for Our City". This dedicated penny, with a limited five-year lifespan, with an original expiration date of December 31, 2015 generated \$19,439,602 for specific projects including the construction of a new fire station, police station, sports complex phase I, Main Street renovations phase I, engineering study of the raw water lines and renovations of City Hall. While the raw water line project was completed early on, the completion of the Police and Fire Stations will occur before the end of calendar year 2016. The first phase of the Sports Complex project should be ready by spring of 2017 and features four softball fields, concessions, seating areas and restroom facilities. There will be continued efforts to obtain competitive bids for the Main Street renovations this next Fiscal Year.

(Unaudited. See accompanying auditor's report.)

CITY OF ADA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

“Penny for Our City” Sales Tax Extension

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

Specific projects include the construction of two aquatic centers, a new senior citizens center, the creation of a workforce housing program and upgrades to the Wintersmith Amphitheater, as well as continued development with phase II of Main Street and the sports complex projects.

By incurring \$13 million in additional debt, construction of one aquatic center began in the fall of 2015, allowing our citizens to enjoy the facility before the end of swimming season 2016. In the fall of 2016 the second aquatic center began construction and the process to secure an architect for the senior citizen center has begun. As the sales tax is collected, the other projects will come to fruition.

Community Activities

The City continues to provide organized family activities in Wintersmith Park with movies and “Music in the Park” events scheduled during the warmer months of the year.

A new summer-time activity “East End Eats” was implemented providing local food vendors an opportunity to host the monthly event with foods from their establishments; plus, entertainment.

Transformation of the old Monkey Pen at Wintersmith Park into a Music and Movie Venue began in April, 2016. This venue will feature a large bandstand with seating areas, as well as, underground storage. Upon completion, it will play host to music, plays, movies and other events throughout the year.

The Halloween Safe House, hosted by the City of Ada emergency personnel, allowed approximately 4,000 local children a safe place to trick-or-treat.

This year marked the first “Santa Stroll” at Wintersmith Park. The community was invited to celebrate the Christmas Season with a stroll around the walking trail to take in the beauty of the “Trail of Lights” with its new Christmas displays. Lights will be added each year as sponsors continue to purchase displays making the “Trail of Lights” a destination for residents and visitors alike for years to come.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

BASIC FINANCIAL STATEMENTS - STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Statement of Net Position– June 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority	Ada Arts and Heritage Authority
ASSETS					
Cash and cash equivalents	\$ 19,086,687	\$ 40,288,989	\$ 59,375,676	\$ 290	\$ 26,314
Investments	106,391	-	106,391	1,109,447	61,623
Accounts receivable, net of allowance	-	2,061,987	2,061,987	-	1,527
Franchise tax receivable	77,591	-	77,591	-	-
Court fines receivable, net of allowance	645,767	-	645,767	-	-
Internal balances	(1,086,078)	1,086,078	-	-	-
Due from other governments	3,284,120	-	3,284,120	-	-
Other receivables	560,006	-	560,006	-	-
Inventory	34,767	-	34,767	-	-
Capital Assets:					
Land and construction in progress	22,730,042	19,790,939	42,520,981	-	-
Other capital assets, net of depreciation	29,354,333	23,412,690	52,767,023	-	97,775
Total Assets	<u>74,793,626</u>	<u>86,640,683</u>	<u>161,434,309</u>	<u>1,109,737</u>	<u>187,239</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	516,701	-	516,701	-	-
LIABILITIES					
Accounts payable	\$ 1,213,918	\$ 1,430,284	\$ 2,644,202	-	\$ 272
Accrued payroll liabilities	374,893	166,130	541,023	-	1,855
Accrued interest payable	-	325,323	325,323	-	-
Due to other governments	8,584	-	8,584	-	-
Due to bondholders	3,907	-	3,907	-	-
Deposits subject to refund	-	-	-	-	725
Unearned revenue	-	-	-	-	1,655
Long-term liabilities:					
Due within one year	79,305	2,453,537	2,532,842	-	-
Due in more than one year	6,525,670	36,265,832	42,791,502	-	-
Total liabilities	<u>\$ 8,206,277</u>	<u>\$ 40,641,106</u>	<u>\$ 48,847,383</u>	<u>-</u>	<u>\$ 4,507</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	\$ 682,426	\$ -	\$ 682,426	-	-
NET POSITION					
Net investment in capital assets	52,084,375	8,326,747	60,411,122	-	97,775
Restricted via:					
Expendable Endowment	-	-	-	1,109,737	-
State statutes, debt indentures and external parties	447,870	15,276,943	15,724,813	-	-
Enabling legislation	13,438,189	4,420,923	17,859,112	-	-
Unrestricted	451,190	17,974,964	18,426,154	-	84,957
Total net position	<u>\$ 66,421,624</u>	<u>\$ 45,999,577</u>	<u>\$ 112,421,201</u>	<u>\$ 1,109,737</u>	<u>\$ 182,732</u>

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Statement of Activities –Year Ended June 30, 2016

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Valley View Hospital Authority	Ada Arts and Heritage Authority
Primary government									
Governmental Activities									
General Government	\$ 4,464,174	\$ 148,623	\$ -	\$ 120,589	\$ (4,194,962)	\$ -	\$ (4,194,962)	\$ -	\$ -
Streets	2,312,770	-	156,102	4,930,074	2,773,406	-	2,773,406	-	-
Public Safety	7,222,477	409,677	654,746	202,510	(5,955,544)	-	(5,955,544)	-	-
Cemetery	210,871	64,725	-	-	(146,146)	-	(146,146)	-	-
Legal and Judicial	319,642	-	-	-	(319,642)	-	(319,642)	-	-
Culture and Recreation	1,527,658	187,933	14,488	184,842	(1,140,395)	-	(1,140,395)	-	-
Community Development	427,072	-	-	-	(427,072)	-	(427,072)	-	-
Airport	496,014	135,761	-	1,089,651	729,398	-	729,398	-	-
Interest on Long-term debt	19,459	-	-	-	(19,459)	-	(19,459)	-	-
Total governmental activities	17,000,137	946,719	825,336	6,527,666	(8,700,416)	-	(8,700,416)	-	-
Business-Type Activities:									
Water operations	3,889,875	6,782,191	-	-	-	2,892,316	2,892,316	-	-
Sewer operations	2,338,615	1,805,842	-	-	-	(532,773)	(532,773)	-	-
Sanitation operations	3,789,884	3,667,197	-	-	-	(122,687)	(122,687)	-	-
Economic Development	768,195	-	-	-	-	(768,195)	(768,195)	-	-
Total business-type activities	10,786,569	12,255,230	-	-	-	1,468,661	1,468,661	-	-
Total primary government	\$ 27,786,706	\$ 13,201,949	\$ 825,336	\$ 6,527,666	\$ (8,700,416)	\$ 1,468,661	\$ (7,231,755)	\$ -	\$ -
Component Units:									
Arts, culture and recreation	\$ 47,927	\$ -	\$ 40,363	\$ -	-	-	-	\$ -	\$ (7,564)
Hospital and health care	111,789	-	-	-	-	-	-	(111,789)	-
Total Component Units	\$ 159,716	\$ -	\$ 40,363	\$ -	\$ -	\$ -	\$ -	\$ (111,789)	\$ (7,564)
General revenues:									
Taxes:									
Sales and use taxes					\$ 16,334,096	\$ -	\$ 16,334,096	\$ -	\$ -
Property taxes					122,939	-	122,939	-	-
Franchise taxes and public service taxes					722,576	-	722,576	-	-
Payment in lieu of tax					74,282	-	74,282	-	-
E-911 taxes					468,495	-	468,495	-	-
Intergovernmental revenue not restricted to specific programs					327,257	-	327,257	-	-
Investment income					160,282	131,557	291,839	88,164	1,159
Miscellaneous					977,372	1,133,206	2,110,578	-	-
Transfers - Internal activity					2,823,105	(2,823,105)	-	-	-
Total general revenues and transfers					22,010,404	(1,558,342)	20,452,062	88,164	1,159
Change in net position					13,309,988	(89,681)	13,220,307	(23,625)	(6,405)
Net position - beginning					53,111,836	46,089,258	99,200,894	1,133,362	189,137
Net position - ending					\$ 66,421,824	\$ 45,999,577	\$ 112,421,201	\$ 1,109,737	\$ 182,732

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

Governmental Funds Balance Sheet - June 30, 2016

	Special Revenue Funds			Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	EMS Fund	Street and Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facility Fund	Sales Tax 2016 Capital Improvement Fund		
ASSETS								
Cash and cash equivalents	\$ 3,321,364	\$ -	\$ 4,359,617	\$ 2,189,090	\$ 7,258,682	\$ 969,484	\$ 967,619	\$ 19,065,856
Investments	106,391	-	-	-	-	-	-	106,391
Receivables:								
Due from other funds	17,523	-	-	-	-	-	-	17,523
Due from other governments	1,085,703	-	122,951	617,212	-	472,798	985,456	3,284,120
Franchise taxes receivable	77,591	-	-	-	-	-	-	77,591
Court fines receivable	645,767	-	-	-	-	-	-	645,767
Other receivables	9,778	-	-	506,233	-	-	34,109	550,120
Prepaid expenditures	9,886	-	-	-	-	-	-	9,886
Total assets	<u>\$ 5,274,003</u>	<u>\$ -</u>	<u>\$ 4,482,568</u>	<u>\$ 3,312,535</u>	<u>\$ 7,258,682</u>	<u>\$ 1,442,282</u>	<u>\$ 1,987,184</u>	<u>\$ 23,757,254</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 112,289	\$ -	\$ -	\$ 8,010	\$ 426,517	\$ 50,286	\$ 616,816	\$ 1,213,918
Accrued payroll liabilities	308,112	-	-	46,483	-	-	20,298	374,893
Due to other funds	231,475	-	-	-	-	854,603	17,523	1,103,601
Due to other governments	8,584	-	-	-	-	-	-	8,584
Due to bondholders	3,907	-	-	-	-	-	-	3,907
Total liabilities	<u>664,367</u>	<u>-</u>	<u>-</u>	<u>54,493</u>	<u>426,517</u>	<u>904,889</u>	<u>654,637</u>	<u>2,704,903</u>
Deferred inflows of resources:								
Deferred revenue	<u>619,130</u>	<u>-</u>	<u>-</u>	<u>270,733</u>	<u>-</u>	<u>10,825</u>	<u>130,948</u>	<u>1,031,636</u>
Fund balances:								
Restricted	11,651	-	4,308,209	2,014,960	6,592,947	522,073	436,219	13,886,059
Committed	-	-	-	-	-	-	40,588	40,588
Assigned	2,724,928	-	174,359	972,349	239,218	4,495	724,792	4,840,141
Unassigned	1,253,927	-	-	-	-	-	-	1,253,927
Total fund balances	<u>3,990,506</u>	<u>-</u>	<u>4,482,568</u>	<u>2,987,309</u>	<u>6,832,165</u>	<u>526,568</u>	<u>1,201,599</u>	<u>20,020,715</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,274,003</u>	<u>\$ -</u>	<u>\$ 4,482,568</u>	<u>\$ 3,312,535</u>	<u>\$ 7,258,682</u>	<u>\$ 1,442,282</u>	<u>\$ 1,987,184</u>	<u>\$ 23,757,254</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2016

