



# CITY OF ARDMORE, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2017

**THE CITY OF ARDMORE,  
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

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**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

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### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ardmore, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

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

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

#### Auditor's Responsibility

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

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

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

#### Summary of Opinions

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

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

**Basis for Adverse Opinion on Aggregate Discretely Presented Component Units**

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

**Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Aggregate Discretely Presented Component Units the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Ardmore, Oklahoma as of June 30, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Ardmore, Oklahoma as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedules, footnotes to budgetary comparison schedules, other post-employment benefit plan information and pension information on pages 9-17, 71-73, 73, 74 and 75-78 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ardmore, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, and the schedule of expenditures of federal awards and state awards, pages 80 – 98 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, the schedule of expenditures of state awards and of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, the schedule of expenditures of state awards and federal awards are fairly stated in all material respects in relation to the basic financial statements.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2018, on our consideration of the City of Ardmore, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ardmore, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma  
February 14, 2018



**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

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**MANAGEMENT DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Ardmore's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements, which follow this section.

### ***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2017, the City's total net position increased by \$5,838,932 or 7.2% from the prior year.
- During the year, the City's expenses for governmental activities were \$33.4 million and were funded by program revenues of \$6.7 million and further funded with taxes and other general revenues that totaled \$30.7 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$1.7 million.
- At June 30, 2017, unassigned fund balance for the General Fund was \$797,595 or 4.5% of the total General Fund revenues for the year.
- For budgetary reporting purposes, the General Fund reported revenues under estimates (excluding transfers) of \$450,941 or (3.9%), while expenditures were under the final appropriations (excluding transfers) by \$1,037,011 or 5.4%.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

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

### **Reporting the City as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

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

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

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

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

### **Reporting the City's Most Significant Funds**

#### **Fund Financial Statements**

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

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

**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

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

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$86.3 million at the close of the most recent fiscal year.

**TABLE 1**  
**NET POSITION (In Thousands)**

|                                      | Governmental Activities |                  | % Inc. (Dec.) | Business-Type Activities |                  | % Inc. (Dec.) | Total            |                  | % Inc. (Dec.) |
|--------------------------------------|-------------------------|------------------|---------------|--------------------------|------------------|---------------|------------------|------------------|---------------|
|                                      | 2017                    | 2016             |               | 2017                     | 2016             |               | 2017             | 2016             |               |
| Current assets                       | \$ 28,341               | \$ 27,933        | 1%            | \$ 30,002                | \$ 29,149        | 3%            | \$ 58,343        | \$ 57,082        | 2%            |
| Capital assets, net                  | 28,516                  | 29,850           | -4%           | 53,416                   | 54,380           | -2%           | 81,932           | 84,230           | -3%           |
| <b>Total assets</b>                  | <u>56,857</u>           | <u>57,783</u>    | -2%           | <u>83,418</u>            | <u>83,529</u>    | 0%            | <u>140,275</u>   | <u>141,312</u>   | -1%           |
| <b>Deferred outflow of resources</b> | <u>4,100</u>            | <u>1,542</u>     | 166%          | <u>735</u>               | <u>365</u>       | 101%          | <u>4,835</u>     | <u>1,907</u>     | 154%          |
| Current liabilities                  | 3,698                   | 3,940            | -6%           | 5,166                    | 6,148            | -16%          | 8,864            | 10,088           | -12%          |
| Non-current liabilities              | 15,353                  | 14,286           | 7%            | 33,489                   | 37,290           | -10%          | 48,842           | 51,576           | -5%           |
| <b>Total liabilities</b>             | <u>19,051</u>           | <u>18,226</u>    | 5%            | <u>38,655</u>            | <u>43,438</u>    | -11%          | <u>57,706</u>    | <u>61,664</u>    | -6%           |
| <b>Deferred inflow of resources</b>  | <u>870</u>              | <u>1,088</u>     | -20%          | <u>242</u>               | <u>112</u>       | 116%          | <u>1,112</u>     | <u>1,200</u>     | -7%           |
| Net position                         |                         |                  |               |                          |                  |               |                  |                  |               |
| Net investment in capital assets     | 24,706                  | 24,820           | 0%            | 16,832                   | 13,850           | 22%           | 41,538           | 38,670           | 7%            |
| Restricted                           | 19,335                  | 16,392           | 18%           | -                        | -                | 0%            | 19,335           | 16,392           | 18%           |
| Unrestricted (deficit)               | (3,005)                 | (1,202)          | 150%          | 28,423                   | 26,495           | 7%            | 25,418           | 25,293           | 0%            |
| <b>Total net position</b>            | <u>\$ 41,036</u>        | <u>\$ 40,010</u> | 3%            | <u>\$ 45,255</u>         | <u>\$ 40,345</u> | 12%           | <u>\$ 86,291</u> | <u>\$ 80,355</u> | 7%            |

\*MD&A prior year column not restated for reporting purposes

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2017, this net investment in capital assets amounted to \$41.5 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of the City's governmental activities increased 2.3% to approximately \$41 million. All of this net position is either restricted as to the purposes it can be used for, or is invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position showed a negative balance of \$3 million at the end of this year. Net position of the business-type activities increased 12% to approximately \$45 million. \$16.8 million of that net position is invested in capital assets, net of related debt. Consequently, unrestricted net position showed approximately \$28 million at the end of the year.

**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

**Changes in Net Position**

For the year ended June 30, 2017, 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.) |
|--|-------------------------|------------------|---------------|--------------------------|------------------|---------------|------------------|------------------|---------------|
|  | 2017                    | 2016             |               | 2017                     | 2016             |               | 2017             | 2016             |               |
| <b>Revenues</b>                                  |                         |                  |               |                          |                  |               |                  |                  |               |
| Charges for services                             | \$ 725                  | \$ 747           | -3%           | \$ 14,798                | \$ 13,957        | 6%            | \$ 15,523        | \$ 14,704        | 6%            |
| Operating grants and contributions               | 5,972                   | 1,548            | 286%          | -                        | -                | -             | 5,972            | 1,548            | 286%          |
| Capital grants and contributions                 | 68                      | 1,648            | -96%          | -                        | -                | -             | 68               | 1,648            | -96%          |
| Taxes  | 29,250                  | 28,971           | 1%            | -                        | -                | -             | 29,250           | 28,971           | 1%            |
| Intergovernmental revenue                        | 366                     | 359              | 2%            | -                        | -                | -             | 366              | 359              | 2%            |
| Investment income                                | 72                      | 263              | -73%          | 55                       | 24               | 129%          | 127              | 287              | -56%          |
| Miscellaneous                                    | 1,016                   | 1,062            | -4%           | 78                       | 8                | 875%          | 1,094            | 1,070            | 2%            |
| <b>Total revenues</b>                            | <b>37,469</b>           | <b>34,598</b>    | <b>8%</b>     | <b>14,931</b>            | <b>13,989</b>    | <b>7%</b>     | <b>52,400</b>    | <b>48,587</b>    | <b>8%</b>     |
| <b>Expenses</b>                                  |                         |                  |               |                          |                  |               |                  |                  |               |
| General government                               | 8,958                   | 11,108           | -19%          | -                        | -                | -             | 8,958            | 11,108           | -19%          |
| Public safety                                    | 10,307                  | 9,020            | 14%           | -                        | -                | -             | 10,307           | 9,020            | 14%           |
| Streets  | 4,209                   | 4,287            | -2%           | -                        | -                | -             | 4,209            | 4,287            | -2%           |
| Culture, parks and recreation                    | 3,411                   | 3,211            | 6%            | -                        | -                | -             | 3,411            | 3,211            | 6%            |
| Cemetery   | 330                     | 312              | 6%            | -                        | -                | -             | 330              | 312              | 6%            |
| Airport  | 4,966                   | 1,223            | 306%          | -                        | -                | -             | 4,966            | 1,223            | 306%          |
| Economic development                             | 1,172                   | 912              | 29%           | -                        | -                | -             | 1,172            | 912              | 29%           |
| Interest on long-term debt                       | 111                     | 143              | -22%          | -                        | -                | -             | 111              | 143              | -22%          |
| Water  | -                       | -                | -             | 5,908                    | 5,787            | 2%            | 5,908            | 5,787            | 2%            |
| Wastewater                                       | -                       | -                | -             | 4,093                    | 3,943            | 4%            | 4,093            | 3,943            | 4%            |
| Sanitation                                       | -                       | -                | -             | 2,478                    | 2,283            | 9%            | 2,478            | 2,283            | 9%            |
| Golf   | -                       | -                | -             | 619                      | 616              | 0%            | 619              | 616              | 0%            |
| <b>Total expenses</b>                            | <b>33,464</b>           | <b>30,216</b>    | <b>11%</b>    | <b>13,098</b>            | <b>12,629</b>    | <b>4%</b>     | <b>46,562</b>    | <b>42,845</b>    | <b>9%</b>     |
| Excess (deficiency) before transfers             | 4,005                   | 4,382            | -9%           | 1,833                    | 1,360            | 35%           | 5,838            | 5,742            | 2%            |
| Transfers  | (3,077)                 | (1,933)          | 59%           | 3,077                    | 1,933            | 59%           | -                | -                | 0%            |
| Forgiveness of Debt                              | -                       | 469              | 100%          | -                        | -                | 0%            | -                | 469              | 100%          |
| <b>Change in net position</b>                    | <b>928</b>              | <b>2,918</b>     | <b>-68%</b>   | <b>4,910</b>             | <b>3,293</b>     | <b>49%</b>    | <b>5,838</b>     | <b>6,211</b>     | <b>-6%</b>    |
| <b>Beginning net position, restated for 2017</b> | <b>40,108</b>           | <b>37,092</b>    | <b>8%</b>     | <b>40,345</b>            | <b>37,052</b>    | <b>9%</b>     | <b>80,453</b>    | <b>74,144</b>    | <b>9%</b>     |
| <b>Ending net position</b>                       | <b>\$ 41,036</b>        | <b>\$ 40,010</b> | <b>3%</b>     | <b>\$ 45,255</b>         | <b>\$ 40,345</b> | <b>12%</b>    | <b>\$ 86,291</b> | <b>\$ 80,355</b> | <b>7%</b>     |

\*MD&A prior year column not restated for reporting purposes

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

*Governmental Activities:*

Operating grants and contributions increased 286% and airport expenditures increased 306% due to more FAA grant activity in the current year as compared to the prior year.

Net transfers out increased 59% due primarily to transfers out to enterprise funds related to capital asset purchases.

Broadband wireless debt totaling \$468,724 was forgiven in the prior year.

**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

*Business-Type Activities:*

Net transfers in increased 59% due primarily to transfers from governmental funds related to capital asset purchases.

**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)**

|                               | <b>Total Expense of Services</b> |                  | <b>% Inc. (Dec.)</b> | <b>Net Revenue (Expense) of Services</b> |                   | <b>% Inc. (Dec.)</b> |
|-------------------------------|----------------------------------|------------------|----------------------|--|-------------------|----------------------|
|                               | <u>2017</u>                      | <u>2016</u>      |                      | <u>2017</u>                              | <u>2016</u>       |                      |
| General government            | \$ 8,958                         | 11,108           | -19%                 | (\$8,769)                                | (10,894)          | -20%                 |
| Public safety                 | 10,307                           | 9,020            | 14%                  | (8,780)                                  | (7,568)           | 16%                  |
| Streets                       | 4,209                            | 4,287            | -2%                  | (3,991)                                  | (4,007)           | 0%                   |
| Culture, parks and recreation | 3,411                            | 3,211            | 6%                   | (3,201)                                  | (3,072)           | 4%                   |
| Cemetery                      | 330                              | 312              | 6%                   | (268)                                    | (239)             | 12%                  |
| Airport                       | 4,966                            | 1,223            | 306%                 | (407)                                    | 562               | -172%                |
| Economic development          | 1,172                            | 912              | 29%                  | (1,172)                                  | (912)             | 29%                  |
| Interest on long-term debt    | 111                              | 143              | -22%                 | (112)                                    | (143)             | -22%                 |
| <b>Total</b>                  | <u>33,464</u>                    | <u>\$ 30,216</u> | 11%                  | <u>(\$26,700)</u>                        | <u>(\$26,273)</u> | 2%                   |

Explanations for significant changes are listed above under Table 2.

**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

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

|              | <b>Total Expense of Services</b> |                  | <b>% Inc. Dec.</b> | <b>Net Revenue (Expense) of Services</b> |                 | <b>% Inc. Dec.</b> |
|--------------|----------------------------------|------------------|--------------------|--|-----------------|--------------------|
|              | <u>2017</u>                      | <u>2016</u>      |                    | <u>2017</u>                              | <u>2016</u>     |                    |
| Water        | \$ 5,908                         | \$ 5,787         | 2%                 | \$ 635                                   | \$ 356          | 78%                |
| Wastewater   | 4,093                            | 3,943            | 4%                 | 17                                       | (132)           | -113%              |
| Sanitation   | 2,478                            | 2,283            | 9%                 | 1,230                                    | 1,290           | -5%                |
| Golf         | 619                              | 616              | 0%                 | (181)                                    | (187)           | -3%                |
| <b>Total</b> | <b>\$ 13,098</b>                 | <b>\$ 12,629</b> | <b>4%</b>          | <b>\$ 1,701</b>                          | <b>\$ 1,327</b> | <b>28%</b>         |

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

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2017 fiscal year, the governmental funds reported a combined fund balance of \$25 million, which is an increase of approximately \$1,364,372 as compared with the prior year. The enterprise funds reported combined net position of \$45.2 million, which is an increase of approximately \$4.9 million compared with the prior year.

Other fund highlights include:

- For the year ended June 30, 2017, the General Fund's total fund balance decreased by \$1.4 million or 21%.
- There is \$4,319,740 of fund balance in the General Fund that is assigned for specific purposes.

**General Fund Budgetary Highlights**

- For the year ended June 30, 2017, the General Fund reported revenues under estimates (excluding transfers) of \$450,941 or (3.9%), while expenditures were under the final appropriations (excluding transfers) by \$1,037,011 or 5.4%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2017, the City had \$81.9 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net decrease of approximately \$2.3 million from last year.



**CITY OF ARDMORE, OKLAHOMA**  
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**TABLE 5**  
**Capital Assets**  
**(In Thousands)**  
**(Net of accumulated depreciation)**

|                         | <b>Governmental</b> |                  | <b>Business-Type</b> |                  | <b>Total</b>     |                  |
|-------------------------|---------------------|------------------|----------------------|------------------|------------------|------------------|
|                         | <b>Activities</b>   |                  | <b>Activities</b>    |                  |                  |                  |
|                         | <u>2017</u>         | <u>2016</u>      | <u>2017</u>          | <u>2016</u>      | <u>2017</u>      | <u>2016</u>      |
| Land                    | \$ 5,338            | \$ 5,092         | \$ 371               | \$ 369           | \$ 5,709         | \$ 5,461         |
| Buildings               | 8,940               | 9,110            | 34,582               | 35,551           | 43,522           | 44,661           |
| Computers               | 815                 | 808              | 71                   | 77               | 886              | 885              |
| Furniture and fixtures  | 210                 | 246              | 7                    | 7                | 217              | 253              |
| Vehicles                | 850                 | 1,025            | 1,053                | 1,107            | 1,903            | 2,132            |
| Machinery and equipment | 1,144               | 1,228            | 1,094                | 1,410            | 2,238            | 2,638            |
| Infrastructure          | 11,219              | 12,341           | 16,238               | 15,859           | 27,457           | 28,200           |
| <b>Totals</b>           | <u>\$ 28,516</u>    | <u>\$ 29,850</u> | <u>\$ 53,416</u>     | <u>\$ 54,380</u> | <u>\$ 81,932</u> | <u>\$ 84,230</u> |

This year's more significant capital asset additions included:

|   |            |
|---|------------|
| Airport Land Acquisition                | \$ 245,783 |
| Engineering Fire Station #3             | 77,545     |
| Signals and Systems Improvements        | 73,929     |
| Generator                               | 58,015     |
| 2017 Dodge Charger (4)                  | 89,408     |
| Street Maintenance Building             | 28,193     |
| Engineering Family Entertainment Center | 76,210     |
| 2017 Ford F-350                         | 35,210     |
| Street Construction Improvements        | 1,090,218  |
| Bridge and Culvert Improvements         | 17,600     |
| Pot Hole Durapatcher                    | 64,050     |
| Half Ton Truck                          | 21,309     |
| Sanitation Side Loader                  | 203,100    |
| Sanitary and Storm Sewer Improvements   | 1,653,717  |
| Water Meters and Settings               | 141,396    |
| Water Line Improvements                 | 1,258,016  |
| 2017 Ford F-150                         | 21,382     |

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

**Long- Term Debt**

At year-end, the City had \$40.4 million in long-term debt outstanding which represents a \$5.2 million or 11% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2017**

**TABLE 6**  
**Long-Term Debt**  
**(In Thousands)**

|                                | <u>Governmental</u><br><u>Activities</u> |                  | <u>Business-Type</u><br><u>Activities</u> |                  | <u>Total</u>     |                  |
|--------------------------------|--|------------------|---|------------------|------------------|------------------|
|                                | <u>2017</u>                              | <u>2016</u>      | <u>2017</u>                               | <u>2016</u>      | <u>2017</u>      | <u>2016</u>      |
| Notes payable                  | \$ -                                     | \$ -             | \$ 36,584                                 | \$ 40,530        | \$ 36,584        | \$ 40,530        |
| Revenue bonds payable          | 3,810                                    | 5,030            | -   | -                | 3,810            | 5,030            |
| Claims payable                 | 304                                      | 471              | -   | -                | 304              | 471              |
| Deposits subject to refund     | -  | -                | 211                                       | 213              | 211              | 213              |
| Accrued compensated absences   | 970                                      | 926              | 249                                       | 247              | 1,219            | 1,173            |
| Other post-employment benefits | 2,349                                    | 2,015            | 686                                       | 583              | 3,035            | 2,598            |
| Net pension liability          | 9,262                                    | 7,156            | 72  | -                | 9,334            | 7,156            |
| <b>Totals</b>                  | <u>\$ 16,695</u>                         | <u>\$ 15,598</u> | <u>\$ 37,802</u>                          | <u>\$ 41,573</u> | <u>\$ 54,497</u> | <u>\$ 57,171</u> |

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

**The Economic Outlook**

In the Fiscal Year 2017-2018, the City of Ardmore, Ardmore Public Works Authority and Ardmore Solid Waste Authority developed the budget with defined goals and conservative revenue projections. The adopted budget for FY17-18 contains \$68,742,538 in estimated revenues, \$71,903,547 in estimated expenditures and \$13,916,996 transfers between funds and finally \$36,348,441 in beginning fund balances to balance the budget. Estimated ending fund balances in all funds are estimated to be \$33,187,432. As in the past, the City's General Fund is not keeping up with the increasing cost and demands for services. The FY17-18 General Fund has budgeted expenses exceeding budget revenues by \$8,177,241 before transfers-in of \$7,830,500 and transfers-out of \$352,500. The General Fund is not able to meet the Commission's goal of maintaining a sufficient reserve without relying on transfers-in from the utility funds. Even though we have a long way to go to attain that goal, it will still remain our goal.

**Contacting the City's Financial Management**

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

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF ARDMORE, OKLAHOMA**  
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**Government-Wide Statement of Net Position– June 30, 2017**

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
|---|------------------------------------|-------------------------------------|-----------------------|
| <b>ASSETS</b>                             |                                    |                                     |                       |
| Cash and cash equivalents                 | \$ 16,289,645                      | \$ 24,295,731                       | \$ 40,585,376         |
| Investments                               | 6,808,004                          | 4,005,205                           | 10,813,209            |
| Accounts receivable, net of allowance     | -                                  | 1,715,710                           | 1,715,710             |
| Court fines receivable, net of allowance  | 121,429                            | -                                   | 121,429               |
| Internal balances                         | 303,158                            | (303,158)                           | -                     |
| Receivable from other governments         | 4,608,964                          | -                                   | 4,608,964             |
| Other taxes receivable                    | 103,292                            | -                                   | 103,292               |
| Other receivables                         | 84,558                             | -                                   | 84,558                |
| Inventories                               | 22,406                             | 288,365                             | 310,771               |
| Capital Assets:                           |                                    |                                     |                       |
| Land and construction in progress         | 5,337,571                          | 370,602                             | 5,708,173             |
| Other capital assets, net of depreciation | 23,178,571                         | 53,045,094                          | 76,223,665            |
| Total Assets                              | <u>\$ 56,857,598</u>               | <u>\$ 83,417,549</u>                | <u>\$ 140,275,147</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                                    |                                     |                       |
| Deferred amount related to pensions       | 4,025,409                          | 720,960                             | 4,746,369             |
| Deferred amount on refunding              | 74,760                             | 14,484                              | 89,244                |
| Total Deferred Outflows of Resources      | <u>4,100,169</u>                   | <u>735,444</u>                      | <u>4,835,613</u>      |
| <b>LIABILITIES</b>                        |                                    |                                     |                       |
| Accounts payable and accrued liabilities  | \$ 1,640,552                       | \$ 629,833                          | \$ 2,270,385          |
| Accrued interest payable                  | 5,072                              | 216,461                             | 221,533               |
| Due to other governments                  | 283,173                            | -                                   | 283,173               |
| Due to bondholders                        | 4,971                              | -                                   | 4,971                 |
| Due to employees                          | 16,566                             | -                                   | 16,566                |
| Other payables                            | 405,891                            | 7,247                               | 413,138               |
| Long-term liabilities:                    |                                    |                                     |                       |
| Due within one year                       | 1,342,038                          | 4,312,685                           | 5,654,723             |
| Due in more than one year                 | 6,091,119                          | 33,417,261                          | 39,508,380            |
| Net pension liability                     | 9,262,080                          | 72,137                              | 9,334,217             |
| Total liabilities                         | <u>19,051,462</u>                  | <u>38,655,624</u>                   | <u>57,707,086</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      |                                    |                                     |                       |
| Deferred amount related to pensions       | 869,730                            | 241,893                             | 1,111,623             |
| <b>NET POSITION</b>                       |                                    |                                     |                       |
| Net investment in capital assets          | 24,706,142                         | 16,832,078                          | 41,538,220            |
| Restricted for:                           |                                    |                                     |                       |
| Community enhancement                     | 2,527,023                          | -                                   | 2,527,023             |
| Streets                                   | 3,468,806                          | -                                   | 3,468,806             |
| Culture and recreation                    | 90,267                             | -                                   | 90,267                |
| Capital projects                          | 3,112,154                          | -                                   | 3,112,154             |
| Public safety                             | 143,586                            | -                                   | 143,586               |
| Grant projects                            | 94,924                             | -                                   | 94,924                |
| Cemetery                                  | 137,956                            | -                                   | 137,956               |
| Library capital improvement               | 121,908                            | -                                   | 121,908               |
| Donor provisions-library                  | 5,259,361                          | -                                   | 5,259,361             |
| Debt service                              | 4,379,277                          | -                                   | 4,379,277             |
| Unrestricted (deficit)                    | (3,004,829)                        | 28,423,398                          | 25,418,569            |
| Total net position                        | <u>\$ 41,036,575</u>               | <u>\$ 45,255,476</u>                | <u>\$ 86,292,051</u>  |

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA**  
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**Government-Wide Statement of Activities –Year Ended June 30, 2017**

| Functions/Programs  | Program Revenue      |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                        |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------------|
|   | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-type Activities | Total                  |
| <b>Primary government</b>                                     |                      |                      |                                    |                                  |   |                          |                        |
| <b>Governmental Activities</b>                                |                      |                      |                                    |                                  |   |                          |                        |
| General Government  | \$ 8,957,708         | \$ 174,660           | \$ 13,613                          | \$ -                             | \$ (8,769,435)                                    | \$ -                     | \$ (8,769,435)         |
| Public Safety   | 10,306,779           | 329,246              | 1,161,919                          | 36,036                           | (8,779,578)                                       | -                        | (8,779,578)            |
| Streets   | 4,208,508            | -                    | 217,925                            | -                                | (3,990,583)                                       | -                        | (3,990,583)            |
| Culture and Recreation  | 3,410,779            | 85,673               | 124,202                            | -                                | (3,200,904)                                       | -                        | (3,200,904)            |
| Cemetery  | 330,316              | 61,891               | -                                  | -                                | (268,425)   | -                        | (268,425)              |
| Airport   | 4,966,381            | 73,170               | 4,454,514                          | 31,593                           | (407,104)   | -                        | (407,104)              |
| Economic Development  | 1,172,358            | -                    | -                                  | -                                | (1,172,358)                                       | -                        | (1,172,358)            |
| Interest on Long-term debt                                    | 111,640              | -                    | -                                  | -                                | (111,640)   | -                        | (111,640)              |
| Total governmental activities                                 | <u>33,464,469</u>    | <u>724,640</u>       | <u>5,972,173</u>                   | <u>67,629</u>                    | <u>(26,700,027)</u>                               | <u>-</u>                 | <u>(26,700,027)</u>    |
| <b>Business-Type Activities</b>                               |                      |                      |                                    |                                  |   |                          |                        |
| Water   | 5,907,806            | 6,543,124            | -                                  | -                                | -   | 635,318                  | 635,318                |
| Wastewater  | 4,092,774            | 4,109,365            | -                                  | -                                | -   | 16,591                   | 16,591                 |
| Sanitation  | 2,478,085            | 3,708,151            | -                                  | -                                | -   | 1,230,066                | 1,230,066              |
| Golf  | 618,776              | 437,649              | -                                  | -                                | -   | (181,127)                | (181,127)              |
| Total business-type activities                                | <u>13,097,441</u>    | <u>14,798,289</u>    | <u>-</u>                           | <u>-</u>                         | <u>-</u>  | <u>1,700,848</u>         | <u>1,700,848</u>       |
| Total primary government                                      | <u>\$ 46,561,910</u> | <u>\$ 15,522,929</u> | <u>\$ 5,972,173</u>                | <u>\$ 67,629</u>                 | <u>\$ (26,700,027)</u>                            | <u>\$ 1,700,848</u>      | <u>\$ (24,999,179)</u> |
| <b>General revenues:</b>                                      |                      |                      |                                    |                                  |   |                          |                        |
| Taxes:  |                      |                      |                                    |                                  |   |                          |                        |
| Sales and use taxes   |                      |                      |                                    |                                  | \$ 23,083,194                                     | \$ -                     | \$ 23,083,194          |
| Property taxes  |                      |                      |                                    |                                  | 3,156,879   | -                        | 3,156,879              |
| Franchise and miscellaneous taxes                             |                      |                      |                                    |                                  | 1,628,143   | -                        | 1,628,143              |
| 911 taxes   |                      |                      |                                    |                                  | 210,307   | -                        | 210,307                |
| Hotel/motel taxes   |                      |                      |                                    |                                  | 1,172,358   | -                        | 1,172,358              |
| Intergovernmental revenue not restricted to specific programs |                      |                      |                                    |                                  | 365,621   | -                        | 365,621                |
| Unrestricted investment earnings                              |                      |                      |                                    |                                  | 72,002  | 55,450                   | 127,452                |
| Miscellaneous   |                      |                      |                                    |                                  | 1,016,397   | 77,760                   | 1,094,157              |
| Transfers   |                      |                      |                                    |                                  | (3,076,632)                                       | 3,076,632                | -                      |
| Total general revenues and transfers                          |                      |                      |                                    |                                  | <u>27,628,269</u>                                 | <u>3,209,842</u>         | <u>30,838,111</u>      |
| Change in net position  |                      |                      |                                    |                                  | 928,242   | 4,910,690                | 5,838,932              |
| Net position - beginning, restated                            |                      |                      |                                    |                                  | 40,108,333  | 40,344,786               | 80,453,119             |
| Net position - ending   |                      |                      |                                    |                                  | <u>\$ 41,036,575</u>                              | <u>\$ 45,255,476</u>     | <u>\$ 86,292,051</u>   |

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF ARDMORE, OKLAHOMA**  
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**Governmental Funds Balance Sheet - June 30, 2017**

|   | Special Revenue Funds |                                  |                     |                       |                     | Capital Project<br>Fund       | Debt Service<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------------|----------------------------------|---------------------|-----------------------|---------------------|-------------------------------|----------------------|--------------------------------|--------------------------------|
|   | General Fund          | Community<br>Enhancement<br>Fund | FAA Grant Fund      | Library Trust<br>Fund | GAPS Tax City       | Street<br>Improvement<br>Fund | TIF 2                |                                |                                |
| <b>ASSETS</b>   |                       |                                  |                     |                       |                     |                               |                      |                                |                                |
| Cash and cash equivalents                               | \$ 3,189,012          | \$ 684,495                       | \$ -                | \$ 53,001             | \$ 2,917,550        | \$ 3,173,780                  | \$ 4,371,445         | \$ 1,344,641                   | \$ 15,733,924                  |
| Investments   | 1,001,644             | 400,000                          | -                   | 5,206,360             | -                   | 200,000                       | -                    | -                              | 6,808,004                      |
| Receivable from other governments                       | 1,944,318             | 359,762                          | 1,333,165           | -                     | 359,762             | 359,762                       | -                    | 252,195                        | 4,608,964                      |
| Due from other funds                                    | 638,814               | 1,171,991                        | -                   | -                     | -                   | -                             | -                    | 33,226                         | 1,844,031                      |
| Other taxes receivable, net                             | -                     | -                                | -                   | -                     | -                   | -                             | -                    | 103,292                        | 103,292                        |
| Court fines receivable, net                             | 121,429               | -                                | -                   | -                     | -                   | -                             | -                    | -                              | 121,429                        |
| Other receivables                                       | 23,960                | -                                | -                   | -                     | -                   | -                             | -                    | -                              | 23,960                         |
| Total assets  | <u>\$ 6,919,177</u>   | <u>\$ 2,616,248</u>              | <u>\$ 1,333,165</u> | <u>\$ 5,259,361</u>   | <u>\$ 3,277,312</u> | <u>\$ 3,733,542</u>           | <u>\$ 4,371,445</u>  | <u>\$ 1,733,354</u>            | <u>\$ 29,243,604</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |                       |                                  |                     |                       |                     |                               |                      |                                |                                |
| <b>Liabilities:</b>                                     |                       |                                  |                     |                       |                     |                               |                      |                                |                                |
| Accounts payable and accrued liabilities                | \$ 771,065            | \$ 7,025                         | \$ 231,737          | \$ -                  | \$ 235,420          | \$ 146,786                    | \$ -                 | \$ 226,771                     | \$ 1,618,804                   |
| Due to other funds                                      | 492,429               | -                                | 1,169,744           | -                     | -                   | 25,105                        | -                    | 9,889                          | 1,697,167                      |
| Due to bondholders                                      | 4,971                 | -                                | -                   | -                     | -                   | -                             | -                    | -                              | 4,971                          |
| Payable to other governments                            | -                     | -                                | -                   | -                     | -                   | -                             | -                    | 283,173                        | 283,173                        |
| Other payables  | 404,831               | -                                | -                   | -                     | -                   | 1,060                         | -                    | -                              | 405,891                        |
| Total liabilities                                       | <u>1,673,296</u>      | <u>7,025</u>                     | <u>1,401,481</u>    | <u>-</u>              | <u>235,420</u>      | <u>172,951</u>                | <u>-</u>             | <u>519,833</u>                 | <u>4,010,006</u>               |
| <b>Deferred Inflows of Resources:</b>                   |                       |                                  |                     |                       |                     |                               |                      |                                |                                |
| Deferred revenue  | 128,546               | -                                | -                   | -                     | -                   | -                             | -                    | 13,393                         | 141,939                        |
| <b>Fund balances:</b>                                   |                       |                                  |                     |                       |                     |                               |                      |                                |                                |
| Restricted  | -                     | 2,527,023                        | -                   | 5,259,361             | 3,005,559           | 3,468,806                     | 4,363,324            | 711,189                        | 19,335,262                     |
| Assigned  | 4,319,740             | 82,200                           | -                   | -                     | 36,333              | 91,785                        | 8,121                | 625,877                        | 5,164,056                      |
| Unassigned (deficit)                                    | 797,595               | -                                | (68,316)            | -                     | -                   | -                             | -                    | (136,938)                      | 592,341                        |
| Total fund balances                                     | <u>5,117,335</u>      | <u>2,609,223</u>                 | <u>(68,316)</u>     | <u>5,259,361</u>      | <u>3,041,892</u>    | <u>3,560,591</u>              | <u>4,371,445</u>     | <u>1,200,128</u>               | <u>25,091,659</u>              |
| Total liabilities, deferred inflows, and fund balances  | <u>\$ 6,919,177</u>   | <u>\$ 2,616,248</u>              | <u>\$ 1,333,165</u> | <u>\$ 5,259,361</u>   | <u>\$ 3,277,312</u> | <u>\$ 3,733,542</u>           | <u>\$ 4,371,445</u>  | <u>\$ 1,733,354</u>            | <u>\$ 29,243,604</u>           |

See accompanying notes to the basic financial statements.

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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2017**

|   | Special Revenue Funds |                            |                    |                     | Capital Project     | Debt Service            | Other Governmental Funds | Total Governmental Funds |                      |
|---|-----------------------|----------------------------|--------------------|---------------------|---------------------|-------------------------|--------------------------|--------------------------|----------------------|
|   | General Fund          | Community Enhancement Fund | FAA Grant Fund     | Library Trust Fund  | GAPS Tax City       | Street Improvement Fund |                          |                          | TIF 2                |
| <b>REVENUES</b>                                   |                       |                            |                    |                     |                     |                         |                          |                          |                      |
| Taxes   | \$ 15,121,843         | \$ 2,788,498               | \$ -               | \$ -                | \$ 2,788,496        | \$ 2,788,497            | \$ 3,047,533             | \$ 2,675,952             | \$ 29,210,819        |
| Intergovernmental                                 | 1,369,665             | -                          | 4,478,175          | -                   | -                   | -                       | -                        | 487,493                  | 6,335,333            |
| Licenses and permits                              | 149,249               | -                          | -                  | -                   | -                   | -                       | -                        | -                        | 149,249              |
| Charges for services                              | 157,502               | -                          | -                  | -                   | -                   | -                       | -                        | 103,106                  | 260,608              |
| Fines and forfeitures                             | 310,707               | -                          | -                  | -                   | -                   | -                       | -                        | -                        | 310,707              |
| Investment earnings                               | 18,778                | 4,834                      | -                  | 30,491              | 4,861               | 5,282                   | 4,382                    | 1,930                    | 70,558               |
| Miscellaneous                                     | 546,471               | 57,634                     | 186,394            | 101,385             | -                   | 10,099                  | -                        | 446,519                  | 1,348,502            |
| <b>Total revenues</b>                             | <b>17,674,215</b>     | <b>2,850,966</b>           | <b>4,664,569</b>   | <b>131,876</b>      | <b>2,793,357</b>    | <b>2,803,878</b>        | <b>3,051,915</b>         | <b>3,715,000</b>         | <b>37,685,776</b>    |
| <b>EXPENDITURES</b>                               |                       |                            |                    |                     |                     |                         |                          |                          |                      |
| <b>Current:</b>                                   |                       |                            |                    |                     |                     |                         |                          |                          |                      |
| General government                                | 5,092,907             | 561,941                    | -                  | -                   | 192,901             | -                       | 129,221                  | 1,524,368                | 7,501,338            |
| Public safety                                     | 10,102,848            | -                          | -                  | -                   | -                   | -                       | -                        | 45,617                   | 10,148,465           |
| Street  | 1,346,926             | -                          | -                  | -                   | -                   | 2,254                   | -                        | 485,283                  | 1,834,463            |
| Culture and recreation                            | 2,725,616             | -                          | -                  | 7,988               | -                   | -                       | -                        | 182,450                  | 2,916,054            |
| Cemetery  | 289,235               | -                          | -                  | -                   | -                   | -                       | -                        | -                        | 289,235              |
| Airport   | -                     | -                          | 4,655,914          | -                   | -                   | -                       | -                        | 85,135                   | 4,741,049            |
| Economic development                              | -                     | -                          | -                  | -                   | -                   | -                       | -                        | 1,172,358                | 1,172,358            |
| Capital outlay                                    | 2,386,544             | -                          | -                  | -                   | 1,237,378           | 916,199                 | -                        | 210,828                  | 4,750,949            |
| <b>Debt service:</b>                              |                       |                            |                    |                     |                     |                         |                          |                          |                      |
| Principal   | -                     | -                          | -                  | -                   | -                   | -                       | 1,220,000                | 113,633                  | 1,333,633            |
| Interest and other charges                        | -                     | -                          | -                  | -                   | -                   | -                       | 82,380                   | 5,964                    | 88,344               |
| <b>Total expenditures</b>                         | <b>21,944,076</b>     | <b>561,941</b>             | <b>4,655,914</b>   | <b>7,988</b>        | <b>1,430,279</b>    | <b>918,453</b>          | <b>1,431,601</b>         | <b>3,825,636</b>         | <b>34,775,888</b>    |
| Excess (deficiency) of revenues over expenditures | (4,269,861)           | 2,289,025                  | 8,655              | 123,888             | 1,363,078           | 1,885,425               | 1,620,314                | (110,636)                | 2,909,888            |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                       |                            |                    |                     |                     |                         |                          |                          |                      |
| Transfers in                                      | 5,867,165             | -                          | 28,201             | -                   | -                   | -                       | -                        | 541,278                  | 6,436,644            |
| Transfers out                                     | (2,968,925)           | (1,800,000)                | -                  | (200,000)           | (1,300,520)         | (1,076,000)             | -                        | (636,715)                | (7,982,160)          |
| <b>Total other financing sources and uses</b>     | <b>2,898,240</b>      | <b>(1,800,000)</b>         | <b>28,201</b>      | <b>(200,000)</b>    | <b>(1,300,520)</b>  | <b>(1,076,000)</b>      | <b>-</b>                 | <b>(95,437)</b>          | <b>(1,545,516)</b>   |
| <b>Net change in fund balances</b>                | <b>(1,371,621)</b>    | <b>489,025</b>             | <b>36,856</b>      | <b>(76,112)</b>     | <b>62,558</b>       | <b>809,425</b>          | <b>1,620,314</b>         | <b>(206,073)</b>         | <b>1,364,372</b>     |
| Fund balances - beginning                         | 6,488,956             | 2,120,198                  | (105,172)          | 5,335,473           | 2,979,334           | 2,751,166               | 2,751,131                | 1,406,201                | 23,727,287           |
| <b>Fund balances - ending</b>                     | <b>\$ 5,117,335</b>   | <b>\$ 2,609,223</b>        | <b>\$ (68,316)</b> | <b>\$ 5,259,361</b> | <b>\$ 3,041,892</b> | <b>\$ 3,560,591</b>     | <b>\$ 4,371,445</b>      | <b>\$ 1,200,128</b>      | <b>\$ 25,091,659</b> |

See accompanying notes to the basic financial statements.