	Special Revenue Funds			Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	EMS Fund	Street and Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facility Fund	Sales Tax 2016 Capital Improvement Fund		
REVENUES								
Taxes	\$ 9,380,006	\$ -	\$ 1,083,897	\$ 2,859,412	\$ 2,090,211	\$ 1,722,339	\$ 588,332	\$ 17,724,197
Intergovernmental	1,208,341	-	156,102	2,201	-	64,949	1,169,080	2,600,673
Licenses and permits	144,673	-	-	-	-	-	-	144,673
Charges for services	269,658	-	-	-	-	-	158,530	428,188
Fees and fines	388,282	-	-	-	-	-	-	388,282
Investment earnings	43,052	5,112	21,540	12,721	67,816	4,496	5,546	160,283
Miscellaneous	384,315	276	-	532,226	-	-	105,364	1,022,181
Total revenues	<u>11,818,327</u>	<u>5,388</u>	<u>1,261,539</u>	<u>3,406,560</u>	<u>2,158,027</u>	<u>1,791,784</u>	<u>2,026,852</u>	<u>22,468,477</u>
EXPENDITURES								
Current:								
General government	3,799,235	-	-	365,706	-	-	41,571	4,206,512
Public safety	5,572,812	1,318,701	-	-	-	-	609,274	7,500,787
Streets and highways	748,675	-	211,903	582,529	-	-	-	1,543,107
Legal and judicial	298,456	-	-	-	-	-	-	298,456
Cemetery	181,681	-	-	-	-	-	-	181,681
Culture and recreation	1,319,571	-	-	-	-	-	85,393	1,404,964
Community development	421,063	-	-	-	-	-	-	421,063
Airport	-	-	-	-	-	-	128,731	128,731
Water	-	-	-	2,555	-	-	-	2,555
Sewer	-	-	-	413,778	-	-	-	413,778
Capital outlay	747,084	-	17,852	1,010,392	9,454,905	4,049,107	1,454,468	16,733,808
Debt service:								
Principal	-	-	-	-	-	-	99,475	99,475
Interest and other charges	-	-	-	-	-	-	19,459	19,459
Total expenditures	<u>13,088,577</u>	<u>1,318,701</u>	<u>229,755</u>	<u>2,374,960</u>	<u>9,454,905</u>	<u>4,049,107</u>	<u>2,438,371</u>	<u>32,954,376</u>
Excess (deficiency) of revenues over expenditures	<u>(1,270,250)</u>	<u>(1,313,313)</u>	<u>1,031,784</u>	<u>1,031,600</u>	<u>(7,296,878)</u>	<u>(2,257,323)</u>	<u>(411,519)</u>	<u>(10,485,899)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	2,728,959	-	1,315,708	-	749,480	4,051,057	510,784	9,355,988
Transfers out	(2,586,040)	-	(1,248,708)	(739,969)	(255,671)	(1,260,366)	(44,924)	(6,135,678)
Total other financing sources and uses	<u>142,919</u>	<u>-</u>	<u>67,000</u>	<u>(739,969)</u>	<u>493,809</u>	<u>2,790,691</u>	<u>465,860</u>	<u>3,220,310</u>
Net change in fund balances	(1,127,331)	(1,313,313)	1,098,784	291,631	(6,803,069)	533,368	54,341	(7,265,589)
Fund balances - beginning	5,117,837	1,313,313	3,383,784	2,695,678	13,635,234	(6,800)	1,147,258	27,286,304
Fund balances - ending	<u>\$ 3,990,506</u>	<u>\$ -</u>	<u>\$ 4,482,568</u>	<u>\$ 2,987,309</u>	<u>\$ 6,832,165</u>	<u>\$ 526,568</u>	<u>\$ 1,201,599</u>	<u>\$ 20,020,715</u>

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

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

Total fund balance, governmental funds	\$ 20,020,715
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds, net of accumulated depreciation of \$55,250,193	<u>52,084,375</u>
Certain other long-term assets are not available to pay current period expenditures and therefore they, along with pension related deferred outflows, are not reported in the funds:	
Pension related deferred outflows	<u>516,701</u>
	<u>516,701</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Court fines receivable, net of allowance for doubtful accounts of \$645,767	614,289
Property taxes receivable	31,859
Grant receivable	<u>385,488</u>
	<u>1,031,636</u>
Internal service funds are used by management to charge the costs of certain activities, such as inventory, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position:	
Net Position of the Internal Service Fund	<u>55,598</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore they, along with pension related deferred inflows, are not reported in the funds:	
Net pension liability	(5,440,622)
Pension related deferred inflows	(682,426)
Accrued compensated absences	(754,292)
Judgement payable	(30,620)
Net OPEB obligation	<u>(379,441)</u>
	<u>(7,287,401)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 66,421,624</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

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

Net change in fund balances - total governmental funds:	\$ (7,265,589)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report capital outlay and issue costs as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	21,722,525
Depreciation expense	<u>(1,659,618)</u>
	<u>20,062,907</u>
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.	
	<u>536,996</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in deferred revenue	<u>(9,428)</u>
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:	
Judgement payable	16,796
	<u>16,796</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in accrued compensated absences expenses	23,838
Change in the net OPEB obligation	<u>(62,028)</u>
	<u>(38,190)</u>
Internal service funds are used by management to charge the costs of certain activities, such as inventory, to individual funds. The asset and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position:	
Change in net position of the Internal Service Fund	<u>6,496</u>
Change in net position of governmental activities	<u>\$ 13,309,988</u>

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF ADA, OKLAHOMA
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Proprietary Funds Statement of Net Position - June 30, 2016

	Enterprise Funds			Internal Service Fund
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 19,783,754	\$ 4,457,070	\$ 24,240,824	\$ 20,831
Restricted:				
Cash and cash equivalents	16,048,165	-	16,048,165	-
Accounts receivable, net of allowance of \$23,158	2,061,987	-	2,061,987	-
Inventory	-	-	-	34,767
Due from other funds	1,086,078	-	1,086,078	-
Total current assets	38,979,984	4,457,070	43,437,054	55,598
Non-current assets:				
Capital assets:				
Land and construction in progress	19,790,939	-	19,790,939	-
Other capital assets, net of accumulated depreciation	23,412,690	-	23,412,690	-
Total non-current assets	43,203,629	-	43,203,629	-
Total assets	\$ 82,183,613	\$ 4,457,070	\$ 86,640,683	\$ 55,598
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,394,137	\$ 36,147	\$ 1,430,284	\$ -
Accrued payroll liabilities	166,130	-	166,130	-
Accrued interest payable	325,323	-	325,323	-
Due to depositors	77,122	-	77,122	-
Accrued compensated absences	44,956	-	44,956	-
Landfill closure liability	86,459	-	86,459	-
Notes payable	2,245,000	-	2,245,000	-
Total current liabilities	4,339,127	36,147	4,375,274	-
Non-current liabilities:				
Due to depositors	694,100	-	694,100	-
Accrued compensated absences	404,601	-	404,601	-
Landfill closure liability	2,341,168	-	2,341,168	-
Notes payable	32,631,882	-	32,631,882	-
Net OPEB obligation	194,081	-	194,081	-
Total non-current liabilities	36,265,832	-	36,265,832	-
Total liabilities	40,604,959	36,147	40,641,106	-
NET POSITION				
Net investment in capital assets	\$ 8,326,747	\$ -	\$ 8,326,747	\$ -
Restricted for debt service	1,316,479	-	1,316,479	-
Restricted for capital projects	13,960,464	-	13,960,464	-
Restricted for economic development	-	4,420,923	4,420,923	-
Unrestricted	17,974,964	-	17,974,964	55,598
Total net position	\$ 41,578,654	\$ 4,420,923	\$ 45,999,577	\$ 55,598

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
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Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2016

	Enterprise Funds			Internal Service Fund
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	
REVENUES				
Water	\$ 6,601,475	\$ -	\$ 6,601,475	\$ -
Sewer	1,757,724	-	1,757,724	-
Sanitation	3,403,732	-	3,403,732	-
Solid waste fee	1,496	-	1,496	-
Recycling center	168,792	-	168,792	-
Lease revenue	62,566	-	62,566	-
Charges for inventory	-	-	-	74,088
Miscellaneous	322,011	-	322,011	-
Total operating revenues	<u>12,317,796</u>	<u>-</u>	<u>12,317,796</u>	<u>74,088</u>
OPERATING EXPENSES				
Administration	2,012,691	-	2,012,691	-
Billing and collecting	379,035	-	379,035	-
Public works director	237,860	-	237,860	-
Water and sewer line maintenance	1,142,703	-	1,142,703	-
Water plant	754,915	-	754,915	-
Liquid waste	662,279	-	662,279	-
Solid waste	2,299,138	-	2,299,138	-
Landfill	166,228	-	166,228	-
Other utility purposes	565,325	-	565,325	-
Economic development	-	768,195	768,195	-
Cost of inventory	-	-	-	67,592
Depreciation	925,671	-	925,671	-
Total Operating Expenses	<u>9,145,845</u>	<u>768,195</u>	<u>9,914,040</u>	<u>67,592</u>
Operating income (loss)	<u>3,171,951</u>	<u>(768,195)</u>	<u>2,403,756</u>	<u>6,496</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	107,750	23,807	131,557	-
Miscellaneous revenue	1,070,639	-	1,070,639	-
Interest expense	(449,754)	-	(449,754)	-
Total non-operating revenue (expenses)	<u>728,635</u>	<u>23,807</u>	<u>752,442</u>	<u>-</u>
Income (loss) before transfers	3,900,586	(744,388)	3,156,198	6,496
Transfers in	8,049,141	952,623	9,001,764	-
Transfers out	(12,238,900)	(8,743)	(12,247,643)	-
Change in net position	<u>(289,173)</u>	<u>199,492</u>	<u>(89,681)</u>	<u>6,496</u>
Total net position - beginning	41,867,827	4,221,431	46,089,258	49,102
Total net position - ending	<u>\$ 41,578,654</u>	<u>\$ 4,420,923</u>	<u>\$ 45,999,577</u>	<u>\$ 55,598</u>

See accompanying notes to the basic financial statements.

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2016

	Enterprise Funds			Internal Service Fund
	APWA Enterprise Fund	Economic Development Enterprise Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 11,940,794	\$ -	\$ 11,940,794	\$ 74,088
Payments to suppliers	(3,546,622)	(732,048)	(4,278,670)	(69,290)
Payments to employees	(3,389,859)	-	(3,389,859)	-
Receipts of customer meter deposits	180,450	-	180,450	-
Refunds of customer meter deposits	(151,639)	-	(151,639)	-
Interfund receipts/payments	149,808	-	149,808	-
Other receipts	1,070,639	-	1,070,639	-
Net cash provided by (used in) operating activities	6,253,571	(732,048)	5,521,523	4,798
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	8,049,141	952,623	9,001,764	-
Transfers to other funds	(12,238,900)	(8,743)	(12,247,643)	-
Net cash provided by (used in) noncapital financing activities	(4,189,759)	943,880	(3,245,879)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(16,582,996)	-	(16,582,996)	-
Proceeds from capital debt	32,706,882	-	32,706,882	-
Principal paid on debt	(650,000)	-	(650,000)	-
Interest and fiscal agent fees paid on debt	(135,029)	-	(135,029)	-
Net cash provided by capital and related financing activities	15,338,857	-	15,338,857	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	107,750	23,807	131,557	-
Net cash provided by investing activities	107,750	23,807	131,557	-
Net increase in cash and cash equivalents	17,510,419	235,639	17,746,058	4,798
Balances - beginning of year	18,321,500	4,221,431	22,542,931	16,033
Balances - end of year	\$ 35,831,919	\$ 4,457,070	\$ 40,288,989	\$ 20,831
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 19,783,754	\$ 4,457,070	\$ 24,240,824	\$ 20,831
Restricted cash and cash equivalents - current	16,048,165	-	16,048,165	-
Total cash and cash equivalents, end of year	\$ 35,831,919	\$ 4,457,070	\$ 40,288,989	\$ 20,831
Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:				
Operating income (loss)	\$ 3,171,951	\$ (768,195)	\$ 2,403,756	\$ 6,496
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	925,671	-	925,671	-
Other non-operating revenues	1,070,639	-	1,070,639	-
Change in assets and liabilities:				
Due from other funds	149,808	-	149,808	-
Inventory	-	-	-	(1,698)
Receivables, net	(377,002)	-	(377,002)	-
Accounts payable	1,071,251	36,147	1,107,398	-
Accrued payroll liabilities	22,115	-	22,115	-
Due to depositors	28,811	-	28,811	-
Landfill closure liability	166,228	-	166,228	-
Net OPEB obligation	28,856	-	28,856	-
Accrued compensated absences	(4,757)	-	(4,757)	-
Net cash provided by (used in) operating activities	\$ 6,253,571	\$ (732,048)	\$ 5,521,523	\$ 4,798

See accompanying notes to the basic financial statements.

**CITY OF ADA, OKLAHOMA
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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ADA, OKLAHOMA
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Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

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

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

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

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

Component Units:

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

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

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

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

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

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

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

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

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

Governmental Funds:

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

Major Funds:

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

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

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

Special Revenue Funds:

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

Capital Project Funds:

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

Debt Service Fund:

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

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

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

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

Proprietary Funds:

The City's proprietary funds include:

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

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

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

3. Cash, Cash Equivalents, and Investments

The City implemented GASB Statement No. 72, Fair Value Measurement and Application, during the fiscal year ended June 30, 2016. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs; Level 3; inputs are significant unobservable inputs.

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

At June 30, 2016, the primary government held the following deposits and investments:

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Type	Maturities	Credit Rating	Carrying Value	Fair Value Hierarchy
Deposits:				
Demand deposits			\$ 59,375,676	-
			<u>59,375,676</u>	-
Investments:				
Purchased judgements	n/a	n/a	106,391	Level 3
			<u>106,391</u>	-
Total deposits and investments			<u>\$ 59,482,067</u>	-
Reconciliation to Statement of Net Position:				
Cash and cash equivalents			\$ 59,375,676	
Investments			<u>106,391</u>	
			<u>\$ 59,482,067</u>	

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

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

At June 30, 2016, the City was fully insured or collateralized.

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

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

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

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

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

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of Net Position are comprised of \$16,048,165 held by the Ada Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill) and trustee accounts related to revenue notes.

APWA Enterprise Fund	
<hr/>	
Restricted Cash and Cash Equivalents:	
Meter Deposit Cash	771,222
Debt Service Account	399,226
2012A Interest Cash	9,776
2012A Principal Cash	108,524
2015A Interest Cash	45,611
2015A Principal Cash	187,508
2015A Project Cash	4,600,098
2015B Interest Cash	165,826
2015B Principal Cash	400,008
2015B Project Cash	9,360,366
	<hr/>
	<u>16,048,165</u>

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Component Units:

Valley View Hospital Authority

Deposits

At June 30, 2016, the Authority had bank balances of \$290, none of which was uninsured or under collateralized. The carrying value of these deposits was \$290.

Investments

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

At June 30, 2016, the Authority has a \$1,109,447 of an expendable endowment investment. \$100,000 of the trust was donated by various doctors and others and is restricted for capital expenditures only at the hospital. There was a donation of stock and the dividend proceeds are to be used for the nurse auxiliary only (generally less than \$1,000 per year). The rest of the funds are to be spent for the benefit of the hospital but not restricted as to any specific purpose, as long as hospital related. In any event, funds cannot be disbursed by the trust department without prior approval by the trust authority board members. Minutes reflecting the board approval must be sent to the trust department prior to disbursement of the funds.

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

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s investment policy does not address credit risk. At June 30, 2016, the Authority’s investments in U.S. government obligations were directly guaranteed by the U.S. government.

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

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

Ada Arts and Heritage Authority

Deposits

At June 30, 2016, the Authority had a bank balance of \$27,583. The carrying value of these deposits is \$26,314 at June 30, 2016.

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Investments

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

At June 30, 2016, the Authority had the following investments:

Arts and Heritage	Type	Fair Value	Fair Value Hierarchy
Demand Deposits		\$ 26,314	-
Bristol Myers Squibb Company Common Stock		61,623	Level 1
		\$ 87,937	-

4. Capital Assets and Depreciation

Capital Assets:

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

For the year ended June 30, 2016, capital assets balances changed as follows:

	Balance at July 1, 2015	Additions	Disposals	Interfund Transfers	Balance at June 30, 2016
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,344,579	\$ -	\$ -	\$ -	\$ 1,344,579
Construction in progress	7,697,316	21,092,981	7,404,834	-	21,385,463
Total capital assets not being depreciated	9,041,895	21,092,981	7,404,834	-	22,730,042
Other capital assets:					
Buildings and Improvements	16,527,833	462,722	-	-	16,990,555
Machinery, furniture and equipment	9,275,255	608,507	228,968	(13,539)	9,641,255
Infrastructure	51,003,742	6,968,974	-	-	57,972,716
Total other capital assets at historical cost	76,806,830	8,040,203	228,968	(13,539)	84,604,526
Less accumulated depreciation for:					
Buildings and Improvements	6,714,549	475,758	-	-	7,190,307
Machinery, furniture and equipment	6,778,208	589,391	224,305	(12,378)	7,130,916
Infrastructure	40,334,500	594,470	-	-	40,928,970
Total accumulated depreciation	53,827,257	1,659,619	224,305	(12,378)	55,250,193
Other capital assets, net	22,979,573	6,380,584	4,663	(1,161)	29,354,333
Governmental activities capital assets, net	\$ 32,021,468	\$ 27,473,565	\$ 7,409,497	\$ (1,161)	\$ 52,084,375

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	Balance at July 1, 2015	Additions	Disposals	Interfund Transfers	Balance at June 30, 2016
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 944,890	\$ 4,000	\$ -	\$ -	\$ 948,890
Land-water development	1,271,707	-	-	-	1,271,707
Water rights	1,260,843	-	-	-	1,260,843
Construction in progress	3,036,023	16,109,957	2,836,481	-	16,309,499
Total capital assets not being depreciated	<u>6,513,463</u>	<u>16,113,957</u>	<u>2,836,481</u>	<u>-</u>	<u>19,790,939</u>
Other capital assets:					
Buildings and Improvements	20,587,320	6,191	-	-	20,593,511
Machinery, furniture and equipment	6,472,614	468,782	294,224	13,539	6,660,711
Utility property improvements	49,801,018	2,829,386	-	-	52,630,404
Total other capital assets at historical cost	<u>76,860,952</u>	<u>3,304,359</u>	<u>294,224</u>	<u>13,539</u>	<u>79,884,626</u>
Less accumulated depreciation for:					
Buildings and Improvements	10,811,101	313,718	-	-	11,124,819
Machinery, furniture and equipment	4,777,788	368,524	294,224	12,378	4,864,466
Utility property improvements	40,239,222	243,429	-	-	40,482,651
Total accumulated depreciation	<u>55,828,111</u>	<u>925,671</u>	<u>294,224</u>	<u>12,378</u>	<u>56,471,936</u>
Other capital assets, net	21,032,841	2,378,688	-	1,161	23,412,690
Business-type activities capital assets, net	<u>\$ 27,546,304</u>	<u>\$ 18,492,645</u>	<u>\$ 2,836,481</u>	<u>\$ 1,161</u>	<u>\$ 43,203,629</u>

	Balance at July 1, 2015	Additions	Disposals	Interfund Transfers	Balance at June 30, 2016
Ada Arts and Heritage Authority:					
Capital assets:					
Buildings and improvements	\$ 106,003	\$ 955	\$ -	\$ -	\$ 106,958
Furniture and equipment	44,264	-	-	-	44,264
Total capital assets	<u>150,267</u>	<u>955</u>	<u>-</u>	<u>-</u>	<u>151,222</u>
Less accumulated depreciation for:					
Buildings and improvements	17,815	1,332	-	-	19,147
Furniture and equipment	33,072	1,228	-	-	34,300
Total accumulated depreciation	<u>50,887</u>	<u>2,560</u>	<u>-</u>	<u>-</u>	<u>53,447</u>
Ada Arts and Heritage Authority capital assets, net	<u>\$ 99,380</u>	<u>\$ (1,605)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,775</u>

Depreciation:

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

- Buildings 50 years
- Improvements other than buildings 20-30 years
- Machinery, furniture and equipment 3-24 years
- Utility property and improvements 15-50 years
- General infrastructure 15-50 years

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

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Governmental Activities:

General Government	\$ 114,501
Streets and Highways	758,045
Public Safety	228,381
Cemetery	19,018
Legal and Judicial	7,851
Culture and Recreation	149,815
Airport	382,008
Total	<u>\$ 1,659,619</u>

Business-Type Activities:

Water	\$ 363,945
Sewer	300,911
Sanitation	260,815
Total	<u>\$ 925,671</u>

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2016, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Judgements payable	\$ 47,416	\$ -	\$ 16,796	\$ 30,620	\$ 3,876
Accrued compensated absences	778,130	-	23,838	754,292	75,429
Net OPEB obligation	317,413	62,028	-	379,441	-
Total Governmental Activities	<u>\$ 1,142,959</u>	<u>\$ 62,028</u>	<u>\$ 40,634</u>	<u>\$ 1,164,353</u>	<u>\$ 79,305</u>
Business-Type Activities:					
Notes payable	\$ 2,820,000	\$ 32,706,882	\$ 650,000	\$ 34,876,882	\$ 2,245,000
Accrued compensated absences	454,314	-	4,756	449,558	44,956
Deposits subject to refund	742,411	180,450	151,639	771,222	77,122
Landfill closure liability	2,261,399	166,228	-	2,427,627	86,459
Net OPEB obligation	165,225	28,856	-	194,081	-
Total Business-Type Activities	<u>6,443,349</u>	<u>33,082,416</u>	<u>806,395</u>	<u>38,719,370</u>	<u>2,453,537</u>
Total Long-Term Debt	<u>\$ 7,586,308</u>	<u>\$ 33,144,444</u>	<u>\$ 847,029</u>	<u>\$ 39,883,723</u>	<u>\$ 2,532,842</u>

Governmental activities long-term debt:

Judgements Payable:

Current portion	\$ 3,876
Noncurrent portion	<u>26,744</u>
Total Judgements Payable	<u>\$ 30,620</u>

Accrued Compensated Absences:

Current portion	\$ 75,429
Noncurrent portion	<u>678,863</u>
Total Accrued Compensated Absences	<u>\$ 754,292</u>

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Business-type activities long-term debt:

Notes Payable:

\$4,055,000 Sales and Use Tax Revenue Note Series 2012 to Vision Bank, a current refunding of the outstanding portion of the lease/purchase agreement with Honeywell Global Finance, LLC for the replacement or retrofitting of water meters and efficiency upgrades to various City facilities, payable in 19 semi-annual principal installments ranging from \$125,000 to \$235,000 with an annual interest rate of 1.52%, final payment due October 1, 2021.