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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

|  |    |             |
|--|----|-------------|
| Total fund balance, governmental funds   | \$ | 25,091,659  |
| Amounts reported for governmental activities in the Statement of Net Position are different because:   |    |             |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position, net of accumulated depreciation of \$78,091,124. |    |             |
|  |    | 28,516,142  |
| Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:   |    |             |
| Grants receivable  |    | 72,876      |
| Court fines receivable   |    | 69,063      |
| Deferred inflows are not current financial resources and, therefore, are not reported in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:   |    |             |
| Deferred amount on refunding   |    | 74,760      |
| Pension related deferred outflows  |    | 4,025,409   |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. A portion of the assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.         |    |             |
| Net position of the Internal Service Funds   |    | 380,292     |
| Certain long-term liabilities are not due and payable from current resources, and therefore they, along with deferred inflows, are not reported in the funds:  |    |             |
| Net pension liability  |    | (9,262,080) |
| Pension related deferred inflows   |    | (869,730)   |
| Accrued interest payable   |    | (5,072)     |
| Revenue bonds payable  |    | (3,810,000) |
| Accrued compensated absences   |    | (943,448)   |
| Net OPEB obligation  |    | (2,303,296) |
| Net Position of Governmental Activities in the Statement of Net Position   | \$ | 41,036,575  |

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA**  
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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

|   |    |             |
|---|----|-------------|
| Net change in fund balances - total governmental funds:   | \$ | 1,364,372   |
| <p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>   |    |             |
| <p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> |    |             |
| Capital asset purchases capitalized   |    | 2,226,775   |
| Depreciation expense  |    | (3,560,262) |
| <p>Investments are reported at the fund level for prepayment of judgements by the General Fund. These are not reported in the Statement of Net Position, but are netted against proceeds from interfund advance and the principal retirement of such advance.</p>   |    |             |
| Principal retirement of interfund advances  |    | 113,633     |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>   |    |             |
| Change in deferred revenue  |    | (117,219)   |
| <p>In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.</p>               |    |             |
|   |    | 63,830      |
| <p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>       |    |             |
| Principal payments on revenue bonds payable   |    | 1,220,000   |
| <p>Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. A portion of the change in net position of the internal service funds is included in governmental activities in the Statement of Activities.</p>   |    |             |
| Total change in net position of the internal service funds  |    | 8,090       |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>  |    |             |
| Change in accrued interest payable  |    | 1,625       |
| Change in net OPEB obligation   |    | (326,174)   |
| Change in accrued compensated absences  |    | (41,508)    |
| Amortization of deferred amount on refunding  |    | (24,920)    |
| Change in net position of governmental activities   | \$ | 928,242     |

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF ARDMORE, OKLAHOMA**  
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**Proprietary Funds Statement of Net Position - June 30, 2017**

|   | <u>Ardmore Solid Waste Authority</u> |                              | <u>Ardmore Public Works Authority</u> |                         | <u>Other Enterprise Funds</u> | <u>Total</u>      | <u>Internal Service Funds</u> |
|---|--------------------------------------|------------------------------|---------------------------------------|-------------------------|-------------------------------|-------------------|-------------------------------|
|   | <u>Sanitation Enterprise</u>         | <u>Wastewater Enterprise</u> | <u>Water Enterprise</u>               | <u>Water Enterprise</u> |                               |                   |                               |
| <b>ASSETS</b>                             |                                      |                              |                                       |                         |                               |                   |                               |
| Current assets:                           |                                      |                              |                                       |                         |                               |                   |                               |
| Cash and cash equivalents                 | \$ 3,754,102                         | \$ 4,264,682                 | \$ 2,718,390                          | \$ 37,362               | \$ 10,774,536                 | \$ 555,721        | -                             |
| Restricted cash and cash equivalents      | -                                    | -                            | 13,521,195                            | -                       | 13,521,195                    | -                 | -                             |
| Investments                               | 800,688                              | 1,702,689                    | 1,501,828                             | -                       | 4,005,205                     | -                 | -                             |
| Accounts receivable, net of allowance     | 457,090                              | 547,161                      | 711,459                               | -                       | 1,715,710                     | 60,598            | -                             |
| Due from other funds                      | -                                    | 179,881                      | 179,881                               | -                       | 359,762                       | 162,136           | -                             |
| Inventories                               | -                                    | -                            | 288,365                               | -                       | 288,365                       | 22,406            | -                             |
| Total current assets                      | <u>5,011,880</u>                     | <u>6,694,413</u>             | <u>18,921,118</u>                     | <u>37,362</u>           | <u>30,664,773</u>             | <u>800,861</u>    | <u>-</u>                      |
| Non-current assets:                       |                                      |                              |                                       |                         |                               |                   |                               |
| Land and construction in progress         | -                                    | 285,520                      | 85,082                                | -                       | 370,602                       | -                 | -                             |
| Other capital assets, net of depreciation | 1,071,599                            | 25,794,570                   | 25,482,943                            | 695,982                 | 53,045,094                    | -                 | -                             |
| Total non-current assets                  | <u>1,071,599</u>                     | <u>26,080,090</u>            | <u>25,568,025</u>                     | <u>695,982</u>          | <u>53,415,696</u>             | <u>-</u>          | <u>-</u>                      |
| Total assets                              | <u>\$ 6,083,479</u>                  | <u>\$ 32,774,503</u>         | <u>\$ 44,489,143</u>                  | <u>\$ 733,344</u>       | <u>\$ 84,080,469</u>          | <u>\$ 800,861</u> | <u>-</u>                      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                                      |                              |                                       |                         |                               |                   |                               |
| Deferred amount related to pensions       | 226,067                              | 171,567                      | 323,326                               | -                       | 720,960                       | -                 | -                             |
| Deferred amount on refunding              | -                                    | -                            | 14,484                                | -                       | 14,484                        | -                 | -                             |
| Total Deferred Outflows of Resources      | <u>226,067</u>                       | <u>171,567</u>               | <u>337,810</u>                        | <u>-</u>                | <u>735,444</u>                | <u>-</u>          | <u>-</u>                      |
| <b>LIABILITIES</b>                        |                                      |                              |                                       |                         |                               |                   |                               |
| Current liabilities:                      |                                      |                              |                                       |                         |                               |                   |                               |
| Accounts payable and accrued liabilities  | 34,286                               | 181,278                      | 414,269                               | -                       | 629,833                       | \$ 21,748         | -                             |
| Accrued interest payable                  | -                                    | -                            | 216,461                               | -                       | 216,461                       | -                 | -                             |
| Due to other funds                        | 5,375                                | 613,812                      | 43,733                                | -                       | 662,920                       | 5,842             | -                             |
| Other payables                            | -                                    | 4,365                        | 2,882                                 | -                       | 7,247                         | -                 | -                             |
| Due to employees                          | -                                    | -                            | -                                     | -                       | -                             | -                 | 16,566                        |
| Current portion of:                       |                                      |                              |                                       |                         |                               |                   |                               |
| Compensated absences                      | 6,133                                | 6,962                        | 11,787                                | -                       | 24,882                        | 2,693             | -                             |
| Deposits subject to refund                | -                                    | -                            | 42,247                                | -                       | 42,247                        | -                 | -                             |
| Notes payable                             | -                                    | -                            | 4,245,556                             | -                       | 4,245,556                     | -                 | -                             |
| Total current liabilities                 | <u>45,794</u>                        | <u>806,417</u>               | <u>4,976,935</u>                      | <u>-</u>                | <u>5,829,146</u>              | <u>46,849</u>     | <u>-</u>                      |
| Non-current liabilities:                  |                                      |                              |                                       |                         |                               |                   |                               |
| Compensated absences                      | 55,201                               | 62,655                       | 106,084                               | -                       | 223,940                       | 24,241            | -                             |
| Deposits subject to refund                | -                                    | -                            | 168,988                               | -                       | 168,988                       | -                 | -                             |
| Net OPEB obligation                       | 167,707                              | 190,482                      | 328,082                               | -                       | 686,271                       | 45,379            | -                             |
| Net pension liability                     | 22,692                               | 16,748                       | 32,697                                | -                       | 72,137                        | -                 | -                             |
| Claims payable                            | -                                    | -                            | -                                     | -                       | -                             | 304,100           | -                             |
| Notes payable                             | -                                    | -                            | 32,338,062                            | -                       | 32,338,062                    | -                 | -                             |
| Total non-current liabilities             | <u>245,600</u>                       | <u>269,885</u>               | <u>32,973,913</u>                     | <u>-</u>                | <u>33,489,398</u>             | <u>373,720</u>    | <u>-</u>                      |
| Total liabilities                         | <u>291,394</u>                       | <u>1,076,302</u>             | <u>37,950,848</u>                     | <u>-</u>                | <u>39,318,544</u>             | <u>420,569</u>    | <u>-</u>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      |                                      |                              |                                       |                         |                               |                   |                               |
| Deferred amounts related to pensions      | 95,635                               | 54,838                       | 91,420                                | -                       | 241,893                       | -                 | -                             |
| <b>NET POSITION</b>                       |                                      |                              |                                       |                         |                               |                   |                               |
| Net investment in capital assets          | 1,071,599                            | 26,080,090                   | (11,015,593)                          | 695,982                 | 16,832,078                    | -                 | -                             |
| Unrestricted                              | 4,850,918                            | 5,734,840                    | 17,800,278                            | 37,362                  | 28,423,398                    | 380,292           | -                             |
| Total net position                        | <u>\$ 5,922,517</u>                  | <u>\$ 31,814,930</u>         | <u>\$ 6,784,685</u>                   | <u>\$ 733,344</u>       | <u>\$ 45,255,476</u>          | <u>\$ 380,292</u> | <u>-</u>                      |

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2017**

|  | Ardmore<br>Solid Waste<br>Authority | Ardmore Public Works Authority |                     |                   | Other<br>Enterprise<br>Funds | Total             | Internal Service<br>Funds |
|--|-------------------------------------|--------------------------------|---------------------|-------------------|------------------------------|-------------------|---------------------------|
|  | Sanitation<br>Enterprise            | Wastewater<br>Enterprise       | Water<br>Enterprise |                   |                              |                   |                           |
| <b>REVENUES</b>                                  |                                     |                                |                     |                   |                              |                   |                           |
| Water  | -                                   | -                              | 6,538,869           | -                 | \$ 6,538,869                 | -                 |                           |
| Wastewater                                       | -                                   | 4,106,693                      | -                   | -                 | 4,106,693                    | -                 |                           |
| Sanitation                                       | 3,705,740                           | -                              | -                   | -                 | 3,705,740                    | -                 |                           |
| Golf   | -                                   | -                              | -                   | 437,649           | 437,649                      | -                 |                           |
| Self insurance charges                           | -                                   | -                              | -                   | -                 | -                            | 4,814,177         |                           |
| Miscellaneous                                    | -                                   | -                              | -                   | 9,338             | 9,338                        | 21,840            |                           |
| Total operating revenues                         | <u>3,705,740</u>                    | <u>4,106,693</u>               | <u>6,538,869</u>    | <u>446,987</u>    | <u>14,798,289</u>            | <u>4,836,017</u>  |                           |
| <b>OPERATING EXPENSES</b>                        |                                     |                                |                     |                   |                              |                   |                           |
| Water  | -                                   | -                              | 3,057,199           | -                 | 3,057,199                    | -                 |                           |
| Wastewater                                       | -                                   | 2,164,904                      | -                   | -                 | 2,164,904                    | -                 |                           |
| Sanitation                                       | 2,212,323                           | -                              | -                   | -                 | 2,212,323                    | -                 |                           |
| Administration                                   | -                                   | -                              | 10,746              | -                 | 10,746                       | 4,829,371         |                           |
| Golf operations                                  | -                                   | -                              | -                   | 559,145           | 559,145                      | -                 |                           |
| Depreciation                                     | 265,762                             | 1,922,497                      | 2,019,431           | 59,631            | 4,267,321                    | -                 |                           |
| Total Operating Expenses                         | <u>2,478,085</u>                    | <u>4,087,401</u>               | <u>5,087,376</u>    | <u>618,776</u>    | <u>12,271,638</u>            | <u>4,829,371</u>  |                           |
| Operating income (loss)                          | <u>1,227,655</u>                    | <u>19,292</u>                  | <u>1,451,493</u>    | <u>(171,789)</u>  | <u>2,526,651</u>             | <u>6,646</u>      |                           |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>         |                                     |                                |                     |                   |                              |                   |                           |
| Interest and investment revenue                  | 9,808                               | 17,951                         | 27,640              | 51                | 55,450                       | 1,444             |                           |
| Miscellaneous revenue                            | -                                   | -                              | 9,225               | -                 | 9,225                        | -                 |                           |
| Gain on sale of capital assets                   | 3,944                               | 64,031                         | 560                 | -                 | 68,535                       | -                 |                           |
| Interest expense                                 | -                                   | -                              | (825,803)           | -                 | (825,803)                    | -                 |                           |
| Total non-operating revenue (expenses)           | <u>13,752</u>                       | <u>81,982</u>                  | <u>(788,378)</u>    | <u>51</u>         | <u>(692,593)</u>             | <u>1,444</u>      |                           |
| Income (loss) before contributions and transfers | 1,241,407                           | 101,274                        | 663,115             | (171,738)         | 1,834,058                    | 8,090             |                           |
| Capital contributions                            | 208,470                             | 794,724                        | 563,614             | -                 | 1,566,808                    | -                 |                           |
| Transfers in                                     | -                                   | 1,394,248                      | 4,454,444           | 122,000           | 5,970,692                    | -                 |                           |
| Transfers out                                    | (950,000)                           | (2,375,176)                    | (1,135,692)         | -                 | (4,460,868)                  | -                 |                           |
| Change in net position                           | <u>499,877</u>                      | <u>(84,930)</u>                | <u>4,545,481</u>    | <u>(49,738)</u>   | <u>4,910,690</u>             | <u>8,090</u>      |                           |
| Total net position - beginning                   | 5,422,640                           | 31,899,860                     | 2,239,204           | 783,082           | 40,344,786                   | 372,202           |                           |
| Total net position - ending                      | <u>\$ 5,922,517</u>                 | <u>\$ 31,814,930</u>           | <u>\$ 6,784,685</u> | <u>\$ 733,344</u> | <u>\$ 45,255,476</u>         | <u>\$ 380,292</u> |                           |

See accompanying notes to the basic financial statements.

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**As of and for the Year Ended June 30, 2017**

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2017**

|  | Ardmore Solid Waste Authority |                       | Ardmore Public Works Authority |                  | Other Enterprise Funds | Total             | Internal Service Funds |
|--|-------------------------------|-----------------------|--------------------------------|------------------|------------------------|-------------------|------------------------|
|  | Sanitation Enterprise         | Wastewater Enterprise | Water Enterprise               |                  |                        |                   |                        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                    |                               |                       |                                |                  |                        |                   |                        |
| Receipts from customers  | \$ 3,693,444                  | \$ 4,090,413          | \$ 6,566,868                   | \$ 446,987       | \$ 14,797,712          | \$ 4,775,419      |                        |
| Receipts (payments) from (to) other funds                                      | (9,907)                       | (13,154)              | (21,786)                       | -                | (44,847)               | 164,491           |                        |
| Payments to suppliers  | (1,207,995)                   | (1,476,579)           | (1,511,411)                    | (559,755)        | (4,755,740)            | (438,115)         |                        |
| Payments to employees  | (974,991)                     | (1,125,072)           | (1,926,492)                    | -                | (4,026,555)            | (341,905)         |                        |
| Claims and judgements paid   | -                             | -                     | -                              | -                | -                      | (4,213,260)       |                        |
| Receipts of customer meter deposits  | -                             | -                     | 71,696                         | -                | 71,696                 | -                 |                        |
| Refunds of customer meter deposits   | -                             | -                     | (73,250)                       | -                | (73,250)               | -                 |                        |
| <b>Net cash provided by (used in) operating activities</b>                     | <u>1,500,551</u>              | <u>1,475,608</u>      | <u>3,105,625</u>               | <u>(112,768)</u> | <u>5,969,016</u>       | <u>(53,370)</u>   |                        |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                         |                               |                       |                                |                  |                        |                   |                        |
| Transfers from other funds   | -                             | 1,394,248             | 4,454,444                      | 122,000          | 5,970,692              | -                 |                        |
| Transfers to other funds   | (950,000)                     | (2,375,176)           | (1,135,692)                    | -                | (4,460,868)            | -                 |                        |
| <b>Net cash provided by (used in) noncapital financing activities</b>          | <u>(950,000)</u>              | <u>(980,928)</u>      | <u>3,318,752</u>               | <u>122,000</u>   | <u>1,509,824</u>       | <u>-</u>          |                        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                |                               |                       |                                |                  |                        |                   |                        |
| Principal paid on debt   | -                             | -                     | (3,946,562)                    | -                | (3,946,562)            | -                 |                        |
| Interest and fiscal agent fees paid on debt                                    | -                             | -                     | (838,681)                      | -                | (838,681)              | -                 |                        |
| Purchase of capital assets   | -                             | (879,034)             | (857,251)                      | -                | (1,736,285)            | -                 |                        |
| Proceeds from sale of capital assets   | 3,944                         | 64,031                | 560                            | -                | 68,535                 | -                 |                        |
| <b>Net cash provided by (used in) capital and related financing activities</b> | <u>3,944</u>                  | <u>(815,003)</u>      | <u>(5,641,934)</u>             | <u>-</u>         | <u>(6,452,993)</u>     | <u>-</u>          |                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                    |                               |                       |                                |                  |                        |                   |                        |
| Sale (purchase) of investments   | (300,688)                     | (2,689)               | (1,443)                        | -                | (304,820)              | 300,000           |                        |
| Interest and dividends   | 9,808                         | 17,951                | 27,640                         | 51               | 55,450                 | 1,444             |                        |
| <b>Net cash provided by (used in) investing activities</b>                     | <u>(290,880)</u>              | <u>15,262</u>         | <u>26,197</u>                  | <u>51</u>        | <u>(249,370)</u>       | <u>301,444</u>    |                        |
| <b>Net increase (decrease) in cash and cash equivalents</b>                    | 263,615                       | (305,061)             | 808,640                        | 9,283            | 776,477                | 248,074           |                        |
| <b>Balances - beginning of year</b>  | 3,490,487                     | 4,569,743             | 15,430,945                     | 28,079           | 23,519,254             | 307,647           |                        |
| <b>Balances - end of year</b>  | <u>\$ 3,754,102</u>           | <u>\$ 4,264,682</u>   | <u>\$ 16,239,585</u>           | <u>\$ 37,362</u> | <u>\$ 24,295,731</u>   | <u>\$ 555,721</u> |                        |
| <b>Reconciliation to Statement of Net Position:</b>                            |                               |                       |                                |                  |                        |                   |                        |
| Cash and cash equivalents  | \$ 3,754,102                  | \$ 4,264,682          | \$ 2,718,390                   | \$ 37,362        | \$ 10,774,536          | \$ 555,721        |                        |
| Restricted cash and cash equivalents - current                                 | -                             | -                     | 13,521,195                     | -                | 13,521,195             | -                 |                        |
| <b>Total cash and cash equivalents, end of year</b>                            | <u>\$ 3,754,102</u>           | <u>\$ 4,264,682</u>   | <u>\$ 16,239,585</u>           | <u>\$ 37,362</u> | <u>\$ 24,295,731</u>   | <u>\$ 555,721</u> |                        |

(Continued)                      (Continued)                      (Continued)                      (Continued)                      (Continued)                      (Continued)