Current portion	\$ 435,000
Noncurrent portion	<u>1,955,000</u>
	<u>2,390,000</u>

\$13,000,000 Sales Tax Revenue Note Series 2015B to Bank of Oklahoma, for constructing and equipping 2 swimming pools and also senior citizens center, payable in semi-annual principal installments ranging from \$600,000 to \$910,000 with an annual interest rate of 2.05%, final payment due March 1, 2024.

Current portion	1,360,000
Noncurrent portion	<u>11,640,000</u>
	<u>13,000,000</u>

\$5,000,000 Utility Systems Revenue Note Series 2015A to Bank of Oklahoma, for improvements to the Authority's drinking water system, payable in semi-annual principal installments ranging from \$225,000 to \$280,000 with an annual interest rate of 2.29%, final payment due August 1, 2025.

Current portion	450,000
Noncurrent portion	<u>4,330,000</u>
	<u>4,780,000</u>

\$23,290,000 Revenue Note 2015C - OWRB Drinking Water State Revolving Fund for water system improvements. Interest only payments through September 15, 2017. Principal and interest payable in semi-annual principal installments ranging from \$5,000 to \$870,000 with an annual interest rate of 3.02%, final payment due March 15, 2041.

Noncurrent portion	<u>14,706,882</u>
	<u>14,706,882</u>

Total Notes Payable	\$ <u>34,876,882</u>
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Accrued Compensated Absences:

Current portion		\$ 44,956
Noncurrent portion		<u>404,602</u>
Total Accrued Compensated Absences		<u>\$ 449,558</u>

Deposits Subject to Refund:

Current portion		\$ 77,122
Noncurrent portion		<u>694,100</u>
Total Deposits Subject to Refund		<u>\$ 771,222</u>

Landfill Closure Liability:

Current portion		\$ 86,459
Noncurrent portion		<u>2,341,168</u>
Total Landfill Closure Liability		<u>\$ 2,427,627</u>

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

<u>Year Ending June 30,</u>	Business-Type Debt	
	Notes Payable	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,245,000	\$ 952,157
2018	2,450,000	1,068,524
2019	2,520,000	1,019,127
2020	2,575,000	970,290
2021	2,630,000	916,422
2022-2026	10,556,000	3,736,183
2027-2031	5,698,000	3,158,520
2032-2036	6,741,000	2,117,602
2037-2041	8,045,000	811,419
Totals	\$ 43,460,000	\$ 14,750,244
Less: Amount yet to be drawn:	(8,583,118)	
	\$ 34,876,882	

6. Landfill Closure and Post Closure Requirements

A \$2,427,627 accrued liability has been recognized in the Ada Public Works Authority to represent the total estimated amount owed by the Authority for closure and postclosure requirements dictated by the U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality regulations and represented the cumulative amount of such costs reported to date based on the use of approximately 82.64% of the estimated capacity of the landfill. It is estimated that an additional \$510,107 will be recognized as closure and postclosure expense between the current balance sheet date and the date the landfill is expected to be filled to capacity. However, the actual cost of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulation. The estimated remaining landfill life is 71 months.

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7. Net Position and Fund Balances

Net Position:

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

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

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

Fund Balances:

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. *Committed* – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. *Assigned* – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process. In addition, any fund balance used to assist balancing the subsequent year’s budget is considered assigned.
- e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund. In addition, any governmental fund, other than the General Fund which reports a deficit fund balance in total, is shown as negative unassigned fund balance.

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed

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amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

	General Fund	EMS Fund	Street & Alley Fund	Sales Tax Infrastructure Fund	Sales Tax Capital Facilities Fund	Sales Tax 2016 Capital Improvement Fund	Other Governmental Funds	Total
Fund Balance:								
Restricted For:								
Grant purposes	11,651	-	-	-	-	-	-	11,651
EMS	-	-	-	-	-	-	-	-
Streets	-	-	4,308,209	-	-	-	-	4,308,209
Capital Improvements	-	-	-	2,014,960	6,592,947	522,073	-	9,129,980
D.A.R.E	-	-	-	-	-	-	3,321	3,321
Library	-	-	-	-	-	-	194,868	194,868
Police	-	-	-	-	-	-	2,892	2,892
E911	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	75,782	75,782
Cemetery	-	-	-	-	-	-	80,525	80,525
Airport	-	-	-	-	-	-	74,944	74,944
Debt Service	-	-	-	-	-	-	3,887	3,887
Sub-total Restricted	11,651	-	4,308,209	2,014,960	6,592,947	522,073	436,219	13,886,059
Committed to:								
Library	-	-	-	-	-	-	40,588	40,588
Sub-total Committed	-	-	-	-	-	-	40,588	40,588
Assigned to:								
D.A.R.E	-	-	-	-	-	-	10	10
Cemetery	-	-	-	-	-	-	205,701	205,701
Airport	-	-	-	-	-	-	342,674	342,674
E911	-	-	-	-	-	-	55,572	55,572
Police	-	-	-	-	-	-	1,780	1,780
Library	-	-	-	-	-	-	4,235	4,235
Capital Improvements	-	-	-	972,349	239,218	4,495	113,126	1,329,188
Streets	-	-	174,359	-	-	-	-	174,359
EMS	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	1,694	1,694
Health Insurance	370,946	-	-	-	-	-	-	370,946
Self Insurance	587,165	-	-	-	-	-	-	587,165
Advance Travel	1,806	-	-	-	-	-	-	1,806
Unemployment	107,971	-	-	-	-	-	-	107,971
Workers' Comp	724,038	-	-	-	-	-	-	724,038
Budget balancing purposes	933,002	-	-	-	-	-	-	933,002
Sub-total Assigned	2,724,928	-	174,359	972,349	239,218	4,495	724,792	4,840,141
Unassigned	1,253,927	-	-	-	-	-	-	1,253,927
Total Fund Balance	\$ 3,990,506	\$ -	\$ 4,482,568	\$ 2,987,309	\$ 6,832,165	\$ 526,568	\$ 1,201,599	\$ 20,020,715

Enterprise Funds:

Restricted For Economic Development	\$ 4,420,923
Restricted for Capital Projects	13,960,464
Restricted for Debt Service	1,316,479
Total Enterprise Fund Restrictions	<u>\$ 19,697,866</u>

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Restricted Net Position – Governmental Activities:

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

Fund	Restricted By	Amount
Drug Forfeiture Fund	Statutory requirements	\$ 2,842
Drug Forfeiture Federal Fund	Statutory requirements	50
Cemetery Care Fund	Statutory requirements	80,525
Sinking Fund	Statutory requirements	3,887
Sudden/Severe Economic Dislocation Fund	Other contracts - Contributors	1,104
CDBG Home Grant Fund	Other contracts - Contributors	10,547
D.A.R.E Fund	Other contracts - Contributors	3,321
Library Memorial Fund	Other contracts - Contributors	194,868
Airport AG/Cash Fund	Other contracts - Contributors	74,944
Parks Donation Fund	Other contracts - Contributors	75,782
		<u>447,870</u>
Street and Alley Fund	Enabling legislation	\$ 4,308,209
Sales Tax Infrastructure Fund	Enabling legislation	2,014,960
Sales Tax Capital Facilities Fund	Enabling legislation	6,592,947
Sales Tax 2016 Capital Improvement Fund	Enabling legislation	522,073
		<u>13,438,189</u>
Component Unit:		
Valley View Regional Hospital Authority	Expendable Endowment	\$ 1,109,737

8. Sales Tax Revenue

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

- 2 ¼ cents is recorded in the General Fund. Of that amount ¼ cent is then transferred to the APWA. The APWA transfers the ¼ cent to the Economic Development Fund in accordance with Ordinance Nos. 02-10, 06-15, and 12-10. The remaining 2 cents is retained by the General Fund for operations in accordance with Ordinance No. 1414.
- ¾ cent is recorded in the Sales Tax Infrastructure Fund to be used for various infrastructure projects and improvements as per Ordinance Nos. 02-09, 06-14, and 12-09.
- 1 cent is recorded in the 2016 Sales Tax Capital Improvement Fund to be used for retirement of Sales Tax Revenue Note, Series 2015B as well as various other improvement projects as per Ordinance 14-17

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9. Property Tax Levy

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

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

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

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

For the year ended June 30, 2016, the City's net assessed valuation of taxable property was \$95,745,926. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2016 was \$.82 mills.

10. Internal and Interfund Balances and Transfers

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

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Transfers:

Internal transfers between funds and activities for the year ended June 30, 2016, were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Utility Enterprise Fund	\$ 952,623	Sales tax transfer
General Fund	Utility Enterprise Fund	762,098	Sales tax-2012 revenue bond
General Fund	E911 Fund	175,000	Operating subsidy
General Fund	Utility Enterprise Fund (Solid Waste Development Account)	11,694	Interest expense on interfund loan
General Fund	Utility Enterprise Fund	630,183	2015B revenue note
General Fund	Utility Enterprise Fund (Sewer System Account)	49,777	Honeywell project principal and interest
Governmental Activities-GW	Utility Enterprise Fund	10,436	Purchase of capital assets
E911 Fund	General Fund (Health Insurance Account)	42,244	Health insurance premiums
Airport Agriculture Fund	General Fund (Health Insurance Account)	1,661	Health insurance premiums
Utility Enterprise Fund	E911 Fund	4,000	Operating subsidy
Utility Enterprise Fund	Liability Self Insurance Fund	50,000	Operating subsidy
Utility Enterprise Fund	Unemployment Insurance Fund	10,000	Operating subsidy
Utility Enterprise Fund	Workers Comp Fund	140,000	Operating subsidy
Utility Enterprise Fund	General Fund	762,098	Sales tax-2012 revenue bond
Utility Enterprise Fund	General Fund	290,000	Subsidy for shared costs and leasing of assets
Utility Enterprise Fund	Airport/Agriculture Fund	326,100	Operating subsidy
Utility Enterprise Fund	Economic Development Fund	952,623	Sales tax transfer
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Development Account)	284,448	Portion of landfill collections
Utility Enterprise Fund	Street & Alley	1,060,708	Use tax-2012 revenue bond
Utility Enterprise Fund	Sales Tax Capital Facility Fund	749,480	Reimburse water line study
Utility Enterprise Fund	Sales Tax 2016 Capital Improvement Fund	694,544	2015B revenue note
Utility Enterprise Fund	Sales Tax 2016 Capital Improvement Fund	3,356,513	Sales tax for 2015B revenue note
Utility Enterprise Fund	Utility Enterprise Fund (Solid Waste Development Account)	28,606	Interfund loan activity
Utility Enterprise Fund	Utility Enterprise Fund (Debt Service Account)	941,500	2015A and 2015C revenue notes
Utility Enterprise Fund	Utility Enterprise Fund (Environmental Projects Account)	231,766	Capital assets transferred
Utility Enterprise Fund	Utility Enterprise Fund (Sewer System Account)	4,803	Interest on loans
Utility Enterprise Fund	General Fund (Health Insurance Account)	514,375	Health insurance premiums
Utility Enterprise Fund	General Fund	630,183	2015B revenue note
Street & Alley Fund	General Fund	168,000	Operating subsidy
Street & Alley Fund	Utility Enterprise Fund	20,000	Operating subsidy
Street & Alley Fund	Utility Enterprise Fund	1,060,708	Use tax-2012 revenue bond
Library Memorial Fund	Library State Aid Fund	1,019	Operating subsidy
General Fund (Park & Recreation Fund)	Parks Donation Fund	4,665	Operating subsidy
Sales Tax Infrastructure Fund	General Fund (Health Insurance Account)	120,398	Health insurance premiums
Sales Tax Infrastructure Fund	Utility Enterprise Fund	619,571	Purchase of capital assets
Sales Tax Capital Facility	Street & Alley Fund	255,000	Short-term loan
Sales Tax Capital Facility	Utility Enterprise Fund	671	Purchase of capital assets
Sales Tax 2016 Capital Improvement Fund	Utility Enterprise Fund	1,260,366	2015B principal and interest
Utility Enterprise Fund (Sewer System Account)	Utility Enterprise Fund	135,000	2015A revenue note
Utility Enterprise Fund (Sewer System Account)	Utility Enterprise Fund	12,145	Purchase of capital assets
Utility Enterprise Fund (Debt Service Account)	Utility Enterprise Fund (Sewer System Account)	135,000	2015A revenue note
Utility Enterprise Fund (Debt Service Account)	Utility Enterprise Fund	542,909	2015A and 2015C revenue notes
Utility Enterprise Fund (Rural Sewer District #5 Account)	Utility Enterprise Fund	10,498	Purchase of capital assets
Utility Enterprise Fund (Water Development Account)	Utility Enterprise Fund	5,000	Purchase of capital assets
Utility Enterprise Fund (Solid Waste Account)	Utility Enterprise Fund	72,173	Purchase of capital assets
Utility Enterprise Fund (Rural Water District #3 Account)	Utility Enterprise Fund	16,038	Purchase of capital assets
Utility Enterprise Fund (Environmental Protection Account)	Utility Enterprise Fund	19,704	Purchase of capital assets
Utility Enterprise Fund (Overhead Storage Account)	Utility Enterprise Fund	231,424	Purchase of capital assets
Total		<u>\$ 18,357,752</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 9,355,988	\$ (6,135,678)	\$ 3,220,310
Proprietary Funds	9,001,764	(12,247,643)	(3,245,879)
Total	<u>\$ 18,357,752</u>	<u>\$ (18,383,321)</u>	<u>\$ (25,569)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ 3,220,310
Transfer capital asset from business-type activities to governmental activities	36,005
Transfer capital asset from governmental activities to business-type activities	(10,436)
Transfer water/sewer expenses to business-type activities	(422,774)
Transfers - internal activity	<u>\$ 2,823,105</u>

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Balances:

Interfund receivables and payables at June 30, 2016, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Sales Tax 2016 Capital Improvement	APWA (Solid Waste Development Account)	\$ 854,603	Interfund loan
General Fund	APWA (Solid Waste Development Account)	231,475	Interfund loan
E911 Fund	General Fund	17,523	Revenue recorded in wrong fund
Total		<u>\$ 1,103,601</u>	

Reconciliation to Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 17,523	\$ (1,103,601)	\$ (1,086,078)
Proprietary Funds	1,086,078	-	1,086,078
Total	<u>\$ 1,103,601</u>	<u>\$ (1,103,601)</u>	<u>\$ -</u>

11. Risk Management

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

- General Liability – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Workers' Compensation – Self insured up to \$600,000 per occurrence for all employees, including police and fire employees. Additional coverage through Midwest Employers Casualty
- Dental Insurance – Self insured
- Employee's Group Medical – Self insured with Blue Cross as the third party administrator; stop loss begins at \$70,000 with no limit.

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

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

12. Contingencies

Litigation:

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

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

Federal and State Award Programs:

The City of Ada participates in various federal or state grant/loan programs from year to year. In 2016, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan.

13. Pension Plan Participation

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

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

Firefighters' Plan:

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

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

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

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

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as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$206,384. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$507,115 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 \$465,794. 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, 2016, the City reported a liability of \$5,418,913 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2015. Based upon this information, the City's proportion was 0.5105390%.

For the year ended June 30, 2016, the City recognized pension expense of \$447,070. At June 30, 2016, 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
Changes of assumptions	\$ 107,060	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 403,941
Changes in proportion and differences between City contributions and proportionate share of contributions	-	64,892
City contributions during measurement date	-	5,449
City contributions subsequent to the measurement date	206,384	-
Total	<u>\$ 313,444</u>	<u>\$ 474,282</u>

\$206,384 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

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year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	2017	\$	(138,597)
	2018		(138,597)
	2019		(138,597)
	2020		60,084
	2021		(7,722)
	Thereafter		(3,793)
		\$	(367,222)

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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, 2015, 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, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.13%
Domestic equity	37%	8.02%
International equity	20%	9.94%
Real estate	10%	7.47%
Other assets	13%	6.25%

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

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assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability	\$ 7,035,878	\$ 5,418,913	\$ 4,062,740

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

Police Plan:

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

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

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

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective

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July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$203,256. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$188,341 during the current fiscal year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$188,952. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$21,709 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2015. Based upon this information, the City's proportion was 0.5324104%.

For the year ended June 30, 2016, the City recognized pension expense of \$80,321. At June 30, 2016, 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	\$ -	\$ 120,040
Net difference between projected and actual earnings on pension plan investments	-	83,534
Changes in proportion and differences between City contributions and proportionate share of contributions	-	2,302
City contributions during measurement date	-	2,267
City contributions subsequent to the measurement date	203,257	-
Total	<u>\$ 203,257</u>	<u>\$ 208,143</u>

\$203,257 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, 2017. 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:

2017	\$	(89,672)
2018		(89,672)
2019		(89,672)
2020		70,677
2021		(9,804)
	<u>\$</u>	<u>(208,143)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

The actuarial assumptions used in the July 1, 2015, 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, 2015, are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.24%
Domestic equity	4.87%
International equity	7.68%
Real estate	5.47%
Private equity	5.80%
Commodities	2.96%

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 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 <u>6.5%</u>	Current Discount <u>Rate 7.5%</u>	1% Increase <u>8.5%</u>
Employers' net pension (asset) liability	\$ 1,304,412	\$ 21,709	\$ (1,059,699)

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

OkMRF Defined Contribution Plan:

The City has provided a defined contribution plan and trust known as the City of Ada Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by JPMorgan Chase Bank, Oklahoma. The defined

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contribution plan is available to all full-time employees except those participating in state fire or police program. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at date of hire, are required to contribute at least 5% and may make contributions to the plan up to 25% at their option. By City ordinance, the City, as employer, is required to make contributions to the plan based upon employee contributions under the pick-up option, at a current rate of 13% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 50% after 5 years of service, 10% thereafter until fully vested after 10 years of service. The City Manager's contributions are vested at 20% after one year of service, 20% thereafter until fully vested after five years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the plan rests with the City Council.

Summary of Contributions:

Oklahoma Municipal Retirement Fund		
Fiscal Year	Employee Contribution	Employer Contribution
2014	332,879	865,483
2015	342,451	890,370
2016	349,679	909,164

14. Postemployment Healthcare Plan

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

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the City during the budgeting process. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016, the actuarially expected City contributions in the form of net age adjustment were to be \$106,044 to the Plan. Plan members receiving benefits contributed \$15,160 of the total premiums, through their payment of the full determined premium in FY 2016.

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

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following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2016:

Normal Cost		\$	136,443
Amortization of Actuarial Accrued Liability (AAL)			(30,399)
Annual OPEB cost (expense)			106,044
Expected net benefits during the year			(15,160)
Increase in net OPEB obligation			90,884
Net OPEB obligation - beginning of year			482,639
Net OPEB obligation - end of year		\$	573,523

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$80,187	28%	\$425,298
6/30/2015	\$80,187	28%	\$482,639
6/30/2016	\$106,044	14%	\$573,523

Funded Status and Funding Progress. As of July 1, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$1,075,752, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,075,752. The covered payroll (annual payroll of active employees covered by the plan) was \$8.08 million, and the ratio of the UAAL to the covered payroll was 13 percent.

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

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

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In the July 1, 2015, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 3.8 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 6 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2060. The UAAL is being amortized over 30 years based on a level percent-of-pay open-period basis. The remaining amortization period at July 1, 2015, was twenty-three years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

15. Use of Estimates

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

16. Subsequent Events

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

On July 1, 2016 the City approved a payment to East Central University's Oklahoma Institute in the amount of \$1,250,000 to be paid over a period of five years from Prop II economic development funds.

On September 19, 2016 the City accepted an FAA grant AIP 3-40-0001-015-2016 in the amount of \$345,000. The City's portion is \$38,333.

On November 7, 2016 the City approved the purchase of Dunn's Fish Farm, including water rights, in the amount of \$847,072, to be paid out of the Water Development Fund.

Also on November 7, 2016, the City approved to take Prop I and Prop II sales tax, Fund 55 and Fund 56, back to the vote of the people on January 10, 2017 in order to extend this sales tax another five years. Voters approved this extension. These two sales taxes are now set to expire in April, 2023.

As of June 30, 2016 an outstanding suit remains against EST, Inc., C3 Construction, Inc., and any other person, firm, or corporation who is or is liable for damages to the City arising out of or pertaining to the Wintersmith Park, Ada City Lake Dam Spillway Apron Rehabilitation.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – Year Ended June 30, 2016

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Beginning Budgetary Fund Balance:	\$3,511,835	\$3,511,835	\$5,101,581	\$1,589,746
Resources (Inflows):				
Taxes	8,019,900	9,153,700	9,380,006	226,306
Intergovernmental	391,100	437,033	512,885	75,852
Licenses and permits	104,700	104,700	144,673	39,973
Charges for services	210,500	203,500	269,658	66,158
Fees and fines	429,800	429,800	388,282	(41,518)
Investment income	47,800	47,800	42,992	(4,808)
Miscellaneous	2,221,250	2,252,801	384,315	(1,868,486)
Other financing sources	2,371,800	2,318,800	2,728,959	410,159
Total Resources (Inflows):	<u>13,796,850</u>	<u>14,948,134</u>	<u>13,851,770</u>	<u>(1,096,364)</u>
Amounts available for appropriation	<u>\$17,308,685</u>	<u>\$18,459,969</u>	<u>\$18,953,351</u>	<u>\$493,382</u>
Charges to Appropriations (Outflows):				
General government	3,705,404	4,676,266	3,930,653	745,613
Public safety	5,387,300	5,636,228	5,019,816	616,412
Streets and highways	1,019,250	1,036,292	892,270	144,022
Legal and judicial	397,950	379,950	330,809	49,141
Cemetery	225,200	225,200	187,381	37,819
Culture and recreation	1,814,350	1,940,084	1,611,129	328,955
Community development	455,450	463,950	421,063	42,887
Other financing uses	2,749,200	2,749,200	2,581,375	167,825
Total Charges to Appropriations	<u>15,754,104</u>	<u>17,107,170</u>	<u>14,974,496</u>	<u>2,132,674</u>
Ending Budgetary Fund Balance	<u>\$1,554,581</u>	<u>\$1,352,799</u>	<u>\$3,978,855</u>	<u>\$2,626,056</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance:				
Sudden and Severe Economic Dislocation Account			1,104	
Parks and Recreation Fund Account			-	
CDBG Home Grant Fund Account			<u>10,547</u>	
Total General Fund Fund Balance			<u>\$3,990,506</u>	

(Unaudited. See accompanying auditor's report.)

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	EMS FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$1,313,313	\$1,313,313	\$1,313,313	\$ -
Resources (Inflows):				
Investment income	6,400	6,400	5,388	(1,012)
Total Resources (Inflows):	6,400	6,400	5,388	(1,012)
Amounts available for appropriation	<u>\$1,319,713</u>	<u>\$1,319,713</u>	<u>\$1,318,701</u>	<u>(\$1,012)</u>
Charges to Appropriations (Outflows):				
Public safety	120,000	1,318,800	1,318,701	99
Total Charges to Appropriations	<u>120,000</u>	<u>1,318,800</u>	<u>1,318,701</u>	<u>99</u>
Ending Budgetary Fund Balance	<u>\$1,199,713</u>	<u>\$913</u>	<u>\$ -</u>	<u>(\$913)</u>

	STREET AND ALLEY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$3,383,784	\$3,383,784	\$3,383,784	\$ -
Resources (Inflows):				
Taxes	260,000	260,000	1,083,897	823,897
Intergovernmental	2,705,100	2,705,100	156,102	(2,548,998)
Investment income	18,600	18,600	21,540	2,940
Miscellaneous	60,000	60,000	-	(60,000)
Other financing sources	835,000	835,000	1,315,708	480,708
Total Resources (Inflows):	3,878,700	3,878,700	2,577,247	(1,301,453)
Amounts available for appropriation	<u>\$7,262,484</u>	<u>\$7,262,484</u>	<u>\$5,961,031</u>	<u>(\$1,301,453)</u>
Charges to Appropriations (Outflows):				
Streets and highways	5,595,000	4,696,852	229,755	4,467,097
Other financing uses	1,283,000	1,283,000	1,248,708	34,292
Total Charges to Appropriations	<u>6,878,000</u>	<u>5,979,852</u>	<u>1,478,463</u>	<u>4,501,389</u>
Ending Budgetary Fund Balance	<u>\$384,484</u>	<u>\$1,282,632</u>	<u>\$4,482,568</u>	<u>\$3,199,936</u>

(Unaudited. See accompanying auditor's report.)

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

Footnotes to Budgetary Comparison Schedules:

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

**CITY OF ADA, OKLAHOMA
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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***

	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability	0.517189%	0.510539%
City's proportionate share of the net pension liability	\$ 5,318,504	\$ 5,418,913
City's covered-employee payroll	\$ 1,439,349	\$ 1,371,422
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	370%	395%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%

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

Notes to Schedule:

Only the last two 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**

	<u>2015</u>	<u>2016</u>
Statutorially required contribution	\$ 191,999	\$ 206,384
Contributions in relation to the statutorially required contribution	<u>191,999</u>	<u>206,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,371,422	\$ 1,474,173
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Notes to Schedule:

Only the last two fiscal years are presented because 10-year data is not yet available.

**CITY OF ADA, 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***

	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.5352%	0.5324%
City's proportionate share of the net pension liability (asset)	\$ (180,196)	\$ 21,709
City's covered-employee payroll	\$ 1,497,274	\$ 1,504,919
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.03%	1.44%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%

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

Notes to Schedule:

Only the last two 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**

	<u>2015</u>	<u>2016</u>
Statutorily required contribution	\$ 195,639	\$ 203,257
Contributions in relation to the statutorily required contribution	<u>195,639</u>	<u>203,257</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,504,919	\$ 1,563,515
Contributions as a percentage of covered-employee payroll	13.00%	13.00%

Notes to Schedule:

Only the last two fiscal years are presented because 10-year data is not yet available.

CITY OF ADA, OKLAHOMA
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Required Supplementary Information – OPEB

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

	July 1, 2013
Actuarial accrued liability - AAL	896,706
Actuarial value of plan assets	-
Unfunded actuarial accrued liability - UAAL (funding excess)	896,706
Funded ratio	0%
Covered payroll	7,967,000
UAAL (funding excess) as a % of covered payroll	11%
	July 1, 2014
Actuarial accrued liability - AAL	896,706
Actuarial value of plan assets	-
Unfunded actuarial accrued liability - UAAL (funding excess)	896,706
Funded ratio	0%
Covered payroll	7,967,000
UAAL (funding excess) as a % of covered payroll	11%
	July 1, 2015
Actuarial accrued liability - AAL	1,075,752
Actuarial value of plan assets	-
Unfunded actuarial accrued liability - UAAL (funding excess)	1,075,752
Funded ratio	0%
Covered payroll	8,080,000
UAAL (funding excess) as a % of covered payroll	13%

(Unaudited. See accompanying auditor’s report.)

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SUPPLEMENTARY INFORMATION

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

Combining Balance Sheet – General Fund Accounts - June 30, 2016

	<u>General Fund</u>	<u>Sudden and Severe Economic Dislocation Account</u>	<u>Parks and Recreation Account</u>	<u>CDBG Home Grant Account</u>	<u>Total General Fund</u>
ASSETS					
Cash and cash equivalents	\$ 3,309,713	\$ 1,104	\$ -	\$ 10,547	\$ 3,321,364
Investments	106,391	-	-	-	106,391
Receivable from other governments	1,085,703	-	-	-	1,085,703
Due from other funds	17,523	-	-	-	17,523
Taxes receivable, net	77,591	-	-	-	77,591
Court fines receivable, net	645,767	-	-	-	645,767
Other receivables	9,778	-	-	-	9,778
Prepaid expenditures	9,886	-	-	-	9,886
Total assets	<u>\$ 5,262,352</u>	<u>\$ 1,104</u>	<u>\$ -</u>	<u>\$ 10,547</u>	<u>\$ 5,274,003</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 112,289	\$ -	\$ -	\$ -	\$ 112,289
Accrued payroll liabilities	308,112	-	-	-	308,112
Due to other funds	231,475	-	-	-	231,475
Due to bondholders	3,907	-	-	-	3,907
Payable to other governments	8,584	-	-	-	8,584
Total liabilities	<u>664,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,367</u>
Deferred inflows of resources:					
Deferred revenue	619,130	-	-	-	619,130
Fund balances:					
Restricted	-	1,104	-	10,547	11,651
Assigned	2,724,928	-	-	-	2,724,928
Unassigned	1,253,927	-	-	-	1,253,927
Total fund balances	<u>3,978,855</u>	<u>1,104</u>	<u>-</u>	<u>10,547</u>	<u>3,990,506</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,262,352</u>	<u>\$ 1,104</u>	<u>\$ -</u>	<u>\$ 10,547</u>	<u>\$ 5,274,003</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2016

	General Fund	Sudden and Severe Economic Dislocation Account	Parks and Recreation Account	CDBG Home Grant Account	Total General Fund
REVENUES					
Taxes	\$ 9,380,006	\$ -	\$ -	\$ -	\$ 9,380,006
Fees and fines	388,282	-	-	-	388,282
Licenses and permits	144,673	-	-	-	144,673
Intergovernmental	1,208,341	-	-	-	1,208,341
Charges for services	269,658	-	-	-	269,658
Investment income	42,992	-	-	60	43,052
Miscellaneous	384,315	-	-	-	384,315
Total revenues	<u>11,818,267</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>11,818,327</u>
EXPENDITURES					
Current:					
General government	3,799,235	-	-	-	3,799,235
Public safety	5,572,812	-	-	-	5,572,812
Streets and highways	748,675	-	-	-	748,675
Legal and judicial	298,456	-	-	-	298,456
Cemetery	181,681	-	-	-	181,681
Culture and recreation	1,319,571	-	-	-	1,319,571
Economic development	421,063	-	-	-	421,063
Capital outlay	747,084	-	-	-	747,084
Total expenditures	<u>13,088,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,088,577</u>
Excess (deficiency) of revenues over expenditures	<u>(1,270,310)</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>(1,270,250)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,728,959	-	-	-	2,728,959
Transfers out	<u>(2,581,375)</u>	<u>-</u>	<u>(4,665)</u>	<u>-</u>	<u>(2,586,040)</u>
Total other financing sources and uses	<u>147,584</u>	<u>-</u>	<u>(4,665)</u>	<u>-</u>	<u>142,919</u>
Net change in fund balances	(1,122,726)	-	(4,665)	60	(1,127,331)
Fund balances - beginning	5,101,581	1,104	4,665	10,487	5,117,837
Fund balances - ending	<u>\$ 3,978,855</u>	<u>\$ 1,104</u>	<u>\$ -</u>	<u>\$ 10,547</u>	<u>\$ 3,990,506</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2016

	SPECIAL REVENUE FUNDS						
	Dare Fund	Library Memorial Fund	Library State Aid Fund	Drug Forfeiture Fund	Federal Drug Forfeiture Fund	Emergency 911 Fund	Parks Donation Fund
ASSETS							
Cash and cash equivalents	\$ 3,331	\$ 239,848	\$ 121	\$ 4,622	\$ 50	\$ 58,065	\$ 77,476
Due from other governments	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	34,109	-
Total Assets	<u>\$ 3,331</u>	<u>\$ 239,848</u>	<u>\$ 121</u>	<u>\$ 4,622</u>	<u>\$ 50</u>	<u>\$ 92,174</u>	<u>\$ 77,476</u>
LIABILITIES							
Accounts payable	\$ -	\$ 278	\$ -	\$ -	\$ -	\$ 853	\$ -
Accrued payroll liabilities	-	-	-	-	-	18,226	-
Due to other funds	-	-	-	-	-	17,523	-
Total Liabilities	<u>-</u>	<u>278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,602</u>	<u>-</u>
Deferred inflows of resources:							
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY							
Fund balances:							
Restricted	3,321	194,868	-	2,842	50	-	75,782
Committed	-	40,588	-	-	-	-	-
Assigned	10	4,114	121	1,780	-	55,572	1,694
Total Fund Equity	<u>3,331</u>	<u>239,570</u>	<u>121</u>	<u>4,622</u>	<u>50</u>	<u>55,572</u>	<u>77,476</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 3,331</u>	<u>\$ 239,848</u>	<u>\$ 121</u>	<u>\$ 4,622</u>	<u>\$ 50</u>	<u>\$ 92,174</u>	<u>\$ 77,476</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Combining Balance Sheet – Nonmajor Governmental Funds - June 30, 2016, (Continued)

	CAPITAL PROJECT FUNDS				DEBT SERVICE	TOTALS
	Cemetery Care Fund	Little Red Schoolhouse Fund	Property Owners Part.	Airport AG/Cash Fund	Sinking Fund	
ASSETS						
Cash and cash equivalents	\$ 286,226	\$ -	\$ 113,126	\$ 181,877	\$ 2,877	\$ 967,619
Due from other governments	-	-	-	952,587	32,869	985,456
Other receivables	-	-	-	-	-	34,109
Total Assets	<u>\$ 286,226</u>	<u>\$ -</u>	<u>\$ 113,126</u>	<u>\$ 1,134,464</u>	<u>\$ 35,746</u>	<u>\$ 1,987,184</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 615,685	\$ -	\$ 616,816
Accrued payroll liabilities	-	-	-	2,072	-	20,298
Due to other funds	-	-	-	-	-	17,523
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>617,757</u>	<u>-</u>	<u>654,637</u>
Deferred inflows of resources:						
Deferred revenue	-	-	-	99,089	31,859	130,948
FUND EQUITY						
Fund balances:						
Restricted	80,525	-	-	74,944	3,887	436,219
Committed	-	-	-	-	-	40,588
Assigned	205,701	-	113,126	342,674	-	724,792
Total Fund Equity	<u>286,226</u>	<u>-</u>	<u>113,126</u>	<u>417,618</u>	<u>3,887</u>	<u>1,201,599</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 286,226</u>	<u>\$ -</u>	<u>\$ 113,126</u>	<u>\$ 1,134,464</u>	<u>\$ 35,746</u>	<u>\$ 1,987,184</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2016