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2017, (Continued)**

|   | <u>Ardmore Solid Waste Authority</u> |                              | <u>Ardmore Public Works Authority</u> |                               |                     | <u>Total</u>       | <u>Internal Service Funds</u> |
|---|--------------------------------------|------------------------------|---------------------------------------|-------------------------------|---------------------|--------------------|-------------------------------|
|   | <u>Sanitation Enterprise</u>         | <u>Wastewater Enterprise</u> | <u>Water Enterprise</u>               | <u>Other Enterprise Funds</u> |                     |                    |                               |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:</b>    |                                      |                              |                                       |                               |                     |                    |                               |
| Operating income (loss)   | \$ 1,227,655                         | \$ 19,292                    | \$ 1,451,493                          | \$ (171,789)                  | \$ 2,526,651        | \$ 6,646           |                               |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities: |                                      |                              |                                       |                               |                     |                    |                               |
| Depreciation expense  | 265,762                              | 1,922,497                    | 2,019,431                             | 59,631                        | 4,267,321           | -                  |                               |
| Other non-operating revenues  | -                                    | -                            | 9,225                                 | -                             | 9,225               | -                  |                               |
| Change in assets and liabilities:   |                                      |                              |                                       |                               |                     |                    |                               |
| Receivables, net  | (12,296)                             | (16,280)                     | 18,774                                | -                             | (9,802)             | -                  |                               |
| Inventory   | -                                    | -                            | (17,287)                              | -                             | (17,287)            | (580)              |                               |
| Due from other funds  | -                                    | (4,057)                      | (4,057)                               | -                             | (8,114)             | 167,525            |                               |
| Other receivables   | -                                    | -                            | -                                     | -                             | -                   | (60,598)           |                               |
| Accounts payable and accrued liabilities  | (27,684)                             | (495,091)                    | (461,108)                             | (610)                         | (984,493)           | (10,957)           |                               |
| Customer meter deposits payable   | -                                    | -                            | (1,554)                               | -                             | (1,554)             | -                  |                               |
| Due to other funds  | (9,907)                              | (9,097)                      | (17,729)                              | -                             | (36,733)            | (3,034)            |                               |
| Other payable   | -                                    | -                            | 700                                   | -                             | 700                 | -                  |                               |
| Claims payable  | -                                    | -                            | -                                     | -                             | -                   | (167,525)          |                               |
| OPEB  | 25,292                               | 23,225                       | 45,262                                | -                             | 93,779              | 2,937              |                               |
| Accrued compensated absences  | (4,783)                              | 4,713                        | 1,505                                 | -                             | 1,435               | 12,216             |                               |
| Net pension liability   | 100,509                              | 96,439                       | 176,065                               | -                             | 373,013             | -                  |                               |
| Deferred amounts related to pensions  | (63,997)                             | (66,033)                     | (115,095)                             | -                             | (245,125)           | -                  |                               |
| <b>Net cash provided by (used in) operating activities</b>  | <u>\$ 1,500,551</u>                  | <u>\$ 1,475,608</u>          | <u>\$ 3,105,625</u>                   | <u>\$ (112,768)</u>           | <u>\$ 5,969,016</u> | <u>\$ (53,370)</u> |                               |
| <b>Noncash activities:</b>  |                                      |                              |                                       |                               |                     |                    |                               |
| Contributed capital assets  | \$ 208,470                           | \$ 794,724                   | \$ 563,614                            | \$ -                          | \$ 1,566,808        | \$ -               |                               |
|   | <u>\$ 208,470</u>                    | <u>\$ 794,724</u>            | <u>\$ 563,614</u>                     | <u>\$ -</u>                   | <u>\$ 1,566,808</u> | <u>\$ -</u>        |                               |

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**



**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

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

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

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

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

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

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

**Blended Component Units:**

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

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

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

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

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

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

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Commission to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

## **B. Basis of Presentation and Accounting**

### *Government-Wide Financial Statements:*

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

Program revenues within the Statement of Activities are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

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

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

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

*Governmental Funds:*

The City’s governmental funds include:

Major Funds:

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

Special Revenue Fund:

- Community Enhancement Fund - accounts for a .50 cent sales tax to be used for police protection, fire safety, auditorium renovation, coliseum renovation, industrial growth, parks and recreation improvement and general government.
- FAA Grant Fund – accounts for grant funds received from FAA for airport operations and capital projects.
- Library Trust Fund – accounts for the activities of the bequests found in the wills of two Ardmore citizens.
- GAPS Tax City Fund – accounts for a .25 cent sales tax to be used for the construction and rehabilitation of City owned streets, facilities, water and wastewater infrastructure and police and fire capital needs.

Capital Project Fund:

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

Debt Service Funds:

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

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

Special Revenue Funds:

- Other Police Grants Fund – accounts for revenues received from various grants to be used for police purposes.

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- Street and Alley Fund - accounts for state shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes.
- Library State Grant Fund – accounts for revenues received from the State to be used for library activities.
- Historical Grant Fund – accounts for grant revenues to be used for preservation, development, protection and maintenance of historical districts and structures.
- Mayor’s Anti-Crime Fund – accounts for donations received from the Chickasaw Indian Nation to be used to combat crime and drug related crimes.
- Homeland Security Grant Fund – accounts for grant revenues to be used for various homeland security activities.
- JAG LLEB Grant Fund – accounts for various grants to be used for law enforcement activities.
- ADA Industrial Fund – accounts for a .25 cent sales tax to be used for economic development activities to be administered by the Ardmore Development Authority.
- Convention Tourism Fund – accounts for hotel/motel tax revenues set aside for the Ardmore Tourism Authority to be used for purposes of a conference center.
- Literacy Grant Fund – accounts for grant funds received for library operations and capital expenditures.
- FEMA DR 4222 – accounts for grant revenues received for disaster emergencies.

Capital Project Funds:

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

Debt Service Fund:

- Debt Service Fund – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments and general obligation bonds and their related interest expense. In State Statutes this fund is referred to as the Sinking Fund.

The governmental funds are reported on the modified accrual basis of accounting and current financial resources measurement focus. On the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded

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when incurred and normally payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

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

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

*Proprietary Funds:*

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

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

Ardmore Solid Waste Authority:

- Sanitation Enterprise Fund – that operates the sanitation services.

Ardmore Public Works Authority:

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

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

The City's internal service funds include the following:

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

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

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

### **C. Measurement Focus and Basis of Accounting**

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

#### **Measurement Focus**

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

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

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

#### **Basis of Accounting**

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

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

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

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

#### **Cash and Investments**

For the purposes of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit or short-term

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

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

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

### **Receivables**

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

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

### **Inventories**

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

### **Capital Assets**

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

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*Government-Wide Statements*

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

|                                 |           |
|---------------------------------|-----------|
| - Buildings                     | 50 years  |
| - Building Improvements         | 20 years  |
| - Public Domain Infrastructure  | 50 years  |
| - System Infrastructure         | 30 years  |
| - Vehicles                      | 3-5 years |
| - Office and Computer Equipment | 5 years   |
| - Machinery and Equipment       | 10 years  |

*Fund Financial Statements*

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

**Restricted Assets**

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

**Long-Term Debt**

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

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

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



### **Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The City buys back accumulations of sick leave over 720 hours for police and accumulations over 960 hours for fire at a discounted rate in July of each year. The City buys back accumulation of sick leave over 720 for non-exempt employees in December of each year. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

### **Equity Classifications**

#### *Net Position:*

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

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

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

#### *Fund Statements:*

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

- a. **Nonspendable** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. **Restricted** – consists of fund balance with constraints place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance. The City currently reports no committed fund balance.
- 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

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council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.

e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

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

## **E. Revenues, Expenditures, and Expenses**

### **Sales Tax**

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

- 2 cents is recorded in the General Fund and then  $\frac{1}{4}$  cent transferred to the Wastewater Enterprise Fund for construction and rehabilitation of wastewater infrastructure and  $\frac{1}{4}$  cent transferred to the Water Enterprise Fund for construction and rehabilitation of water infrastructure.
- $\frac{1}{2}$  cent recorded in the Street Improvement Fund for capital projects related to street improvements.
- $\frac{1}{2}$  cent recorded in the Community Enhancement Fund for police and fire, auditorium and coliseum renovation, industrial growth, and parks and recreation.
- $\frac{1}{4}$  cent, while in effect, recorded in the General Fund and transferred to the Ardmore Development Authority Fund for industrial development in the Ardmore area.
- $\frac{1}{2}$  cent recorded in the GAPS Tax City Fund for capital expenditures and public safety operations.

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

The  $\frac{1}{4}$  cent for the Ardmore Development Authority Fund expired on September 30, 2013. However, the City failed to notify the Oklahoma Tax Commission this tax was expiring. Therefore, the City continued to receive these taxes from October 2013 thru December 2013 in error. The City deposited these taxes into a separate bank account and agreed to issue sales tax refunds to any citizen that provided receipts within three years of December 2013. The City had not issued any refunds as of June 30, 2017. The City has recorded a sales tax payable in the amount of \$350,980.

### **Property Tax**

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

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

For the year ended June 30, 2017, the City's net assessed valuation of taxable property was \$162,910,944. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2017, was \$0.64.

### **Operating Revenues and Expenses**

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

### **Expenditures/Expenses**

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

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

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

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

### **F. Internal and Interfund Balances and Activities**

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

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*Fund Financial Statements:*

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

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

*Government-Wide Financial Statements:*

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

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

**G. Use of Estimates**

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

**2. Cash, Cash Equivalents, and Investments**

At June 30, 2017, the reporting entity held the following deposits and investments:

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**Primary Government:**

| <u>Type</u>   | <u>Maturities</u>   | <u>Credit Rating</u> | <u>Carrying Value</u> |
|---|---------------------|----------------------|-----------------------|
| <b>Deposits:</b>                                    |                     |                      |                       |
| Demand deposits                                     |                     |                      | \$ 22,949,272         |
| Cash on hand  |                     |                      | 1,700                 |
| Time deposit  | 11/7/2017           |                      | 200,000               |
| Time deposit  | 11/7/2017           |                      | 200,000               |
| Time deposit  | 11/7/2017           |                      | 200,000               |
| Time deposit  | 8/8/2017            |                      | 300,688               |
| Time deposit  | 11/7/2017           |                      | 500,000               |
| Time deposit  | 8/8/2017            |                      | 300,688               |
| Time deposit  | 8/8/2017            |                      | 400,917               |
| Time deposit  | 8/8/2017            |                      | 400,917               |
| Time deposit  | 8/8/2017            |                      | 100,166               |
| Time deposit  | 11/7/2017           |                      | 250,000               |
| Time deposit  | 11/7/2017           |                      | 250,000               |
| Time deposit  | 8/8/2017            |                      | 400,620               |
| Time deposit  | 8/8/2017            |                      | 300,688               |
| Time deposit  | 8/8/2017            |                      | 300,521               |
| Time deposit  | 11/7/2017           |                      | 250,000               |
| Time deposit  | 11/7/2017           |                      | 250,000               |
| Time deposit  | 8/8/2017            |                      | 501,147               |
| Time deposit  | 8/8/2017            |                      | 300,497               |
| Time deposit  | 11/7/2017           |                      | 200,000               |
|   |                     |                      | <u>28,557,821</u>     |
| <b>Investments:</b>                                 |                     |                      |                       |
| Trustee accounts money market fund                  |                     | AAA                  | 17,681,141            |
| FFCB U.S. Government Securities                     | Maturity (0-5 Yrs)  | AA+                  | 848,747               |
| FFCB U.S. Government Securities                     | Maturity (5-10 Yrs) | AA+                  | 1,953,422             |
| FHLB U.S. Government Securities                     | Maturity (0-5 Yrs)  | AA+                  | 1,523,724             |
| FHLB U.S. Government Securities                     | Maturity (5-10 Yrs) | AA+                  | 833,730               |
|   |                     |                      | <u>22,840,764</u>     |
| <b>Total deposits and investments</b>               |                     |                      | <u>\$ 51,398,585</u>  |
| <b>Reconciliation to Statement of Net Position:</b> |                     |                      |                       |
| Cash and cash equivalents                           |                     |                      | \$ 40,585,376         |
| Investments   |                     |                      | <u>10,813,209</u>     |
|   |                     |                      | <u>\$ 51,398,585</u>  |

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

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The City's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. At June 30, 2017 the City was not exposed to custodial credit risk.

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

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

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

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

*Restricted Cash and Investments* – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts restricted for utility deposits, debt service or construction purposes. The restricted assets as of June 30, 2017 are as follows:

|                                  | Current                      |
|----------------------------------|------------------------------|
|                                  | Cash and cash<br>equivalents |
| Series 2009 Debt Service Account | \$ 15,391                    |
| Series 2011 Cash Landmark Bank   | 264                          |
| Series 2012 Reserve Account      | 89,930                       |
| Series 2014 Note Revenue Account | 807,521                      |
| Series 2015 Note Revenue Account | 83,992                       |
| Series 2015 Construction Account | 5,329,385                    |
| Series 2016 Construction Account | 6,908,413                    |
| Series 2016 Note Revenue Account | 75,064                       |
| Meter deposits                   | 211,235                      |
| Total                            | \$ 13,521,195                |

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**3. Accounts and Notes Receivable**

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

|                                      | Accounts<br>Receivable | Less: Allowance<br>for Uncollectible<br>Accounts | Net<br>Accounts<br>Receivable |
|--------------------------------------|------------------------|--|-------------------------------|
| <i>Governmental Activities:</i>      |                        |  |                               |
| Court fines                          | \$ 151,786             | \$ (30,357)                                      | \$ 121,429                    |
| <br><i>Business-Type Activities:</i> |                        |  |                               |
| Utilities                            | \$ 2,013,385           | \$ (297,675)                                     | \$ 1,715,710                  |

**4. Capital Assets and Depreciation**

*Capital Assets:*

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

For the year ended June 30, 2017, capital assets balances changed as follows:

|   | Balance at<br>July 1, 2016 | Additions<br>and Transfers | Disposals<br>and Transfers | Balance at<br>June 30, 2017 |
|---|----------------------------|----------------------------|----------------------------|-----------------------------|
| <i>Governmental activities:</i>               |                            |                            |                            |                             |
| Capital assets not being depreciated:         |                            |                            |                            |                             |
| Land  | \$ 5,091,788               | \$ 245,783                 | \$ -                       | \$ 5,337,571                |
| Total capital assets not being depreciated    | 5,091,788                  | 245,783                    | -                          | 5,337,571                   |
| Other capital assets:                         |                            |                            |                            |                             |
| Buildings                                     | 14,020,754                 | 181,948                    | -                          | 14,202,702                  |
| Computers                                     | 7,746,521                  | 215,672                    | 188,666                    | 7,773,527                   |
| Furniture and fixtures                        | 1,042,242                  | 7,951                      | -                          | 1,050,193                   |
| Vehicles                                      | 4,719,464                  | 167,309                    | -                          | 4,886,773                   |
| Machinery and equipment                       | 5,128,691                  | 244,834                    | 71,783                     | 5,301,742                   |
| Infrastructure                                | 66,873,011                 | 1,181,747                  | -                          | 68,054,758                  |
| Total other capital assets at historical cost | 99,530,683                 | 1,999,461                  | 260,449                    | 101,269,695                 |
| Less accumulated depreciation for:            |                            |                            |                            |                             |
| Buildings                                     | 4,911,410                  | 351,321                    | -                          | 5,262,731                   |
| Computers                                     | 6,938,255                  | 192,185                    | 172,147                    | 6,958,293                   |
| Furniture and fixtures                        | 796,066                    | 43,673                     | -                          | 839,739                     |
| Vehicles                                      | 3,694,034                  | 342,906                    | -                          | 4,036,940                   |
| Machinery and equipment                       | 3,900,943                  | 326,441                    | 69,832                     | 4,157,552                   |
| Infrastructure                                | 54,532,133                 | 2,303,736                  | -                          | 56,835,869                  |
| Total accumulated depreciation                | 74,772,841                 | 3,560,262                  | 241,979                    | 78,091,124                  |
| Other capital assets, net                     | 24,757,842                 | (1,560,801)                | 18,470                     | 23,178,571                  |
| Governmental activities capital assets, net   | \$ 29,849,630              | \$ (1,315,018)             | \$ 18,470                  | \$ 28,516,142               |

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**Business-type activities:**

Capital assets not being depreciated:

|   |                      |                     |                |                      |
|---|----------------------|---------------------|----------------|----------------------|
| Land  | \$ 369,027           | \$ 1,575            | \$ -           | \$ 370,602           |
| Total capital assets not being depreciated    | <u>369,027</u>       | <u>1,575</u>        | <u>-</u>       | <u>370,602</u>       |
| Other capital assets:                         |                      |                     |                |                      |
| Buildings                                     | 48,838,250           | 2,990               | -              | 48,841,240           |
| Computers                                     | 306,003              | 8,278               | -              | 314,281              |
| Furniture and fixtures                        | 68,459               | 1,048               | -              | 69,507               |
| Vehicles                                      | 3,857,486            | 203,100             | 437,568        | 3,623,018            |
| Machinery and equipment                       | 4,947,914            | 32,973              | 38,002         | 4,942,885            |
| Infrastructure                                | 106,212,065          | 3,053,129           | -              | 109,265,194          |
| Total other capital assets at historical cost | <u>164,230,177</u>   | <u>3,301,518</u>    | <u>475,570</u> | <u>167,056,125</u>   |
| Less accumulated depreciation for:            |                      |                     |                |                      |
| Buildings                                     | 13,288,139           | 970,696             | -              | 14,258,835           |
| Computers                                     | 228,520              | 15,226              | -              | 243,746              |
| Furniture and fixtures                        | 61,030               | 1,849               | -              | 62,879               |
| Vehicles                                      | 2,750,021            | 257,526             | 437,568        | 2,569,979            |
| Machinery and equipment                       | 3,537,858            | 348,793             | 38,002         | 3,848,649            |
| Infrastructure                                | 90,353,712           | 2,673,231           | -              | 93,026,943           |
| Total accumulated depreciation                | <u>110,219,280</u>   | <u>4,267,321</u>    | <u>475,570</u> | <u>114,011,031</u>   |
| Other capital assets, net                     | 54,010,897           | (965,803)           | -              | 53,045,094           |
| Business-type activities capital assets, net  | <u>\$ 54,379,924</u> | <u>\$ (964,228)</u> | <u>\$ -</u>    | <u>\$ 53,415,696</u> |

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

Depreciation expense charged to governmental activities:

|                        |                     |
|------------------------|---------------------|
| General government     | \$ 460,513          |
| Public safety          | 308,975             |
| Street                 | 2,312,912           |
| Culture and recreation | 222,422             |
| Cemetery               | 225,106             |
| Airport                | 30,334              |
|                        | <u>\$ 3,560,262</u> |

Depreciation expense charged to business-type activities:

|            |                     |
|------------|---------------------|
| Water      | \$ 1,922,497        |
| Wastewater | 2,019,431           |
| Sanitation | 265,762             |
| Golf       | 59,631              |
|            | <u>\$ 4,267,321</u> |



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**5. Long-Term Debt and Debt Service Requirements**

For the year ended June 30, 2017, the reporting entity's long-term debt changed as follows:

| Type of Debt                     | Balance<br>July 1, 2016 | Additions           | Deductions          | Balance<br>June 30, 2017 | Due Within<br>One Year |
|----------------------------------|-------------------------|---------------------|---------------------|--------------------------|------------------------|
| <b>Governmental Activities:</b>  |                         |                     |                     |                          |                        |
| Revenue bonds payable            | \$ 5,030,000            | \$ -                | \$ 1,220,000        | \$ 3,810,000             | \$ 1,245,000           |
| Claims payable                   | 471,625                 | 4,017,448           | 4,184,973           | 304,100                  | -                      |
| Accrued compensated absences     | 925,937                 | 44,445              | -                   | 970,382                  | 97,038                 |
| Net OPEB obligation              | 2,014,754               | 333,921             | -                   | 2,348,675                | -                      |
| Net pension liability            | 7,156,502               | 2,105,578           | -                   | 9,262,080                | -                      |
| Total Governmental Activities    | <u>\$ 15,598,818</u>    | <u>\$ 6,501,392</u> | <u>\$ 5,404,973</u> | <u>\$ 16,695,237</u>     | <u>\$ 1,342,038</u>    |
| <b>Business-Type Activities:</b> |                         |                     |                     |                          |                        |
| Notes Payable                    | \$ 40,530,179           | \$ -                | \$ 3,946,561        | \$ 36,583,618            | \$ 4,245,556           |
| Deposits subject to refund       | 212,789                 | 71,696              | 73,250              | 211,235                  | 42,247                 |
| Accrued compensated absences     | 247,387                 | 1,435               | -                   | 248,822                  | 24,882                 |
| Net OPEB obligation              | 592,493                 | 93,778              | -                   | 686,271                  | -                      |
| Net pension liability            | -                       | 72,137              | -                   | 72,137                   | -                      |
| Total Business-Type Activities   | <u>\$ 41,582,848</u>    | <u>\$ 239,046</u>   | <u>\$ 4,019,811</u> | <u>\$ 37,802,083</u>     | <u>\$ 4,312,685</u>    |