	SPECIAL REVENUE FUNDS						
	Dare Fund	Library Memorial Fund	Library State Aid Fund	Drug Forfeiture Fund	Federal Drug Forfeiture Fund	Emergency 911 Fund	Parks Donation Fund
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468,495	\$ -
Intergovernmental	-	-	14,488	2,060	-	-	-
Charges for services	-	6,100	-	-	-	-	-
Investment earnings	-	1,560	12	-	-	565	417
Miscellaneous	8,579	1,490	-	-	-	26	46,091
Total revenues	<u>8,579</u>	<u>9,150</u>	<u>14,500</u>	<u>2,060</u>	<u>-</u>	<u>469,086</u>	<u>46,508</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	9,284	-	-	2,848	-	597,142	-
Culture and recreation	-	56,842	14,379	-	-	-	14,172
Airport	-	-	-	-	-	-	-
Capital Outlay	-	6,444	-	-	-	815	28,408
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total Expenditures	<u>9,284</u>	<u>63,286</u>	<u>14,379</u>	<u>2,848</u>	<u>-</u>	<u>597,957</u>	<u>42,580</u>
Excess (deficiency) of revenues over expenditures	<u>(705)</u>	<u>(54,136)</u>	<u>121</u>	<u>(788)</u>	<u>-</u>	<u>(128,871)</u>	<u>3,928</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	1,019	-	-	179,000	4,665
Transfers out	-	(1,019)	-	-	-	(42,244)	-
Total other financing sources and uses	<u>-</u>	<u>(1,019)</u>	<u>1,019</u>	<u>-</u>	<u>-</u>	<u>136,756</u>	<u>4,665</u>
Net change in fund balances	(705)	(55,155)	1,140	(788)	-	7,885	8,593
Fund balances - beginning	4,036	294,725	(1,019)	5,410	50	47,687	68,883
Fund balances - ending	<u>\$ 3,331</u>	<u>\$ 239,570</u>	<u>\$ 121</u>	<u>\$ 4,622</u>	<u>\$ 50</u>	<u>\$ 55,572</u>	<u>\$ 77,476</u>

CITY OF ADA, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2016 (Continued)

	<u>CAPITAL PROJECT FUNDS</u>				<u>DEBT SERVICE FUND</u>	<u>TOTALS</u>
	<u>Cemetery Care Fund</u>	<u>Little Red Schoolhouse Fund</u>	<u>Property Owners Part.</u>	<u>Airport AG/Cash Fund</u>	<u>Sinking Fund</u>	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 119,837	\$ 588,332
Intergovernmental	-	-	-	1,152,532	-	1,169,080
Charges for services	16,669	-	-	135,761	-	158,530
Investment earnings	-	-	640	2,352	-	5,546
Miscellaneous	20	-	195	7,392	41,571	105,364
Total revenues	<u>16,689</u>	<u>-</u>	<u>835</u>	<u>1,298,037</u>	<u>161,408</u>	<u>2,026,852</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	41,571	41,571
Public safety	-	-	-	-	-	609,274
Culture and recreation	-	-	-	-	-	85,393
Airport	-	-	-	128,731	-	128,731
Capital Outlay	-	-	-	1,418,801	-	1,454,468
Debt Service:						
Principal	-	-	-	-	99,475	99,475
Interest and other charges	-	-	-	-	19,459	19,459
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547,532</u>	<u>160,505</u>	<u>2,438,371</u>
Excess (deficiency) of revenues over expenditures	<u>16,689</u>	<u>-</u>	<u>835</u>	<u>(249,495)</u>	<u>903</u>	<u>(411,519)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	326,100	-	510,784
Transfers out	-	-	-	(1,661)	-	(44,924)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,439</u>	<u>-</u>	<u>465,860</u>
Net change in fund balances	16,689	-	835	74,944	903	54,341
Fund balances - beginning	269,537	-	112,291	342,674	2,984	1,147,258
Fund balances - ending	<u>\$ 286,226</u>	<u>\$ -</u>	<u>\$ 113,126</u>	<u>\$ 417,618</u>	<u>\$ 3,887</u>	<u>\$ 1,201,599</u>

**CITY OF ADA, OKLAHOMA
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Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2016

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,716,528	\$ 5,379,959	\$ -	\$ 462,792	\$ 6,292,124	\$ 3,467,488	\$ 320,321
Restricted cash and cash equivalents	14,877,717	-	771,222	-	-	-	-
Due from other funds	-	1,086,078	-	-	-	-	-
Accounts Receivable, net	1,789,379	(49)	-	-	171,942	57,551	-
Total current assets	<u>18,383,624</u>	<u>6,465,988</u>	<u>771,222</u>	<u>462,792</u>	<u>6,464,066</u>	<u>3,525,039</u>	<u>320,321</u>
Non-current assets:							
Capital Assets:							
Land and construction in progress	17,258,388	-	-	-	2,532,551	-	-
Other capital assets, net of accumulated depreciation	23,412,690	-	-	-	-	-	-
Total non-current assets	<u>40,671,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,532,551</u>	<u>-</u>	<u>-</u>
Total assets	<u>59,054,702</u>	<u>6,465,988</u>	<u>771,222</u>	<u>462,792</u>	<u>8,996,617</u>	<u>3,525,039</u>	<u>320,321</u>
LIABILITIES							
Current Liabilities:							
Accounts payable	1,314,252	73,448	-	2,386	-	-	-
Accrued payroll liabilities	166,130	-	-	-	-	-	-
Accrued interest payable	325,323	-	-	-	-	-	-
Due to other funds	337,725	-	-	-	-	(337,725)	-
Other liabilities	3,476	-	-	-	-	-	-
Due to depositors	-	-	77,122	-	-	-	-
Accrued compensated absences	44,956	-	-	-	-	-	-
Landfill closure liability	86,459	-	-	-	-	-	-
Notes payable	2,245,000	-	-	-	-	-	-
Total current liabilities	<u>4,523,321</u>	<u>73,448</u>	<u>77,122</u>	<u>2,386</u>	<u>-</u>	<u>(337,725)</u>	<u>-</u>
Non-current liabilities:							
Due to depositors	-	-	694,100	-	-	-	-
Accrued compensated absences	404,601	-	-	-	-	-	-
Landfill closure liability	2,341,168	-	-	-	-	-	-
Notes payable	32,631,882	-	-	-	-	-	-
Net OPEB obligation	194,081	-	-	-	-	-	-
Total non-current liabilities	<u>35,571,732</u>	<u>-</u>	<u>694,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>40,095,053</u>	<u>73,448</u>	<u>771,222</u>	<u>2,386</u>	<u>-</u>	<u>(337,725)</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	5,794,196	-	-	-	2,532,551	-	-
Restricted for debt service	917,253	-	-	-	-	-	-
Restricted for capital projects	13,960,464	-	-	-	-	-	-
Unrestricted	(1,712,264)	6,392,540	-	460,406	6,464,066	3,862,764	320,321
Total net position	<u>\$ 18,959,649</u>	<u>\$ 6,392,540</u>	<u>\$ -</u>	<u>\$ 460,406</u>	<u>\$ 8,996,617</u>	<u>\$ 3,862,764</u>	<u>\$ 320,321</u>

CITY OF ADA, OKLAHOMA
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As of and for the Year Ended June 30, 2016

Combining Schedule of Net Position – APWA Enterprise Fund Accounts - June 30, 2016,
(Continued)

	<u>Overhead Water Storage Account</u>	<u>Water Wells and Trans Account</u>	<u>RWD #4 Account</u>	<u>Environmental Projects Account</u>	<u>RSD #5 Account</u>	<u>APWA Debt Service Account</u>	<u>Total</u>
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 88,229	\$ 495,396	\$ 66,358	\$ 1,218,016	\$ 276,543	\$ -	\$ 19,783,754
Restricted cash and cash equivalents	-	-	-	-	-	399,226	16,048,165
Due from other funds	-	-	-	-	-	-	1,086,078
Accounts Receivable, net	-	-	-	43,164	-	-	2,061,987
Total current assets	<u>88,229</u>	<u>495,396</u>	<u>66,358</u>	<u>1,261,180</u>	<u>276,543</u>	<u>399,226</u>	<u>38,979,984</u>
Non-current assets:							
Capital Assets:							
Land and construction in progress	-	-	-	-	-	-	19,790,939
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-	23,412,690
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,203,629</u>
Total assets	<u>88,229</u>	<u>495,396</u>	<u>66,358</u>	<u>1,261,180</u>	<u>276,543</u>	<u>399,226</u>	<u>82,183,613</u>
LIABILITIES							
Current Liabilities:							
Accounts payable	575	-	-	-	-	-	1,390,661
Accrued payroll liabilities	-	-	-	-	-	-	166,130
Accrued interest payable	-	-	-	-	-	-	325,323
Due to other funds	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	3,476
Due to depositors	-	-	-	-	-	-	77,122
Accrued compensated absences	-	-	-	-	-	-	44,956
Landfill closure liability	-	-	-	-	-	-	86,459
Notes payable	-	-	-	-	-	-	2,245,000
Total current liabilities	<u>575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,339,127</u>
Non-current liabilities:							
Due to depositors	-	-	-	-	-	-	694,100
Accrued compensated absences	-	-	-	-	-	-	404,601
Landfill closure liability	-	-	-	-	-	-	2,341,168
Notes payable	-	-	-	-	-	-	32,631,882
Net OPEB obligation	-	-	-	-	-	-	194,081
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,265,832</u>
Total liabilities	<u>575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,604,959</u>
NET POSITION							
Net investment in capital assets	-	-	-	-	-	-	8,326,747
Restricted for debt service	-	-	-	-	-	399,226	1,316,479
Restricted for capital projects	-	-	-	-	-	-	13,960,464
Unrestricted	87,654	495,396	66,358	1,261,180	276,543	-	17,974,964
Total net position	<u>\$ 87,654</u>	<u>\$ 495,396</u>	<u>\$ 66,358</u>	<u>\$ 1,261,180</u>	<u>\$ 276,543</u>	<u>\$ 399,226</u>	<u>\$ 41,578,654</u>

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund
Accounts -Year Ended June 30, 2016