**Reconciliation to Statement of Net Position:**

**Governmental Activities:**

|   |                      |
|---|----------------------|
| Due within one year                                 | \$ 1,342,038         |
| Due in more than one year                           | 6,091,119            |
| Net pension liability                               | 9,262,080            |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 16,695,237</u> |

**Business-Type Activities:**

|  |                      |
|--|----------------------|
| Due within one year                                  | \$ 4,312,685         |
| Due in more than one year                            | 33,417,261           |
| Net pension liability                                | 72,137               |
| Total Business-Type Activities Long-Term Liabilities | <u>\$ 37,802,083</u> |

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

Revenue Bonds Payable:

|  |                     |
|--|---------------------|
| 2015 Series TIF Tax Exempt Revenue Note, original issue amount of \$6,230,000, dated June 9, 2015, issued by Ardmore Public Works Authority, secured by tax increment revenue, due in semi-annual principal installments each June and December ranging from \$600,000 to \$645,000, interest rate of 1.68%, final maturity June 1, 2020. This is a refunding of the 2010A Series TIF Tax Exempt Revenue Note. | \$ 3,810,000        |
| Total Revenue Bonds Payable  | <u>\$ 3,810,000</u> |
| Current portion  | \$ 1,245,000        |
| Noncurrent portion   | 2,565,000           |
| Total Revenue Bonds Payable  | <u>\$ 3,810,000</u> |

Claims Payable:

|                      |                   |
|----------------------|-------------------|
| Current portion      | -                 |
| Noncurrent portion   | 304,100           |
| Total Claims Payable | <u>\$ 304,100</u> |

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Accrued Compensated Absences:

|  |                                    |                   |
|--|------------------------------------|-------------------|
|  | Current portion                    | 97,038            |
|  | Noncurrent portion                 | 873,344           |
|  | Total Accrued Compensated Absences | <u>\$ 970,382</u> |

Other Post-Employment Benefits:

|  |                                      |                     |
|--|--------------------------------------|---------------------|
|  | Current portion                      | -                   |
|  | Noncurrent portion                   | 2,348,675           |
|  | Total Other Post-Employment Benefits | <u>\$ 2,348,675</u> |

Net Pension Liability:

|  |                             |                     |
|--|-----------------------------|---------------------|
|  | Current portion             | -                   |
|  | Noncurrent portion          | 9,262,080           |
|  | Total Net Pension Liability | <u>\$ 9,262,080</u> |

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

Notes Payable:

|  |                    |                   |
|--|--------------------|-------------------|
| 2012 CW SRF Note Payable to Oklahoma Water Resources Board dated November 19, 2012 original amount of \$8,697,000 with an annual interest rate of 1.7% due in semi-annual installments of principal and interest beginning September 15, 2015, final installment due March 15, 2035, payable from and secured by utility revenues.                                 |                    | \$ 7,115,897      |
| 2014 Series Utility System and Sales Tax Revenue Note through Bancfirst dated January 30, 2014, original amount of \$26,140,000 with an annual interest rate of 2.30% due in semi-annual installments of principal and interest beginning April 1, 2014, final installment due April 1, 2023, payable from and secured by utility revenues and 1/2 cent sales tax. |                    | 17,640,000        |
| 2015 Series Utility System and Sales Tax Revenue Note through Bancfirst dated June 24, 2015, original amount of \$5,430,000 with an annual interest rate of 1.89% due in semi-annual installments of principal and interest beginning October 1, 2015, final installment due April 1, 2024, payable from and secured by utility revenues and 1/2 cent sales tax.   |                    | 5,060,000         |
| 2009 CW SRF Note Payable to Oklahoma Water Resources Board dated December 18, 2009, original amount of \$1,090,000 with an annual interest rate of 2.67% due in semi-annual installments of principal and interest beginning September 15, 2010, final installment due March 15, 2030, payable from and secured by utility revenues.                               |                    | 497,721           |
| 2016 Series Utility System and Sales Tax Revenue Note through Bancfirst dated June 7, 2016, original amount of \$7,035,000 with an annual interest rate of 1.68% due in semi-annual installments of principal and interest beginning June 1, 2017, final installment due June 1, 2024, payable from and secured by utility revenues and 1/2 cent sales tax.        |                    | 6,270,000         |
| Total Notes Payable  | \$                 | <u>36,583,618</u> |
|  | Current portion    | \$ 4,245,556      |
|  | Noncurrent portion | 32,338,062        |
| Total Notes Payable  | \$                 | <u>36,583,618</u> |

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Deposits Subject to Refund:

|                                  |                    |         |
|----------------------------------|--------------------|---------|
|                                  | Current portion    | 42,247  |
|                                  | Noncurrent portion | 168,988 |
| Total Deposits Subject to Refund | \$                 | 211,235 |

Accrued Compensated Absences:

|                                    |                    |         |
|------------------------------------|--------------------|---------|
|                                    | Current portion    | 24,882  |
|                                    | Noncurrent portion | 223,940 |
| Total Accrued Compensated Absences | \$                 | 248,822 |

Other Post-Employment Benefits:

|                                      |                    |         |
|--------------------------------------|--------------------|---------|
|                                      | -                  |         |
|                                      | Noncurrent portion | 686,271 |
| Total Other Post-Employment Benefits | \$                 | 686,271 |

Net Pension Liability:

|                             |                    |        |
|-----------------------------|--------------------|--------|
|                             | Current portion    | -      |
|                             | Noncurrent portion | 72,137 |
| Total Net Pension Liability | \$                 | 72,137 |

Debt Service Requirements to Maturity:

|                             |        | Governmental Activities  |                 |
|-----------------------------|--------|--------------------------|-----------------|
| <u>Year Ending June 30,</u> |        | Revenue<br>Bonds Payable |                 |
|                             |        | <u>Principal</u>         | <u>Interest</u> |
|                             | 2018   | \$ 1,245,000             | \$ 58,758       |
|                             | 2019   | 1,270,000                | 37,758          |
|                             | 2020   | 1,295,000                | 16,296          |
|                             | Totals | \$ 3,810,000             | \$ 112,812      |

|                             |           | Business Type Activities |                 |
|-----------------------------|-----------|--------------------------|-----------------|
| <u>Year Ending June 30,</u> |           | Notes Payable            |                 |
|                             |           | <u>Principal</u>         | <u>Interest</u> |
|                             | 2018      | \$ 4,245,556             | \$ 755,694      |
|                             | 2019      | 4,334,066                | 663,848         |
|                             | 2020      | 4,432,738                | 570,054         |
|                             | 2021      | 4,536,669                | 473,983         |
|                             | 2022      | 4,635,772                | 375,694         |
|                             | 2022-2027 | 10,947,801               | 749,975         |
|                             | 2028-2032 | 2,130,656                | 262,356         |
|                             | 2033-2034 | 1,320,360                | 56,496          |
|                             | Totals    | \$ 36,583,618            | \$ 3,908,100    |

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**6. Fund Balances**

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

|                                | General Fund        | Community Enhancement Fund | FAA Grant Fund     | Library Trust Fund  | GAPS Tax City Fund  | Street Improvement Fund | TIF 2 Fund          | Other Governmental Funds | TOTAL Governmental   |
|--------------------------------|---------------------|----------------------------|--------------------|---------------------|---------------------|-------------------------|---------------------|--------------------------|----------------------|
| <b>Fund Balances:</b>          |                     |                            |                    |                     |                     |                         |                     |                          |                      |
| <b>Restricted for:</b>         |                     |                            |                    |                     |                     |                         |                     |                          |                      |
| Community enhancement          | \$ -                | \$ 2,527,023               | \$ -               | \$ -                | \$ -                | \$ -                    | \$ -                | \$ -                     | \$ 2,527,023         |
| Street improvements            | -                   | -                          | -                  | -                   | -                   | 3,468,806               | -                   | -                        | 3,468,806            |
| Library grants                 | -                   | -                          | -                  | -                   | -                   | -                       | -                   | 84,051                   | 84,051               |
| Grant programs                 | -                   | -                          | -                  | -                   | -                   | -                       | -                   | 49,149                   | 49,149               |
| Public safety                  | -                   | -                          | -                  | -                   | -                   | -                       | -                   | 216,205                  | 216,205              |
| Library                        | -                   | -                          | -                  | 5,259,361           | -                   | -                       | -                   | 121,908                  | 5,381,269            |
| Cemetery                       | -                   | -                          | -                  | -                   | -                   | -                       | -                   | 137,956                  | 137,956              |
| Capital projects               | -                   | -                          | -                  | -                   | 3,005,559           | -                       | -                   | 29,654                   | 3,035,213            |
| Airport                        | -                   | -                          | -                  | -                   | -                   | -                       | -                   | 56,313                   | 56,313               |
| Debt service                   | -                   | -                          | -                  | -                   | -                   | -                       | 4,363,324           | 15,953                   | 4,379,277            |
| Sub-total Restricted           | -                   | 2,527,023                  | -                  | 5,259,361           | 3,005,559           | 3,468,806               | 4,363,324           | 711,189                  | 19,335,262           |
| <b>Assigned for:</b>           |                     |                            |                    |                     |                     |                         |                     |                          |                      |
| Community enhancement          | -                   | 82,200                     | -                  | -                   | -                   | -                       | -                   | -                        | 82,200               |
| Street improvements            | -                   | -                          | -                  | -                   | -                   | 91,785                  | -                   | -                        | 91,785               |
| Library grants                 | -                   | -                          | -                  | -                   | -                   | -                       | -                   | 2,858                    | 2,858                |
| Capital projects               | -                   | -                          | -                  | -                   | 36,333              | -                       | -                   | 521,201                  | 557,534              |
| Public safety capital projects | -                   | -                          | -                  | -                   | -                   | -                       | -                   | 36,455                   | 36,455               |
| Airport                        | -                   | -                          | -                  | -                   | -                   | -                       | -                   | 52,978                   | 52,978               |
| Debt service                   | -                   | -                          | -                  | -                   | -                   | -                       | 8,121               | -                        | 8,121                |
| Insurance recovery             | 63,822              | -                          | -                  | -                   | -                   | -                       | -                   | -                        | 63,822               |
| Drug enforcement               | 14,504              | -                          | -                  | -                   | -                   | -                       | -                   | -                        | 14,504               |
| Public safety                  | 21,836              | -                          | -                  | -                   | -                   | -                       | -                   | 1,614                    | 23,450               |
| Reserve management             | 2,628,788           | -                          | -                  | -                   | -                   | -                       | -                   | -                        | 2,628,788            |
| Grant programs                 | 2,975               | -                          | -                  | -                   | -                   | -                       | -                   | 1,861                    | 4,836                |
| OHP building maintenance       | 40,028              | -                          | -                  | -                   | -                   | -                       | -                   | -                        | 40,028               |
| Recreation                     | 331,606             | -                          | -                  | -                   | -                   | -                       | -                   | -                        | 331,606              |
| Library                        | 83,522              | -                          | -                  | -                   | -                   | -                       | -                   | 8,910                    | 92,432               |
| Subsequent year's budget       | 1,132,659           | -                          | -                  | -                   | -                   | -                       | -                   | -                        | 1,132,659            |
| Sub-total Assigned             | 4,319,740           | 82,200                     | -                  | -                   | 36,333              | 91,785                  | 8,121               | 625,877                  | 5,164,056            |
| <b>Unassigned (deficit):</b>   | 797,595             | -                          | (68,316)           | -                   | -                   | -                       | -                   | (136,938)                | 592,341              |
| <b>TOTAL FUND BALANCES</b>     | <b>\$ 5,117,335</b> | <b>\$ 2,609,223</b>        | <b>\$ (68,316)</b> | <b>\$ 5,259,361</b> | <b>\$ 3,041,892</b> | <b>\$ 3,560,591</b>     | <b>\$ 4,371,445</b> | <b>\$ 1,200,128</b>      | <b>\$ 25,091,659</b> |

Beginning net position was restated as of July 1, 2016 as follows:

|  | <u>Government-Wide</u><br><u>Governmental</u><br><u>Activities</u> |
|--|--|
| Beginning net position, as previously reported               | \$ 40,009,666  |
| Restatement of prior year deferred revenue related to grants | 98,667   |
| Beginning net position, restated                             | <u>\$ 40,108,333</u>   |

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**7. Internal and Interfund Balances and Transfers**

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

*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2017 were as follows:

| <u>Transfer From</u>         | <u>Transfer To</u>          | <u>Amount</u>        | <u>Purpose of Transfer</u>           |
|------------------------------|-----------------------------|----------------------|--------------------------------------|
| General Fund                 | Lakeview Golf Course        | 122,000              | Operating transfer                   |
| General Fund                 | Wastewater Enterprise Fund  | 1,394,248            | Sales tax transfer                   |
| General Fund                 | Water Enterprise Fund       | 1,394,248            | Sales tax transfer                   |
| Downtown Executive Airport   | Reserve Management Fund     | 200,975              | Reimbursement of expenses incurred   |
| Community Enhancement Fund   | General Fund                | 1,800,000            | Operating transfer                   |
| Street Improvement Fund      | General Fund                | 800,000              | Operating transfer                   |
| Street Improvement Fund      | Street and Alley Fund       | 276,000              | Operating transfer                   |
| Street and Alley             | General Fund-RSP            | 11,891               | Operating transfer                   |
| Mayor's Anti Crime           | General Fund                | 135,000              | Operating transfer for police        |
| Mayor's Anti Crime           | LLEBG Grant                 | 179                  | Reimbursement of expenses incurred   |
| Mayor's Anti Crime           | Police Grant                | 6,393                | Reimbursement of expenses incurred   |
| LLEBG Grant                  | Mayor's Anti Crime          | 270                  | Reimbursement of expenses incurred   |
| Reserve Management Fund      | Downtown Executive Airport  | 58,429               | Reimbursement of expenses incurred   |
| Capital Improvement          | General Fund                | 257,000              | Operating transfer/capital purchases |
| Literacy Grant               | Library Grant               | 7                    | Reimbursement of expenses incurred   |
| Valley Ranch Road Assessment | Water Enterprise            | 25,000               | Reimbursement of expenses incurred   |
| Library Trust                | Library Capital Improvement | 200,000              | Reimbursement of expenses incurred   |
| GAPS Tax Fund                | Water Enterprise            | 1,300,520            | Debt payments                        |
| Sanitation Enterprise        | General Fund                | 950,000              | Operating transfer                   |
| Wastewater Enterprise        | General Fund                | 640,500              | Operating transfer                   |
| Wastewater Enterprise        | Water Enterprise            | 1,734,676            | Debt payments                        |
| Water Enterprise             | General Fund                | 1,100,000            | Operating transfer                   |
| Total                        |                             | <u>\$ 12,407,336</u> |                                      |

**Reconciliation to Fund Financial Statements:**

|                    | <u>Transfers In</u>  | <u>Transfers Out</u>   | <u>GW Capital Asset/Grant<br/>Purchases/Transfers</u> | <u>Net Transfers</u> |
|--------------------|----------------------|------------------------|---|----------------------|
| Governmental Funds | \$ 6,436,644         | \$ (7,982,160)         | \$ (1,531,116)  | \$ (3,076,632)       |
| Proprietary Funds  | 5,970,692            | (4,460,868)            | 1,566,808   | 3,076,632            |
|                    | <u>\$ 12,407,336</u> | <u>\$ (12,443,028)</u> | <u>\$ 35,692</u>                                      | <u>\$ -</u>          |

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*Balances:*

Interfund receivable and payables at June 30, 2017 were comprised of the following:

| <u>Due From</u>            | <u>Due To</u>                          | <u>Amount</u>       | <u>Nature of Balance</u>                   |
|----------------------------|--|---------------------|--|
| General Fund               | Wastewater Enterprise Fund             | 179,881             | Portion of sales tax accrual               |
| General Fund               | Water Enterprise Fund                  | 179,881             | Portion of sales tax accrual               |
| General Fund               | Employee Benefit Internal Service Fund | 143,076             | Portion of self-insurance claims payable   |
| General Fund               | Garage Cash Fund                       | 19,060              | Reimburse for deposit recorded incorrectly |
| General Fund               | Parks Cash Fund                        | 34,235              | Reimburse for deposit recorded incorrectly |
| General Fund               | Municipal Court Fund                   | 4,090               | Court fines not yet transferred            |
| Street Improvement Fund    | Hazard Mitigation Fund                 | 25,105              | Reimburse expenses                         |
| Wastewater Enterprise Fund | Reserve Management Fund                | 600,000             | Reimburse for deposit recorded incorrectly |
| Library Cash Fund          | Literacy Grant Fund                    | 1,459               | Reimburse for deposit recorded incorrectly |
| Other Police Grants Fund   | Mayor's Anti Crime Fund                | 6,662               | Reimburse revenues                         |
| FAA Grant Fund             | Reserve Management Fund                | 489                 | Reimburse revenues                         |
| FAA Grant Fund             | Community Enhancement Fund             | 1,171,991           | Cover negative pooled cash                 |
| Total                      |  | <u>\$ 2,365,929</u> |  |

**Reconciliation to Fund Financial Statements:**

|                        | <u>Due From</u>     | <u>Due To</u>         | <u>Internal Service<br/>Fund Activity</u> | <u>Net Internal Balances</u> |
|------------------------|---------------------|-----------------------|---|------------------------------|
| Governmental Funds     | \$ 1,844,031        | \$ (1,697,167)        | \$ 156,294                                | \$ 303,158                   |
| Proprietary Funds      | 359,762             | (662,920)             | -   | (303,158)                    |
| Internal Service Funds | 162,136             | (5,842)               | (156,294)                                 | -                            |
| Total                  | <u>\$ 2,365,929</u> | <u>\$ (2,365,929)</u> | <u>\$ -</u>                               | <u>\$ -</u>                  |

**8. Pledge of Future Revenues**

*Sales Tax and Utility Net Revenues Pledge* – The City has pledged ½ cents of future sales tax revenues and net water and wastewater utility revenues to repay the following notes payable: \$1,090,000 of 2009 OWRB Notes Payable, \$8,697,000 of 2012 OWRB Notes Payable, \$26,140,000 of 2014 Series Utility System and Sales Tax Revenue Notes, \$5,430,000 of 2015 Series Utility System and Sales Tax Revenue Notes, and \$7,035,000 of 2017 Series Utility System and Sales Tax Revenue Notes. Proceeds from the bonds provided for the purchase or construction of water and utility systems. The notes are payable from pledged sales tax and net water and sewer utility revenues through 2030, 2035, 2023, 2024 and 2024 respectively. The total principal and interest payable for the remainder of the life of these notes is \$40,491,717. Pledged net water and sewer utility revenues and pledged sales tax in the current fiscal year were \$8,201,209. Maximum annual debt service on all parity debt totaled \$5,391,959 which was 152% of total pledged revenues for these notes.

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|   |                    |
|---|--------------------|
| Gross Revenue Available for Debt Service:           |                    |
| Charges for services                                | \$10,645,562       |
| Sales tax pledged (1/2 cents)                       | 2,788,496          |
| Total Gross Revenues Available                      | <u>13,434,058</u>  |
| Operating Expenses:                                 |                    |
| Operations  | 5,232,849          |
| Total Operating Expenses                            | <u>5,232,849</u>   |
| Net Revenues Available for Debt Service             | <u>\$8,201,209</u> |
| Debt Service Requirements:                          |                    |
| Maximum annual debt service on all APWA parity debt | <u>\$5,391,959</u> |
| Computed Coverage                                   | <u>152%</u>        |
| Coverage Requirement                                | <u>125%</u>        |

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

## 9. Risk Management

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

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

### *Internal Service*

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

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

The following represents the changes in approximate aggregate health care liabilities for the City from July 1, 2013 to June 30, 2017:

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**10. Commitments and Contingencies**

|   | Employee<br>Health |
|---|--------------------|
| Claims liability, July 1, 2013                  | \$ 817,422         |
| Claims incurred and changes in estimates        | 3,562,155          |
| Claims paid                                     | (4,055,316)        |
| Claims liability, June 30, 2014                 | 324,261            |
| Claims incurred and changes in estimates        | 3,744,921          |
| Claims paid                                     | (3,621,559)        |
| Claims liability, June 30, 2015                 | 447,623            |
| Claims incurred and changes in estimates        | 4,424,672          |
| Claims paid                                     | (4,400,670)        |
| Claims liability, June 30, 2016                 | 471,625            |
| Claims incurred and changes in estimates        | 4,017,448          |
| Claims paid                                     | (4,184,973)        |
| Claims liability, June 30, 2017                 | 304,100            |
| Assets available to pay claims at June 30, 2017 | \$738,175          |

*Litigation:*

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

*Federal and State Award Programs:*

The City of Ardmore participates in various federal or state grant/loan programs from year to year. In 2017, the City's involvement in federal and state award programs was material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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

**11. Pension Plan Participation**

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

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan.