	Public Works Authority	Solid Waste Development Account	Water Meter Account	RWD #3 Account	Water Development Account	Sewer System Account	RWD #2 Account
REVENUES							
Charges for services:							
Water	\$ 5,521,868	\$ -	\$ -	\$ 41,208	\$ 1,038,393	\$ -	\$ 6
Sewer	1,348,802	-	-	-	-	346,132	-
Sanitation	3,403,732	-	-	-	-	-	-
Solid waste fee	-	1,496	-	-	-	-	-
Recycling income	168,792	-	-	-	-	-	-
Lease revenue	2,016	-	-	-	60,550	-	-
Miscellaneous	322,011	-	-	-	-	-	-
Total operating revenues	<u>10,767,221</u>	<u>1,496</u>	<u>-</u>	<u>41,208</u>	<u>1,098,943</u>	<u>346,132</u>	<u>6</u>
OPERATING EXPENSES							
Public works director	237,860	-	-	-	-	-	-
Billing and collecting	379,035	-	-	-	-	-	-
Water plant	530,040	-	-	-	4,307	-	-
Liquid waste	654,784	-	-	-	-	-	-
Administration	2,012,691	-	-	-	-	-	-
Water and sewer line maintenance	1,142,703	-	-	-	-	-	-
Solid waste	2,295,638	3,500	-	-	-	-	-
Landfill operations	166,228	-	-	-	-	-	-
Construction	565,325	-	-	-	-	-	-
Depreciation	925,671	-	-	-	-	-	-
Total operating expenses	<u>8,909,975</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>4,307</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>1,857,246</u>	<u>(2,004)</u>	<u>-</u>	<u>41,208</u>	<u>1,094,636</u>	<u>346,132</u>	<u>6</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	15,181	27,535	-	2,462	31,208	18,313	1,730
Miscellaneous revenue	742,197	-	-	-	-	-	-
Interest expense	(449,754)	-	-	-	-	-	-
Total non-operating revenue (expenses)	<u>307,624</u>	<u>27,535</u>	<u>-</u>	<u>2,462</u>	<u>31,208</u>	<u>18,313</u>	<u>1,730</u>
Income before transfers	<u>2,164,870</u>	<u>25,531</u>	<u>-</u>	<u>43,670</u>	<u>1,125,844</u>	<u>364,445</u>	<u>1,736</u>
Transfers in	6,276,324	324,748	-	-	-	139,803	-
Transfers out	(11,059,009)	(72,173)	-	(16,038)	(5,000)	(147,145)	-
Change in net position	<u>(2,617,815)</u>	<u>278,106</u>	<u>-</u>	<u>27,632</u>	<u>1,120,844</u>	<u>357,103</u>	<u>1,736</u>
Total net position - beginning	21,577,464	6,114,434	-	432,774	7,875,773	3,505,661	318,585
Total net position - ending	<u>\$ 18,959,649</u>	<u>\$ 6,392,540</u>	<u>\$ -</u>	<u>\$ 460,406</u>	<u>\$ 8,996,617</u>	<u>\$ 3,862,764</u>	<u>\$ 320,321</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

**Combining Schedule of Revenues, Expenses and Changes in Net Position – APWA Enterprise Fund
Accounts -Year Ended June 30, 2016, (Continued)**

	<u>Overhead Water Storage Account</u>	<u>Water Wells and Trans Account</u>	<u>RWD #4 Account</u>	<u>Environmental Projects Account</u>	<u>RSD #5 Account</u>	<u>APWA Debt Service Account</u>	<u>Total</u>
REVENUES							
Charges for services:							
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,601,475
Sewer	-	-	-	-	62,790	-	1,757,724
Sanitation	-	-	-	-	-	-	3,403,732
Solid waste fee	-	-	-	-	-	-	1,496
Recycling income	-	-	-	-	-	-	168,792
Lease revenue	-	-	-	-	-	-	62,566
Miscellaneous	-	-	-	-	-	-	322,011
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,790</u>	<u>-</u>	<u>12,317,796</u>
OPERATING EXPENSES							
Public works director	-	-	-	-	-	-	237,860
Billing and collecting	-	-	-	-	-	-	379,035
Water plant	-	-	-	220,568	-	-	754,915
Liquid waste	-	-	-	-	7,495	-	662,279
Administration	-	-	-	-	-	-	2,012,691
Water and sewer line maintenance	-	-	-	-	-	-	1,142,703
Solid waste	-	-	-	-	-	-	2,299,138
Landfill operations	-	-	-	-	-	-	166,228
Construction	-	-	-	-	-	-	565,325
Depreciation	-	-	-	-	-	-	925,671
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,568</u>	<u>7,495</u>	<u>-</u>	<u>9,145,845</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(220,568)</u>	<u>55,295</u>	<u>-</u>	<u>3,171,951</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	512	2,802	358	5,607	1,407	635	107,750
Miscellaneous revenue	71,215	-	-	257,227	-	-	1,070,639
Interest expense	-	-	-	-	-	-	(449,754)
Total non-operating revenue (expenses)	<u>71,727</u>	<u>2,802</u>	<u>358</u>	<u>262,834</u>	<u>1,407</u>	<u>635</u>	<u>728,635</u>
Income before transfers	<u>71,727</u>	<u>2,802</u>	<u>358</u>	<u>42,266</u>	<u>56,702</u>	<u>635</u>	<u>3,900,586</u>
Transfers in	-	-	-	231,766	-	1,076,500	8,049,141
Transfers out	(231,424)	-	-	(19,704)	(10,498)	(677,909)	(12,238,900)
Change in net position	<u>(159,697)</u>	<u>2,802</u>	<u>358</u>	<u>254,328</u>	<u>46,204</u>	<u>399,226</u>	<u>(289,173)</u>
Total net position - beginning	<u>247,351</u>	<u>492,594</u>	<u>66,000</u>	<u>1,006,852</u>	<u>230,339</u>	<u>-</u>	<u>41,867,827</u>
Total net position - ending	<u>\$ 87,654</u>	<u>\$ 495,396</u>	<u>\$ 66,358</u>	<u>\$ 1,261,180</u>	<u>\$ 276,543</u>	<u>\$ 399,226</u>	<u>\$ 41,578,654</u>

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

Schedule of Expenditures of State Awards – Year Ended June 30, 2016

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
OKLAHOMA DEPARTMENT OF LIBRARIES:			
FY 16 State Aid	N/A	16,120	14,379
OKLAHOMA AERONAUTICS COMMISSION:			
Various Airport Improvements	ADH-16-FS	97,675	55,979
OKLAHOMA ATTORNEY GENERAL:			
Oklahoma Safe Program	JRI-2014-03	100,000	40,396
OKLAHOMA OFFICE OF CIVIL EMERGENCY MANAGEMENT:			
FEMA-Flooding - 2015 (PW-143)	FEMA-1465-DR-OK	586	586
FEMA-Flooding - 2015 (PW-250)	FEMA-1465-DR-OK	625	625
FEMA-Flooding - 2015 (PW-315)	FEMA-1465-DR-OK	3,631	3,631
FEMA-Flooding - 2015	FEMA-1465-DR-OK	10,825	10,825
FEMA - 2013 Homeland Security Grant	EMW-2013-SS-00051	428	428
Total Oklahoma Office of Civil Emergency Management		16,095	16,095
TOBACCO SETTLEMENT ENDOWMENT TRUST:			
Healthy Communities Incentive Grant-OK Tobacco Settlement Endowment Trust	HICG-2014-ADA CI-00005	100,000	98,732
TOTAL STATE AWARDS		\$329,890	\$225,581

Footnotes to Schedule of Expenditures of State Awards:

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

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

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

Honorable Mayor and City Council
City of Ada, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ada, Oklahoma (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2017. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes an explanatory paragraph to emphasize the adoption of GASB 72 by the City. In addition, our report also includes a reference to other auditors who audited the financial statements of the Ada Arts and Heritage Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

(Continued)

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

Internal Control Over Financial Reporting, Continued

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Shawnee, Oklahoma
February 6, 2017



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Ada, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Ada, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Report on Internal Control Over Compliance, Continued

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

Finley + Cook, PLLC

Shawnee, Oklahoma
February 6, 2017

CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

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**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

Schedule of Expenditures of Federal Awards – Year Ended June 30, 2016

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Pass Thru Number	Passed-Through to Subrecipients	Program or Award Amount	Federal Expenditures
FEDERAL ASSISTANCE:					
<u>U.S. DEPARTMENT OF JUSTICE:</u>					
Passed through District Attorney's Council:					
2015 Justice Assistance Grant	16.738	2015-DJ-BX-0695	-	14,218	14,218
2014 Justice Assistance Grant - Bulletproof Vest Partnership	16.607	2014-BU-BX-1407	-	3,305	1,456
Total U.S. Department of Justice			-	17,523	15,674
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>					
Passed through Oklahoma Aeronautics Commission:					
Airport Improvement Program	20.106	3-40-0001-014-2014	-	273,600	18,170
Airport Improvement Program	20.106	3-40-0001-012-2012	-	180,000	7,875
Airport Improvement Program	20.106	3-40-0001-014-2015	-	1,741,356	1,007,627
Sub-total CFDA 20.106			-	2,194,956	1,033,672
Passed through Oklahoma Highway Safety Office:					
Ada Traffic Enforcement	20.600	PT-16-03-23-08	-	29,800	16,637
Ada Traffic Enforcement	20.600	OP-15-03-01-07	-	20,000	12,114
Sub-total CFDA 20.600			-	49,800	28,751
Total U.S. Department of Transportation			-	2,244,756	1,062,423
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>					
Passed through Oklahoma Department of Emergency Management:					
Hazard Mitigation Plant Project #014	97.039	FEMA-4117-DR-OK	-	42,906	11,086
FEMA-Flooding - 2015 (PW-143)	97.036	FEMA-1465-DR-OK	-	3,516	3,516
FEMA-Flooding - 2015 (PW-250)	97.036	FEMA-1465-DR-OK	-	3,754	3,754
FEMA-Flooding - 2015 (PW-315)	97.036	FEMA-1465-DR-OK	-	19,582	19,582
FEMA-Flooding - 2015	97.036	FEMA-1465-DR-OK	-	2,200	2,200
FEMA-Flooding - 2015	97.036	FEMA-1465-DR-OK	-	64,948	64,948
Sub-total CFDA 97.036			-	94,000	94,000
Total Federal Emergency Management Agency			-	136,906	105,086
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>					
Passed through Oklahoma Department of Commerce:					
CDBG - Wintersmith Park Music & Movie Venue	14.228	16077 CDBG 14	-	114,879	114,879
Special Project Grant - Water Tower	14.251	B-10-SP-OK-0003	-	600,000	42,614
Sub-total CFDA 14.251			-	600,000	42,614
Total U.S. Department of Housing and Urban Development			-	714,879	157,493
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>					
Passed through Oklahoma Water Resources Board:					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	ORF-15-0001-DW	-	4,213,605	4,213,605
TOTAL FEDERAL ASSISTANCE			-	\$ 7,327,669	\$ 5,554,281

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF ADA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Ada, Oklahoma (the “City”) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the net position, changes in net position, or cash flows of the City.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

(3) SUBRECIPIENTS

During the year ended June 30, 2016, the City did not provide any federal awards to subrecipients.

(4) INDIRECT COST RATE

The City does not have an indirect cost rate and had no indirect costs charged to the federal grants during the year ended June 30, 2016.

CITY OF ADA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

SECTION I—SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.561(a) of the Uniform Guidance?

Yes No

Identification of major federal programs:

<u>Federal CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Transportation/Federal Aviation Administration/Airport Improvement Program
66.468	Environmental Protection Agency/Capitalization Grant for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee?

Yes No

CITY OF ADA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

Year Ended June 30, 2016

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF ADA, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2016

There were no findings or questioned costs noted in the audit report for the year ended June 30, 2015.