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

**Firefighters' Plan:**

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

The State made on-behalf payments to the Oklahoma Firefighter's Pension and Retirement System of \$671,439 (or 34.5% of covered payroll).

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

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2017, the City reported a net pension liability of \$7,776,184 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2016. Based upon this information, the City's proportion was 0.6365%.

For the year ended June 30, 2017, the City recognized pension expense of \$739,485. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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|   | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 208,458                        | \$ -                             |
| Net difference between projected and actual earnings on pension plan investments                          | 475,783                           | -                                |
| Changes in proportion and differences between City contributions and proportionate share of contributions | -                                 | 329,278                          |
| City contributions during measurement date  | -                                 | 2,930                            |
| City contributions subsequent to the measurement date   | 272,468                           | -                                |
| Total   | <u>\$ 956,709</u>                 | <u>\$ 332,208</u>                |

\$272,468 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: |           |                |
|---------------------|-----------|----------------|
| 2018                | \$        | (3,153)        |
| 2019                |           | (3,153)        |
| 2020                |           | 244,546        |
| 2021                |           | 166,375        |
| 2022                |           | (41,778)       |
| 2023                |           | (10,804)       |
|                     | <u>\$</u> | <u>352,033</u> |

**Actuarial Assumptions**- The total pension liability was determined by an actuarial valuation as of July 1, 2016, 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, 2016, 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.

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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, 2016, 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%                      | 5.18%   |
| Domestic equity      | 47%                      | 8.70%   |
| International equity | 15%                      | 10.87%  |
| Real estate          | 10%                      | 7.23%   |
| Other assets         | 8%                       | 6.24%   |

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

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

|                                  | 1% Decrease<br>6.5% | Current Discount<br>Rate 7.5% | 1% Increase<br>8.5% |
|----------------------------------|---------------------|-------------------------------|---------------------|
| Employers' net pension liability | \$ 9,844,004        | \$ 7,776,184                  | \$ 6,042,497        |

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at [www.ok.gov/FPRS](http://www.ok.gov/FPRS).

**Police Plan:**

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

The State made on-behalf payments to the Oklahoma Police Pension and Retirement System of \$317,542 (or 11.1% of covered payroll).

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

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2017, the City reported a net pension liability of \$1,347,423 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2016. Based upon this information, the City's proportion was 0.8798%. For the year ended June 30, 2017, the City recognized pension expense of \$485,405. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 4,322                          | \$ 151,356                       |
| Net difference between projected and actual earnings on pension plan investments                     | 1,294,645                         | -                                |
| Changes in proportion and differences between contributions and proportionate share of contributions | 15,754                            | -                                |
| Contributions during measurement date  | -                                 | 4,330                            |
| City contributions subsequent to the measurement date  | 373,224                           | -                                |
| Total  | <u>\$ 1,687,945</u>               | <u>\$ 155,686</u>                |

\$373,224 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, 2018. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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|                     |              |
|---------------------|--------------|
| Year ended June 30: |              |
| 2018                | \$ 190,456   |
| 2019                | 190,456      |
| 2020                | 455,442      |
| 2021                | 321,574      |
| 2022                | 1,107        |
|                     | \$ 1,159,035 |

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2016, 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, 2016, 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, 2016, are summarized in the following table:

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| <u>Asset Class</u>   | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|----------------------|---|
| Fixed income         | 3.27%   |
| Domestic equity      | 5.16%   |
| International equity | 8.61%   |
| Real estate          | 4.97%   |
| Private equity       | 8.32%   |
| Commodities          | 2.42%   |

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<br>6.5% | Current Discount<br>Rate 7.5% | 1% Increase<br>8.5% |
|--|---------------------|-------------------------------|---------------------|
| Employers' net pension liability (asset) | \$ 3,535,200        | \$ 1,347,423                  | \$ (499,820)        |

**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](http://www.ok.gov/OPPRS).

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*Summary of Contributions – Cost Sharing Plans:*

| <u>Oklahoma Police Pension<br/>and Retirement System</u> |                                  |                                   | <u>Oklahoma Firefighter's Pension<br/>and Retirement System</u> |                                  |                                   |
|--|----------------------------------|-----------------------------------|---|----------------------------------|-----------------------------------|
| <u>Fiscal<br/>Year</u>                                   | <u>Required<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> | <u>Fiscal<br/>Year</u>  | <u>Required<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
| 2015   | \$ 318,361                       | 100%                              | 2015  | \$ 256,635                       | 100%                              |
| 2016   | \$ 337,314                       | 100%                              | 2016  | \$ 249,258                       | 100%                              |
| 2017   | \$ 373,224                       | 100%                              | 2017  | \$ 272,468                       | 100%                              |

***Employee Plan:***

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

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

**Eligibility Factors and Benefit Provisions**

| <u>Provision</u>                | <u>OkMRF Plan</u>   |
|---------------------------------|---|
| a. Eligible to Participate      | Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.  |
| b. Contribution Requirements:   |   |
| - Authorization                 | By City ordinance   |
| - Actuarially Determined        | Yes   |
| - Employer Rate                 | 10.21% of covered payroll   |
| - Employee Rate                 | 6.0% of covered payroll   |
| c. Period Required to Vest      | 5 years of credited service; July 2011-new hires 7 years of credited service.   |
| d. Eligibility for Distribution | <ul style="list-style-type: none"> <li>- Normal retirement at age 65 with 5 years of service</li> <li>- Early retirement at age 55 with 5 years of service</li> <li>- Disability retirement upon disability with 5 years of service</li> <li>- 50% death benefit with 5 years of service for married employees</li> </ul> |

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- e. Benefit Determination Base                      Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
- f. Benefit Determination Methods:
- Normal Retirement                                      3.0% of final average salary multiplied by credited years of service
  - Early Retirement    Actuarially reduced benefit based upon age and years of service at termination
  - Disability Retirement                                      Benefit computed as for normal retirement based upon age and service at termination
  - Death Benefit    50% of employee’s accrued benefit, but terminates upon spouse re-marriage
  - Prior to 5 Years Service                                      Return of employee contributions with accrued interest
- g. Form of Benefit Payments                              Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

**Employees Covered by Benefit Terms**

|                                   |            |
|-----------------------------------|------------|
| Active Employees                  | 181        |
| Deferred Vested Former Employees  | 26         |
| Retirees or Retiree Beneficiaries | <u>42</u>  |
| Total                             | <u>249</u> |

**Contribution Requirements**- The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 8.58% of covered payroll as of 7-1-16. For the year ended June 30, 2017, the City recognized \$815,114 of employer contributions to the plan which is more than the actuarially determined amount based on covered payroll of \$8,643,783.

**Actuarial Assumptions**

- |  |  |
|--|--|
| Date of Last Actuarial Valuation                   | July 1, 2016   |
| a. Actuarial cost method                           | Entry age normal   |
| b. Rate of Return on Investments and Discount Rate | 7.75%  |
| c. Projected Salary Increase                       | Varies between 7.42% and 4% based on age   |
| d. Post Retirement Cost-of-Living Increase         | Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 <sup>st</sup> based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%. |



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|                                  |  |         |     |         |     |         |    |         |    |         |    |
|----------------------------------|--|---------|-----|---------|-----|---------|----|---------|----|---------|----|
| e. Inflation Rate                | 3%   |         |     |         |     |         |    |         |    |         |    |
| f. Mortality Table               | UP 1994, with projected mortality improvement  |         |     |         |     |         |    |         |    |         |    |
| g. Percent of married employees  | 100%   |         |     |         |     |         |    |         |    |         |    |
| h. Spouse age difference         | 3 years (female spouses younger)   |         |     |         |     |         |    |         |    |         |    |
| i. Turnover                      | <p>Select and ultimate rates<br/>Ultimate rates are age-related as shown<br/>Additional rates per thousand are added during the first 5 years:</p> <table border="0" style="margin-left: 40px;"> <tr><td>Year 1:</td><td>215</td></tr> <tr><td>Year 2:</td><td>140</td></tr> <tr><td>Year 3:</td><td>95</td></tr> <tr><td>Year 4:</td><td>65</td></tr> <tr><td>Year 5:</td><td>40</td></tr> </table> | Year 1: | 215 | Year 2: | 140 | Year 3: | 95 | Year 4: | 65 | Year 5: | 40 |
| Year 1:                          | 215  |         |     |         |     |         |    |         |    |         |    |
| Year 2:                          | 140  |         |     |         |     |         |    |         |    |         |    |
| Year 3:                          | 95   |         |     |         |     |         |    |         |    |         |    |
| Year 4:                          | 65   |         |     |         |     |         |    |         |    |         |    |
| Year 5:                          | 40   |         |     |         |     |         |    |         |    |         |    |
| j. Date of last experience study | September 2012 for fiscal years 2007 thru 2011   |         |     |         |     |         |    |         |    |         |    |

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2016 are summarized in the following table:

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

**Changes in Net Pension (Asset) Liability**– The total pension liability was determined based on an actuarial valuation performed as of July 1, 2016 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2016 and the City's report ending date of June 30, 2017, that would have had a significant impact on the net pension (asset) liability. The following table reports the components of changes in net pension (asset) liability:

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|  | Total Pension<br>Liability<br>(a) | Plan Net<br>Position<br>(b) | Net Pension<br>Liability(Asset)<br>(a) - (b) |
|--|-----------------------------------|-----------------------------|--|
| <b>Balances Beginning of Year</b>  | \$ 23,405,519                     | \$ 24,339,083               | \$ (933,564)                                 |
| <b>Changes for the Year:</b>   |                                   |                             |  |
| Service cost   | 1,280,059                         | -                           | 1,280,059                                    |
| Interest expense   | 1,788,599                         | -                           | 1,788,599                                    |
| Experience losses (gains)<br>(amortized over avg remain svc period of actives & inactives) | (388,309)                         |                             | (388,309)                                    |
| Contributions--City  | -                                 | 847,375                     | (847,375)                                    |
| Contributions--members   | -                                 | 497,968                     | (497,968)                                    |
| Net investment income  | -                                 | 239,592                     | (239,592)                                    |
| Benefits paid  | (666,062)                         | (666,062)                   | -  |
| Plan administrative expenses   | -                                 | (48,765)                    | 48,765                                       |
| <b>Net Changes</b>   | <u>2,014,287</u>                  | <u>870,108</u>              | <u>1,144,179</u>                             |
| <b>Balances End of Year</b>  | <u>\$ 25,419,806</u>              | <u>\$ 25,209,191</u>        | <u>\$ 210,615</u>                            |

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

|                               | 1%<br>Decrease<br>6.75% | Current<br>Discount<br>Rate 7.75% | 1%<br>Increase<br>8.75% |
|-------------------------------|-------------------------|-----------------------------------|-------------------------|
| Net Pension Liability (Asset) | \$ 3,903,675            | \$ 210,615                        | \$ (2,842,083)          |

The City reported \$944,144 in pension expense for the year ended June 30, 2017. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ -                              | \$ 580,492                       |
| Changes of assumptions   | -                                 | -                                |
| Net difference between projected and actual earnings on plan investments                             | 1,491,661                         | -                                |
| Changes in proportion and differences between contributions and proportionate share of contributions | 52,552                            | 43,237                           |
| City contributions subsequent to the measurement date  | 557,503                           | -                                |
| <b>Total</b>   | <u>\$ 2,101,716</u>               | <u>\$ 623,729</u>                |

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

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| <b>Year ended June 30:</b> |                   |
|----------------------------|-------------------|
| 2018                       | \$ 175,229        |
| 2019                       | 175,231           |
| 2020                       | 461,448           |
| 2021                       | 202,497           |
| 2022                       | (81,644)          |
| Thereafter                 | <u>(12,277)</u>   |
|                            | <u>\$ 920,484</u> |

City Manager Retirement Plan

The City of Ardmore participates in the Oklahoma Municipal Retirement Funds City Manager Retirement Plan. However, the City Manager is not required to contribute. For the year ended June 30, 2017, the City Manager has elected not to participate in this plan.

ICMA 457 Plan

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

The City's contributions for the year ended June 30, 2017 were \$140,194.

Annual OPEB Cost and Net OPEB Obligation

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

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

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2017:

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|                                       |              |
|---------------------------------------|--------------|
| Annual required contribution          | \$ 597,330   |
| Interest on net OPEB obligation       | 100,396      |
| Amortization of NOO                   | (159,695)    |
| Annual OPEB cost (expense)            | 538,031      |
| Contributions made                    | (110,332)    |
| Increase in net OPEB obligation       | 427,699      |
| Net OPEB obligation—beginning of year | 2,607,247    |
| Net OPEB obligation—end of year       | \$ 3,034,946 |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2017 was as follows:

| Fiscal Year | Annual OPEB Cost | Percentage of<br>Annual OPEB<br>Cost Contributed | Unfunded OPEB<br>Obligation |
|-------------|------------------|--|-----------------------------|
| 6/30/2010   | \$ 541,101       | 33.43%   | \$ 360,229                  |
| 6/30/2011   | \$ 557,311       | 33.17%   | \$ 726,110                  |
| 6/30/2012   | \$ 528,305       | 30.30%   | \$ 1,104,919                |
| 6/30/2013   | \$ 528,305       | 28.29%   | \$ 1,483,729                |
| 6/30/2014   | \$ 439,667       | 20.87%   | \$ 1,831,638                |
| 6/30/2015   | \$ 347,909       | 26.37%   | \$ 2,179,547                |
| 6/30/2016   | \$ 427,700       | 25.79%   | \$ 2,607,244                |
| 6/30/2017   | \$ 538,031       | 20.50%   | \$ 3,034,946                |

*Funded Status and Funding Progress.* As of July 1, 2015, the most recent actuarial valuation date, the plan is funded on the pay-as-you-go basis, resulting in no plan assets. The actuarial accrued liability for benefits was \$4,192,107, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,192,107. The covered payroll (annual payroll of active employees covered by the plan) was \$12.7 million, and the ratio of the UAAL to the covered payroll was 33 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

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include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit 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 6.12 percent initially, reduced by decrements to an ultimate rate of 4.87 percent in 2060, based upon dependent rates. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over 30 years as level payments. The remaining amortization period at June 30, 2017, was twenty-three years.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2017**

| GENERAL FUND   |                     |                     |                                     |  |
|--|---------------------|---------------------|-------------------------------------|--|
| Budget and Actual (with Variances) - Budgetary Basis |                     |                     |                                     |  |
| Year Ended June 30, 2017                             |                     |                     |                                     |  |
|  | Budgeted Amounts    |                     | Actual Amounts -<br>Budgetary Basis | Variance with<br>Final Budget -<br>Positive (Negative) |
|  | Original            | Final               |                                     |  |
| <b>REVENUES</b>                                      |                     |                     |                                     |  |
| Taxes  | \$ 10,638,500       | \$ 10,638,500       | \$ 9,953,573                        | \$ (684,927)   |
| Licenses and permits                                 | 132,800             | 132,800             | 130,241                             | (2,559)  |
| Intergovernmental                                    | 365,000             | 365,000             | 365,621                             | 621  |
| Charges for services                                 | 198,700             | 198,700             | 145,512                             | (53,188)   |
| Fines and Forfeitures                                | 186,000             | 186,000             | 302,158                             | 116,158  |
| Investment earnings                                  | 4,000               | 4,000               | 9,501                               | 5,501  |
| Miscellaneous  | 110,000             | 110,000             | 277,453                             | 167,453  |
| Total revenues                                       | <u>11,635,000</u>   | <u>11,635,000</u>   | <u>11,184,059</u>                   | <u>(450,941)</u>                                       |
| <b>EXPENDITURES</b>                                  |                     |                     |                                     |  |
| Department:  |                     |                     |                                     |  |
| <i>General Government:</i>                           |                     |                     |                                     |  |
| Legislative  | 212,200             | 147,200             | 103,466                             | 43,734   |
| Municipal court                                      | 85,003              | 85,003              | 74,676                              | 10,327   |
| City manager   | 541,090             | 541,090             | 521,109                             | 19,981   |
| Human resources                                      | 310,380             | 310,380             | 282,292                             | 28,088   |
| Information tech                                     | 995,439             | 920,439             | 893,170                             | 27,269   |
| Legal  | 264,288             | 244,288             | 207,160                             | 37,128   |
| Finance  | 590,754             | 590,754             | 570,652                             | 20,102   |
| Purchasing   | 138,004             | 138,004             | 129,018                             | 8,986  |
| Engineering  | 403,914             | 383,914             | 362,108                             | 21,806   |
| Development services                                 | 570,039             | 570,039             | 504,766                             | 65,273   |
| GIS  | 103,530             | 103,530             | 97,338                              | 6,192  |
| Technical services                                   | 603,812             | 533,812             | 480,038                             | 53,774   |
| Pension benefits & insurance                         | 604,500             | 639,500             | 637,047                             | 2,453  |
| Total General Government                             | <u>5,422,953</u>    | <u>5,207,953</u>    | <u>4,862,840</u>                    | <u>345,113</u>   |
| <i>Public Safety:</i>                                |                     |                     |                                     |  |
| Fire   | 3,154,331           | 3,094,331           | 2,960,410                           | 133,921  |
| Police   | 5,161,782           | 5,181,782           | 5,057,540                           | 124,242  |
| Police jail  | 135,000             | 182,000             | 181,550                             | 450  |
| Animal Control                                       | 134,117             | 134,117             | 110,616                             | 23,501   |
| Forensic lab   | 141,852             | 141,852             | 130,660                             | 11,192   |
| Emergency dispatch                                   | 642,417             | 612,417             | 571,774                             | 40,643   |
| Total Public Safety                                  | <u>9,369,499</u>    | <u>9,346,499</u>    | <u>9,012,550</u>                    | <u>333,949</u>   |
| <i>Street:</i>                                       |                     |                     |                                     |  |
| Street maintenance                                   | 1,238,487           | 1,318,487           | 1,287,547                           | 30,940   |
| Total Street   | <u>1,238,487</u>    | <u>1,318,487</u>    | <u>1,287,547</u>                    | <u>30,940</u>  |
| <i>Culture and Recreation:</i>                       |                     |                     |                                     |  |
| Community center                                     | 257,676             | 277,676             | 269,358                             | 8,318  |
| Community pool                                       | 142,553             | 150,553             | 137,857                             | 12,696   |
| Parks & recreation                                   | 1,072,136           | 1,072,136           | 1,022,864                           | 49,272   |
| R.O.W. maintenance                                   | 444,564             | 444,564             | 356,289                             | 88,275   |
| Library  | 921,028             | 921,028             | 800,183                             | 120,845  |
| Total Culture and Recreation                         | <u>2,837,957</u>    | <u>2,865,957</u>    | <u>2,586,551</u>                    | <u>279,406</u>   |
| <i>Cemetery:</i>                                     |                     |                     |                                     |  |
| Cemetery   | 336,904             | 336,904             | 289,301                             | 47,603   |
| Total Cemetery                                       | <u>336,904</u>      | <u>336,904</u>      | <u>289,301</u>                      | <u>47,603</u>  |
| Total Expenditures                                   | <u>19,205,800</u>   | <u>19,075,800</u>   | <u>18,038,789</u>                   | <u>1,037,011</u>                                       |
| Excess (deficiency) of revenues over expenditures    | <u>(7,570,800)</u>  | <u>(7,440,800)</u>  | <u>(6,854,730)</u>                  | <u>586,070</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                     |                                     |  |
| Transfers in   | 7,315,500           | 7,315,500           | 7,082,800                           | (232,700)  |
| Transfers out  | (302,500)           | (432,500)           | (269,500)                           | 163,000  |
| Total other financing sources and uses               | <u>7,013,000</u>    | <u>6,883,000</u>    | <u>6,813,300</u>                    | <u>(69,700)</u>  |
| Net change in fund balances                          | <u>(557,800)</u>    | <u>(557,800)</u>    | <u>(41,430)</u>                     | <u>516,370</u>   |
| Fund balances - beginning                            | 1,913,382           | 1,913,382           | 2,031,351                           | 117,969  |
| Fund balances - ending                               | <u>\$ 1,355,582</u> | <u>\$ 1,355,582</u> | <u>\$ 1,989,921</u>                 | <u>\$ 634,339</u>                                      |



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**COMMUNITY ENHANCEMENT FUND**  
**Budget and Actual (with Variances) - Budgetary Basis**  
**Year Ended June 30, 2017**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts,</u> | <u>Variance with</u>                                |
|---|-------------------------|---------------------|------------------------|---|
|   | <u>Original</u>         | <u>Final</u>        | <u>Budgetary Basis</u> | <u>Final Budget -</u><br><u>Positive (Negative)</u> |
| <b>REVENUES</b>                                   |                         |                     |                        |   |
| Taxes   | \$ 2,923,320            | \$ 2,923,320        | \$ 2,788,498           | \$ (134,822)  |
| Investment earnings                               | 1,800                   | 1,800               | 4,834                  | 3,034   |
| Miscellaneous                                     | 2,500                   | 2,500               | 57,634                 | 55,134  |
| Total revenues                                    | <u>2,927,620</u>        | <u>2,927,620</u>    | <u>2,850,966</u>       | <u>(76,654)</u>                                     |
| <b>EXPENDITURES</b>                               |                         |                     |                        |   |
| Departmental:                                     |                         |                     |                        |   |
| General government                                | 642,060                 | 642,060             | 561,941                | 80,119  |
| <i>Total General government</i>                   | <u>642,060</u>          | <u>642,060</u>      | <u>561,941</u>         | <u>80,119</u>                                       |
| Total Expenditures                                | 642,060                 | 642,060             | 561,941                | 80,119  |
| Excess (deficiency) of revenues over expenditures | <u>2,285,560</u>        | <u>2,285,560</u>    | <u>2,289,025</u>       | <u>3,465</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                     |                        |   |
| Transfers out                                     | (1,800,000)             | (1,800,000)         | (1,800,000)            | -   |
| Total other financing sources and uses            | <u>(1,800,000)</u>      | <u>(1,800,000)</u>  | <u>(1,800,000)</u>     | <u>-</u>  |
| Net change in fund balances                       | 485,560                 | 485,560             | 489,025                | 3,465   |
| Fund balances - beginning                         | 1,757,618               | 1,757,618           | 2,120,198              | 362,580   |
| Fund balances - ending                            | <u>\$ 2,243,178</u>     | <u>\$ 2,243,178</u> | <u>\$ 2,609,223</u>    | <u>\$ 366,045</u>                                   |

**FAA GRANT FUND**  
**Budget and Actual (with Variances) - Budgetary Basis**  
**Year Ended June 30, 2017**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts,</u> | <u>Variance with</u>                                |
|---|-------------------------|------------------|------------------------|---|
|   | <u>Original</u>         | <u>Final</u>     | <u>Budgetary Basis</u> | <u>Final Budget -</u><br><u>Positive (Negative)</u> |
| <b>REVENUES</b>                                   |                         |                  |                        |   |
| Intergovernmental                                 | \$ 544,919              | \$ 7,204,378     | \$ 4,478,175           | \$ (2,726,203)                                      |
| Miscellaneous                                     | -                       | -                | 186,394                | 186,394   |
| Total revenues                                    | <u>544,919</u>          | <u>7,204,378</u> | <u>4,664,569</u>       | <u>(2,539,809)</u>                                  |
| <b>EXPENDITURES</b>                               |                         |                  |                        |   |
| Departmental:                                     |                         |                  |                        |   |
| Airport   | 544,919                 | 7,204,378        | 4,655,914              | 2,548,464   |
| <i>Total Airport</i>                              | <u>544,919</u>          | <u>7,204,378</u> | <u>4,655,914</u>       | <u>2,548,464</u>                                    |
| Total Expenditures                                | 544,919                 | 7,204,378        | 4,655,914              | 2,548,464   |
| Excess (deficiency) of revenues over expenditures | <u>-</u>                | <u>-</u>         | <u>8,655</u>           | <u>8,655</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                  |                        |   |
| Transfers in                                      | -                       | -                | 28,201                 | 28,201  |
| Total other financing sources and uses            | <u>-</u>                | <u>-</u>         | <u>28,201</u>          | <u>28,201</u>                                       |
| Net change in fund balances                       | -                       | -                | 36,856                 | 36,856  |
| Fund balances - beginning                         | -                       | -                | (105,172)              | (105,172)   |
| Fund balances - ending                            | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$ (68,316)</u>     | <u>\$ (68,316)</u>                                  |

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**LIBRARY TRUST FUND  
Budget and Actual (with Variances) - Budgetary Basis  
Year Ended June 30, 2017**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts,<br/>Budgetary Basis</u> | <u>Variance with<br/>Final Budget -<br/>Positive (Negative)</u> |
|---|-------------------------|---------------------|--|---|
|   | <u>Original</u>         | <u>Final</u>        |  |   |
| <b>REVENUES</b>                                   |                         |                     |  |   |
| Investment earnings                               | \$ 103,200              | \$ 103,200          | \$ 30,491                                  | \$ (72,709)   |
| Miscellaneous                                     | 131,400                 | 131,400             | 101,385                                    | (30,015)  |
| Total revenues                                    | <u>234,600</u>          | <u>234,600</u>      | <u>131,876</u>                             | <u>(102,724)</u>  |
| <b>EXPENDITURES</b>                               |                         |                     |  |   |
| Departmental:                                     |                         |                     |  |   |
| Culture and recreation                            | 18,852                  | 18,852              | 7,988                                      | 10,864  |
| Total Culture and recreation                      | <u>18,852</u>           | <u>18,852</u>       | <u>7,988</u>                               | <u>10,864</u>   |
| Total Expenditures                                | <u>18,852</u>           | <u>18,852</u>       | <u>7,988</u>                               | <u>10,864</u>   |
| Excess (deficiency) of revenues over expenditures | <u>215,748</u>          | <u>215,748</u>      | <u>123,888</u>                             | <u>(91,860)</u>   |
| <b>OTHER FINANCING SOURCES</b>                    |                         |                     |  |   |
| Transfers out                                     | (300,000)               | (300,000)           | (200,000)                                  | 100,000   |
| Total other financing sources                     | <u>(300,000)</u>        | <u>(300,000)</u>    | <u>(200,000)</u>                           | <u>100,000</u>  |
| Net change in fund balances                       | (84,252)                | (84,252)            | (76,112)                                   | 8,140   |
| Fund balances - beginning                         | 5,329,088               | 5,329,088           | 5,335,473                                  | 6,385   |
| Fund balances - ending                            | <u>\$ 5,244,836</u>     | <u>\$ 5,244,836</u> | <u>\$ 5,259,361</u>                        | <u>\$ 14,525</u>  |

**Footnotes to Budgetary Comparison Schedules:**

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

|  | <u>General<br/>Fund</u> | <u>Community<br/>Enhancement<br/>Fund</u> | <u>FAA Grant<br/>Fund</u> | <u>Library Trust<br/>Fund</u> | <u>GAPS Tax City<br/>Fund</u> |
|--|-------------------------|---|---------------------------|-------------------------------|-------------------------------|
| Total revenue - budgetary basis          | \$ 18,266,859           | \$ 2,850,966                              | \$ 4,692,770              | \$ 131,876                    | \$ 2,793,357                  |
| Total expenses - budgetary basis         | <u>(18,308,289)</u>     | <u>(2,361,941)</u>                        | <u>(4,655,914)</u>        | <u>(207,988)</u>              | <u>(2,730,799)</u>            |
| Change in fund balance - budgetary basis | (41,430)                | 489,025                                   | 36,856                    | (76,112)                      | 62,558                        |
| Revenue accruals                         | 2,788,496               | -   | -                         | -                             | -                             |
| Expenditure accruals                     | <u>(2,848,163)</u>      | <u>-</u>                                  | <u>-</u>                  | <u>-</u>                      | <u>-</u>                      |
| Change in fund balance - GAAP basis      | <u>\$ (101,097)</u>     | <u>\$ 489,025</u>                         | <u>\$ 36,856</u>          | <u>\$ (76,112)</u>            | <u>\$ 62,558</u>              |

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**Schedule of Funding Progress – OPEB Liability**

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Actuarial<br/>Value of<br/>Assets</u> | <u>Actuarial Accrued<br/>Liability (AAL)<br/>-- PUC Method</u> | <u>Unfunded<br/>Liability<br/>AAL</u> | <u>Funded<br/>Ratio</u> | <u>(est)<br/>Covered<br/>Payroll</u> | <u>Unfunded<br/>AAL as a Percentage<br/>of Covered Payroll</u> |
|---|--|--|---------------------------------------|-------------------------|--------------------------------------|--|
| 7/1/09                                  | \$0                                      | \$3,745,587  | \$3,745,587                           | 0%                      | \$7,218,000                          | 52%  |
| 7/1/10                                  | \$0                                      | \$4,044,420  | \$4,044,420                           | 0%                      | \$8,999,000                          | 45%  |
| 7/1/11                                  | \$0                                      | \$4,099,507  | \$4,099,507                           | 0%                      | \$10,780,000                         | 38%  |
| 7/1/12                                  | \$0                                      | \$4,869,519  | \$4,869,519                           | 0%                      | \$11,386,000                         | 43%  |
| 7/1/13                                  | \$0                                      | \$3,424,419  | \$3,424,419                           | 0%                      | \$11,992,000                         | 29%  |
| 7/1/14                                  | \$0                                      | \$3,734,652  | \$3,734,652                           | 0%                      | \$12,383,000                         | 30%  |
| 7/1/15                                  | \$0                                      | \$4,192,107  | \$4,192,107                           | 0%                      | \$12,774,000                         | 33%  |
| 7/1/16                                  | \$0                                      | \$4,192,107  | \$4,192,107                           | 0%                      | \$12,774,000                         | 33%  |

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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>  | <u>2017</u>  |
|---|--------------|--------------|--------------|
| City's proportion of the net pension liability  | 0.6716109%   | 0.6709177%   | 0.6364976%   |
| City's proportionate share of the net pension liability   | \$ 6,906,497 | \$ 7,121,176 | \$ 7,776,178 |
| City's covered-employee payroll   | \$ 1,833,106 | \$ 1,780,408 | \$ 1,946,200 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 377%         | 400%         | 400%         |
| Plan fiduciary net position as a percentage of the total pension liability                              | 68.12%       | 68.27%       | 64.87%       |

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

**Notes to Schedule:**

Only 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>    | <u>2017</u>    |
|--|----------------|----------------|----------------|
| Statutorially required contribution                                  | \$ 256,635     | \$ 249,258     | \$ 272,468     |
| Contributions in relation to the statutorially required contribution | <u>256,635</u> | <u>249,258</u> | <u>272,468</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| City's covered-employee payroll                                      | \$ 1,833,106   | \$ 1,780,408   | \$ 1,946,200   |
| Contributions as a percentage of covered-employee payroll            | 14.00%         | 14.00%         | 14.00%         |

**Notes to Schedule:**

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

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Schedules of Required Supplementary Information

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

Last 10 Fiscal Years\*

|   | 2015         | 2016        | 2017        |
|---|--------------|-------------|-------------|
| City's proportion of the net pension liability (asset)  | 0.8494%      | 0.8664%     | 0.8798%     |
| City's proportionate share of the net pension liability (asset)   | \$ (285,990) | \$ 35,326   | \$1,347,423 |
| City's covered-employee payroll   | \$ 2,448,435 | \$2,594,725 | \$2,870,953 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 11.68%       | 1.36%       | 46.93%      |
| Plan fiduciary net position as a percentage of the total pension liability (asset)                              | 101.53%      | 99.82%      | 93.50%      |

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

**Notes to Schedule:**

Only 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

|  | 2015         | 2016        | 2017        |
|--|--------------|-------------|-------------|
| Statutorially required contribution                                  | \$ 318,361   | \$ 337,314  | \$ 373,224  |
| Contributions in relation to the statutorially required contribution | 318,361      | 337,314     | 373,224     |
| Contribution deficiency (excess)                                     | \$ -         | \$ -        | \$ -        |
| City's covered-employee payroll                                      | \$ 2,448,435 | \$2,594,725 | \$2,870,953 |
| Contributions as a percentage of covered-employee payroll            | 13.00%       | 13.00%      | 13.00%      |

**Notes to Schedule:**

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

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**Required Supplementary Information**  
**Oklahoma Municipal Retirement Fund**

**Schedule of Changes in Net Pension Liability and Related Ratios**

**Last Three Fiscal Years**

|   | 2015                  | 2016                 | 2017                 |
|---|-----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                       |                      |                      |
| Service cost  | \$ 1,128,774          | \$ 1,258,516         | \$ 1,280,059         |
| Interest  | 1,559,184             | 1,640,888            | 1,788,599            |
| Changes of benefit terms  | -                     | -                    | -                    |
| Differences between expected and actual experience                                | -                     | (371,969)            | (388,309)            |
| Changes of assumptions  | -                     | -                    | -                    |
| Benefit payments, including refunds of member contributions                       | (434,050)             | (578,537)            | (666,062)            |
| <b>Net change in total pension liability</b>                                      | <b>2,253,908</b>      | <b>1,948,898</b>     | <b>2,014,287</b>     |
| <b>Total pension liability - beginning</b>  | <b>19,202,713</b>     | <b>21,456,621</b>    | <b>23,405,519</b>    |
| <b>Total pension liability - ending (a)</b>                                       | <b>\$ 21,456,621</b>  | <b>\$ 23,405,519</b> | <b>\$ 25,419,806</b> |
| <b>Plan fiduciary net position</b>  |                       |                      |                      |
| Contributions - employer  | \$ 1,125,336          | \$ 1,014,468         | \$ 847,375           |
| Contributions - member  | 471,839               | 479,653              | 497,968              |
| Net investment income   | 3,129,727             | 654,125              | 239,592              |
| Benefit payments, including refunds of member contributions                       | (434,050)             | (578,537)            | (666,062)            |
| Administrative expense  | (46,482)              | (48,122)             | (48,765)             |
| <b>Net change in plan fiduciary net position</b>                                  | <b>4,246,370</b>      | <b>1,521,587</b>     | <b>870,108</b>       |
| <b>Plan fiduciary net position - beginning</b>                                    | <b>18,571,126</b>     | <b>22,817,496</b>    | <b>24,339,083</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <b>\$ 22,817,496</b>  | <b>\$ 24,339,083</b> | <b>\$ 25,209,191</b> |
| <b>Net pension liability (asset) - ending (a) - (b)</b>                           | <b>\$ (1,360,875)</b> | <b>\$ (933,564)</b>  | <b>\$ 210,615</b>    |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>106.34%</b>        | <b>103.99%</b>       | <b>99.17%</b>        |
| <b>Covered employee payroll</b>   | <b>\$ 7,938,819</b>   | <b>\$ 8,059,981</b>  | <b>\$ 8,247,671</b>  |
| <b>Net pension liability (asset) as a percentage of covered-employee payroll</b>  | <b>17.14%</b>         | <b>11.58%</b>        | <b>2.55%</b>         |

**Notes to Schedule:**

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

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**Required Supplementary Information  
Oklahoma Municipal Retirement Fund**

| Schedule of Employer Contributions                                   | Last Three Fiscal Years |              |              |
|--|-------------------------|--------------|--------------|
|  | 2015                    | 2016         | 2017         |
| Actuarially determined contribution                                  | \$ 1,018,499            | \$ 855,186   | \$ 815,114   |
| Contributions in relation to the actuarially determined contribution | 1,018,499               | 855,186      | 815,114      |
| Contribution deficiency (excess)                                     | <u>\$ -</u>             | <u>\$ -</u>  | <u>\$ -</u>  |
| Covered employee payroll   | \$ 7,986,208            | \$ 8,298,332 | \$ 8,643,783 |
| Contributions as a percentage of covered-employee payroll            | 13%                     | 10%          | 9%           |

**Notes to Schedule:**

1. Only three fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2017
3. Actuarially determined contribution rate is calculated as of July 1, 2014, July 1, 2015, and July 1, 2016
  - FY14-15 contributions were at a rate of 10.2%
  - FY15-16 contributions were at a rate of 9.4%
  - FY16-17 contributions were at a rate of 8.6%
4. Methods and assumptions used to determine contribution rates:
  - Actuarial cost method - Entry age normal
  - Amortization method - Level percent of payroll, closed
  - Remaining amortization period - 28 years
  - Asset valuation method - Actuarial:
    - Smoothing period - 4 years
    - Recognition method - Non-asymptotic
    - Corridor - 70% - 130%
  - Salary increases - 4.00% to 7.42% (varies by attained age)
  - Investment rate of return - 7.75%

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**OTHER SUPPLEMENTARY INFORMATION**



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**Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2017**

|   | <u>General Fund</u> | <u>Emergency<br/>Management<br/>Account</u> | <u>Insurance<br/>Recovery<br/>Account</u> | <u>Drug<br/>Enforcement<br/>Account</u> | <u>City Lakes<br/>Account</u> | <u>OHP Account</u> | <u>Recreation<br/>Account</u> |
|---|---------------------|---|---|---|-------------------------------|--------------------|-------------------------------|
| <b>ASSETS</b>   |                     |   |   |   |                               |                    |                               |
| Cash and cash equivalents                               | \$ 1,635,538        | \$ 1,881                                    | \$ 63,822                                 | \$ 14,671                               | \$ 11,096                     | \$ 40,120          | \$ 28,654                     |
| Investments   | -                   | -   | -   | -                                       | -                             | -                  | -                             |
| Receivable from other governments                       | 1,657,916           | 15,063                                      | -   | -                                       | -                             | -                  | -                             |
| Due from other funds                                    | 4,090               | -   | -   | -                                       | -                             | -                  | -                             |
| Court fines receivable, net                             | 121,429             | -   | -   | -                                       | -                             | -                  | -                             |
| Other receivables                                       | 2,953               | -   | -   | -                                       | -                             | -                  | -                             |
| Total assets  | <u>\$ 3,421,926</u> | <u>\$ 16,944</u>                            | <u>\$ 63,822</u>                          | <u>\$ 14,671</u>                        | <u>\$ 11,096</u>              | <u>\$ 40,120</u>   | <u>\$ 28,654</u>              |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |                     |   |   |   |                               |                    |                               |
| Liabilities:  |                     |   |   |   |                               |                    |                               |
| Accounts payable and accrued liabilities                | \$ 477,623          | \$ 1,876                                    | \$ -                                      | \$ 167                                  | \$ 840                        | \$ 92              | \$ 3,572                      |
| Due to other funds                                      | 490,764             | (824)                                       | -   | -                                       | -                             | -                  | 1,030                         |
| Due to bondholders                                      | 4,971               | -   | -   | -                                       | -                             | -                  | -                             |
| Other payables  | 404,831             | -   | -   | -                                       | -                             | -                  | -                             |
| Total liabilities                                       | <u>1,378,189</u>    | <u>1,052</u>                                | <u>-</u>                                  | <u>167</u>                              | <u>840</u>                    | <u>92</u>          | <u>4,602</u>                  |
| Deferred Inflows of Resources:                          |                     |   |   |   |                               |                    |                               |
| Deferred revenue  | <u>113,483</u>      | <u>15,063</u>                               | <u>-</u>                                  | <u>-</u>                                | <u>-</u>                      | <u>-</u>           | <u>-</u>                      |
| Fund balances:  |                     |   |   |   |                               |                    |                               |
| Assigned  | 1,132,659           | 829   | 63,822                                    | 14,504                                  | 10,256                        | 40,028             | 24,052                        |
| Unassigned  | 797,595             | -   | -   | -                                       | -                             | -                  | -                             |
| Total fund balances                                     | <u>1,930,254</u>    | <u>829</u>                                  | <u>63,822</u>                             | <u>14,504</u>                           | <u>10,256</u>                 | <u>40,028</u>      | <u>24,052</u>                 |
| Total liabilities, deferred inflows, and fund balances  | <u>\$ 3,421,926</u> | <u>\$ 16,944</u>                            | <u>\$ 63,822</u>                          | <u>\$ 14,671</u>                        | <u>\$ 11,096</u>              | <u>\$ 40,120</u>   | <u>\$ 28,654</u>              |

**CITY OF ARDMORE, OKLAHOMA**  
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**Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2017, (Continued)**

|   | <u>Library Cash<br/>Account</u> | <u>Reserve<br/>Management<br/>Account</u> | <u>Emergency<br/>911 Account</u> | <u>Car Seat<br/>Grant<br/>Account</u> | <u>Parks Cash<br/>Account</u> | <u>R.S.P.<br/>Account</u> | <u>Total General<br/>Fund<br/>Accounts</u> |
|---|---------------------------------|---|----------------------------------|---------------------------------------|-------------------------------|---------------------------|--|
| <b>ASSETS</b>   |                                 |   |                                  |                                       |                               |                           |  |
| Cash and cash equivalents                               | \$ 84,981                       | \$ 1,040,801                              | \$ -                             | \$ 2,975                              | \$ 264,473                    | \$ -                      | \$ 3,189,012                               |
| Investments   | -                               | 1,001,644                                 | -                                | -                                     | -                             | -                         | 1,001,644                                  |
| Receivable from other governments                       | -                               | 271,339                                   | -                                | -                                     | -                             | -                         | 1,944,318                                  |
| Due from other funds                                    | -                               | 600,489                                   | -                                | -                                     | 34,235                        | -                         | 638,814                                    |
| Court fines receivable, net                             | -                               | -   | -                                | -                                     | -                             | -                         | 121,429                                    |
| Other receivables                                       | -                               | -   | 21,007                           | -                                     | -                             | -                         | 23,960                                     |
| Total assets  | <u>\$ 84,981</u>                | <u>\$ 2,914,273</u>                       | <u>\$ 21,007</u>                 | <u>\$ 2,975</u>                       | <u>\$ 298,708</u>             | <u>\$ -</u>               | <u>\$ 6,919,177</u>                        |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |                                 |   |                                  |                                       |                               |                           |  |
| Liabilities:  |                                 |   |                                  |                                       |                               |                           |  |
| Accounts payable and accrued liabilities                | \$ -                            | \$ 285,485                                | \$ -                             | \$ -                                  | \$ 1,410                      | \$ -                      | \$ 771,065                                 |
| Due to other funds                                      | 1,459                           | -   | -                                | -                                     | -                             | -                         | 492,429                                    |
| Due to bondholders                                      | -                               | -   | -                                | -                                     | -                             | -                         | 4,971                                      |
| Other payables  | -                               | -   | -                                | -                                     | -                             | -                         | 404,831                                    |
| Total liabilities                                       | <u>1,459</u>                    | <u>285,485</u>                            | <u>-</u>                         | <u>-</u>                              | <u>1,410</u>                  | <u>-</u>                  | <u>1,673,296</u>                           |
| Deferred Inflows of Resources:                          |                                 |   |                                  |                                       |                               |                           |  |
| Deferred revenue  | -                               | -   | -                                | -                                     | -                             | -                         | 128,546                                    |
| Fund balances:  |                                 |   |                                  |                                       |                               |                           |  |
| Assigned  | 83,522                          | 2,628,788                                 | 21,007                           | 2,975                                 | 297,298                       | -                         | 4,319,740                                  |
| Unassigned  | -                               | -   | -                                | -                                     | -                             | -                         | 797,595                                    |
| Total fund balances                                     | <u>83,522</u>                   | <u>2,628,788</u>                          | <u>21,007</u>                    | <u>2,975</u>                          | <u>297,298</u>                | <u>-</u>                  | <u>5,117,335</u>                           |
| Total liabilities, deferred inflows, and fund balances  | <u>\$ 84,981</u>                | <u>\$ 2,914,273</u>                       | <u>\$ 21,007</u>                 | <u>\$ 2,975</u>                       | <u>\$ 298,708</u>             | <u>\$ -</u>               | <u>\$ 6,919,177</u>                        |

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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2017**

|   | <b>General Fund</b> | <b>Emergency Management Account</b> | <b>Insurance Recovery Account</b> | <b>Drug Enforcement Account</b> | <b>City Lakes Account</b> | <b>OHP Account</b> | <b>Recreation Account</b> |
|---|---------------------|-------------------------------------|-----------------------------------|---------------------------------|---------------------------|--------------------|---------------------------|
| <b>REVENUES</b>                                   |                     |                                     |                                   |                                 |                           |                    |                           |
| Taxes   | \$ 12,742,069       | \$ -                                | \$ -                              | \$ -                            | \$ -                      | \$ -               | \$ -                      |
| Intergovernmental                                 | 1,354,602           | 15,063                              | -                                 | -                               | -                         | -                  | -                         |
| Licenses and permits                              | 130,241             | -                                   | -                                 | -                               | 19,008                    | -                  | -                         |
| Charges for services                              | 145,512             | -                                   | -                                 | -                               | -                         | -                  | -                         |
| Fines and forfeitures                             | 302,158             | -                                   | -                                 | 8,549                           | -                         | -                  | -                         |
| Investment earnings                               | 9,501               | 1                                   | 99                                | 15                              | 3                         | 58                 | 6                         |
| Miscellaneous                                     | 277,453             | -                                   | 80,220                            | 9,501                           | 2,850                     | 7,200              | 61,450                    |
| Total revenues                                    | <u>14,961,536</u>   | <u>15,064</u>                       | <u>80,319</u>                     | <u>18,065</u>                   | <u>21,861</u>             | <u>7,258</u>       | <u>61,456</u>             |
| <b>EXPENDITURES</b>                               |                     |                                     |                                   |                                 |                           |                    |                           |
| Current:  |                     |                                     |                                   |                                 |                           |                    |                           |
| General government                                | 4,829,027           | -                                   | 14,500                            | -                               | -                         | -                  | -                         |
| Public Safety                                     | 9,991,963           | 98,857                              | -                                 | 8,528                           | -                         | 3,500              | -                         |
| Street  | 1,335,695           | -                                   | -                                 | -                               | -                         | -                  | -                         |
| Culture and recreation                            | 2,561,383           | -                                   | -                                 | -                               | 41,028                    | -                  | 85,181                    |
| Cemetery  | 289,235             | -                                   | -                                 | -                               | -                         | -                  | -                         |
| Capital Outlay                                    | 80,134              | -                                   | 69,790                            | 1,340                           | 28                        | -                  | 140                       |
| Total Expenditures                                | <u>19,087,437</u>   | <u>98,857</u>                       | <u>84,290</u>                     | <u>9,868</u>                    | <u>41,056</u>             | <u>3,500</u>       | <u>85,321</u>             |
| Excess (deficiency) of revenues over expenditures | <u>(4,125,901)</u>  | <u>(83,793)</u>                     | <u>(3,971)</u>                    | <u>8,197</u>                    | <u>(19,195)</u>           | <u>3,758</u>       | <u>(23,865)</u>           |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                                     |                                   |                                 |                           |                    |                           |
| Interaccount transfer in                          | 1,407,300           | 79,000                              | -                                 | -                               | 28,500                    | -                  | 40,000                    |
| Interaccount transfer out                         | (147,500)           | -                                   | -                                 | -                               | -                         | -                  | -                         |
| Transfers in                                      | 5,675,500           | -                                   | -                                 | -                               | -                         | -                  | 7,000                     |
| Transfers out                                     | (2,910,496)         | -                                   | -                                 | -                               | -                         | -                  | -                         |
| Total other financing sources and uses            | <u>4,024,804</u>    | <u>79,000</u>                       | <u>-</u>                          | <u>-</u>                        | <u>28,500</u>             | <u>-</u>           | <u>47,000</u>             |
| Net change in fund balances                       | (101,097)           | (4,793)                             | (3,971)                           | 8,197                           | 9,305                     | 3,758              | 23,135                    |
| Fund balances - beginning                         | 2,031,351           | 5,622                               | 67,793                            | 6,307                           | 951                       | 36,270             | 917                       |
| Fund balances - ending                            | <u>\$ 1,930,254</u> | <u>\$ 829</u>                       | <u>\$ 63,822</u>                  | <u>\$ 14,504</u>                | <u>\$ 10,256</u>          | <u>\$ 40,028</u>   | <u>\$ 24,052</u>          |

(Continued)

**CITY OF ARDMORE, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2017,**  
**(Continued)**

|   | Library Cash<br>Account | Reserve<br>Management<br>Account | Emergency 911<br>Account | Car Seat Grant<br>Account | Parks Cash<br>Account | R.S.P. Account  | Total General<br>Fund Accounts |
|---|-------------------------|----------------------------------|--------------------------|---------------------------|-----------------------|-----------------|--------------------------------|
| <b>REVENUES</b>                                   |                         |                                  |                          |                           |                       |                 |                                |
| Taxes   | \$ -                    | \$ 2,169,467                     | \$ 210,307               | -                         | \$ -                  | -               | \$ 15,121,843                  |
| Intergovernmental                                 | -                       | -                                | -                        | -                         | -                     | -               | 1,369,665                      |
| Licenses and permits                              | -                       | -                                | -                        | -                         | -                     | -               | 149,249                        |
| Charges for services                              | 11,990                  | -                                | -                        | -                         | -                     | -               | 157,502                        |
| Fines and forfeitures                             | -                       | -                                | -                        | -                         | -                     | -               | 310,707                        |
| Investment earnings                               | -                       | 8,703                            | -                        | -                         | 392                   | -               | 18,778                         |
| Miscellaneous                                     | 9,500                   | 22,050                           | -                        | 4,315                     | 71,932                | -               | 546,471                        |
| Total revenues                                    | <u>21,490</u>           | <u>2,200,220</u>                 | <u>210,307</u>           | <u>4,315</u>              | <u>72,324</u>         | <u>-</u>        | <u>17,674,215</u>              |
| <b>EXPENDITURES</b>                               |                         |                                  |                          |                           |                       |                 |                                |
| Current:  |                         |                                  |                          |                           |                       |                 |                                |
| General government                                | -                       | 240,654                          | -                        | 8,726                     | -                     | -               | 5,092,907                      |
| Public Safety                                     | -                       | -                                | -                        | -                         | -                     | -               | 10,102,848                     |
| Street  | -                       | -                                | -                        | -                         | -                     | 11,231          | 1,346,926                      |
| Culture and recreation                            | 7,282                   | -                                | -                        | -                         | 30,742                | -               | 2,725,616                      |
| Cemetery  | -                       | -                                | -                        | -                         | -                     | -               | 289,235                        |
| Capital Outlay                                    | 476                     | 2,220,941                        | -                        | -                         | 13,695                | -               | 2,386,544                      |
| Total Expenditures                                | <u>7,758</u>            | <u>2,461,595</u>                 | <u>-</u>                 | <u>8,726</u>              | <u>44,437</u>         | <u>11,231</u>   | <u>21,944,076</u>              |
| Excess (deficiency) of revenues over expenditures | <u>13,732</u>           | <u>(261,375)</u>                 | <u>210,307</u>           | <u>(4,411)</u>            | <u>27,887</u>         | <u>(11,231)</u> | <u>(4,269,861)</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                                  |                          |                           |                       |                 |                                |
| Interaccount transfer in                          | -                       | -                                | -                        | -                         | -                     | -               | 1,554,800                      |
| Interaccount transfer out                         | -                       | (1,200,000)                      | (207,300)                | -                         | -                     | -               | (1,554,800)                    |
| Transfers in                                      | -                       | 172,774                          | -                        | -                         | -                     | 11,891          | 5,867,165                      |
| Transfers out                                     | -                       | (58,429)                         | -                        | -                         | -                     | -               | (2,968,925)                    |
| Total other financing sources and uses            | <u>-</u>                | <u>(1,085,655)</u>               | <u>(207,300)</u>         | <u>-</u>                  | <u>-</u>              | <u>11,891</u>   | <u>2,898,240</u>               |
| Net change in fund balances                       | 13,732                  | (1,347,030)                      | 3,007                    | (4,411)                   | 27,887                | 660             | (1,371,621)                    |
| Fund balances - beginning                         | 69,790                  | 3,975,818                        | 18,000                   | 7,386                     | 269,411               | (660)           | 6,488,956                      |
| Fund balances - ending                            | <u>\$ 83,522</u>        | <u>\$ 2,628,788</u>              | <u>\$ 21,007</u>         | <u>\$ 2,975</u>           | <u>\$ 297,298</u>     | <u>\$ -</u>     | <u>\$ 5,117,335</u>            |

**CITY OF ARDMORE, OKLAHOMA**  
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**Combining Schedule of Net Position – APWA Water Enterprise Fund Accounts – June 30, 2017**

|   | <b>Water Enterprise Fund</b> |                              |                                     |                                    | <b>Total</b>        |
|---|------------------------------|------------------------------|-------------------------------------|------------------------------------|---------------------|
|   | <b>Water<br/>Enterprise</b>  | <b>Utilities<br/>Account</b> | <b>Series 2011<br/>Note Account</b> | <b>APWA Water<br/>Loan Account</b> |                     |
| <b>ASSETS</b>                             |                              |                              |                                     |                                    |                     |
| Current assets:                           |                              |                              |                                     |                                    |                     |
| Cash and cash equivalents                 | \$ 2,718,390                 | \$ -                         | \$ -                                | \$ -                               | \$ 2,718,390        |
| Restricted cash and cash equivalents      | -                            | 211,235                      | 13,309,960                          | -                                  | 13,521,195          |
| Investments                               | 1,501,828                    | -                            | -                                   | -                                  | 1,501,828           |
| Accounts receivable, net of allowance     | 711,459                      | -                            | -                                   | -                                  | 711,459             |
| Due from other funds                      | 179,881                      | -                            | -                                   | -                                  | 179,881             |
| Inventories                               | 288,365                      | -                            | -                                   | -                                  | 288,365             |
| Total current assets                      | <u>5,399,923</u>             | <u>211,235</u>               | <u>13,309,960</u>                   | <u>-</u>                           | <u>18,921,118</u>   |
| Non-current assets:                       |                              |                              |                                     |                                    |                     |
| Land and construction in progress         | 85,082                       | -                            | -                                   | -                                  | 85,082              |
| Other capital assets, net of depreciation | 25,482,943                   | -                            | -                                   | -                                  | 25,482,943          |
| Net pension asset                         | -                            | -                            | -                                   | -                                  | -                   |
| Total non-current assets                  | <u>25,568,025</u>            | <u>-</u>                     | <u>-</u>                            | <u>-</u>                           | <u>25,568,025</u>   |
| Total assets                              | <u>30,967,948</u>            | <u>211,235</u>               | <u>13,309,960</u>                   | <u>-</u>                           | <u>44,489,143</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                              |                              |                                     |                                    |                     |
| Deferred amount related to pensions       | 323,326                      | -                            | -                                   | -                                  | 323,326             |
| Deferred amount on refunding              | -                            | -                            | 14,484                              | -                                  | 14,484              |
| Total Deferred Outflows of Resources      | <u>323,326</u>               | <u>-</u>                     | <u>14,484</u>                       | <u>-</u>                           | <u>337,810</u>      |
| <b>LIABILITIES</b>                        |                              |                              |                                     |                                    |                     |
| Current liabilities:                      |                              |                              |                                     |                                    |                     |
| Accounts payable and accrued liabilities  | 386,077                      | -                            | 28,192                              | -                                  | 414,269             |
| Accrued interest payable                  | -                            | -                            | 216,461                             | -                                  | 216,461             |
| Due to other funds                        | 43,733                       | -                            | -                                   | -                                  | 43,733              |
| Other payables                            | 2,882                        | -                            | -                                   | -                                  | 2,882               |
| Current portion of:                       |                              |                              |                                     |                                    |                     |
| Compensated absences                      | 11,787                       | -                            | -                                   | -                                  | 11,787              |
| Deposits subject to refund                | -                            | 42,247                       | -                                   | -                                  | 42,247              |
| Notes payable                             | -                            | -                            | 4,245,556                           | -                                  | 4,245,556           |
| Total current liabilities                 | <u>444,479</u>               | <u>42,247</u>                | <u>4,490,209</u>                    | <u>-</u>                           | <u>4,976,935</u>    |
| Non-current liabilities:                  |                              |                              |                                     |                                    |                     |
| Compensated absences                      | 106,084                      | -                            | -                                   | -                                  | 106,084             |
| Deposits subject to refund                | -                            | 168,988                      | -                                   | -                                  | 168,988             |
| Net OPEB obligation                       | 328,082                      | -                            | -                                   | -                                  | 328,082             |
| Net pension liability                     | 32,697                       | -                            | -                                   | -                                  | 32,697              |
| Notes payable                             | -                            | -                            | 32,338,062                          | -                                  | 32,338,062          |
| Total non-current liabilities             | <u>466,863</u>               | <u>168,988</u>               | <u>32,338,062</u>                   | <u>-</u>                           | <u>32,973,913</u>   |
| Total liabilities                         | <u>911,342</u>               | <u>211,235</u>               | <u>36,828,271</u>                   | <u>-</u>                           | <u>37,950,848</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      |                              |                              |                                     |                                    |                     |
| Deferred amounts related to pensions      | 91,420                       | -                            | -                                   | -                                  | 91,420              |
| <b>NET POSITION</b>                       |                              |                              |                                     |                                    |                     |
| Net investment in capital assets          | 25,568,025                   | -                            | (36,583,618)                        | -                                  | (11,015,593)        |
| Unrestricted                              | 4,720,487                    | -                            | 13,079,791                          | -                                  | 17,800,278          |
| Total net position                        | <u>\$ 30,288,512</u>         | <u>\$ -</u>                  | <u>\$ (23,503,827)</u>              | <u>\$ -</u>                        | <u>\$ 6,784,685</u> |

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**Combining Schedule of Revenues, Expenses, and Changes in Net Position – APWA Water  
Enterprise Fund Accounts – Year Ended June 30, 2017**

|  | Water Enterprise Fund |                   |                             |                            | Total               |
|--|-----------------------|-------------------|-----------------------------|----------------------------|---------------------|
|  | Water<br>Enterprise   | Utilities Account | Series 2011 Note<br>Account | APWA Water<br>Loan Account |                     |
| <b>REVENUES</b>                                  |                       |                   |                             |                            |                     |
| Water  | \$ 6,538,869          | \$ -              | \$ -                        | \$ -                       | \$ 6,538,869        |
| Total operating revenues                         | <u>6,538,869</u>      | <u>-</u>          | <u>-</u>                    | <u>-</u>                   | <u>6,538,869</u>    |
| <b>OPERATING EXPENSES</b>                        |                       |                   |                             |                            |                     |
| Water operations                                 | 3,057,199             | -                 | -                           | -                          | 3,057,199           |
| Administration                                   | -                     | -                 | 10,746                      | -                          | 10,746              |
| Depreciation                                     | 2,019,431             | -                 | -                           | -                          | 2,019,431           |
| Total Operating Expenses                         | <u>5,076,630</u>      | <u>-</u>          | <u>10,746</u>               | <u>-</u>                   | <u>5,087,376</u>    |
| Operating income (loss)                          | <u>1,462,239</u>      | <u>-</u>          | <u>(10,746)</u>             | <u>-</u>                   | <u>1,451,493</u>    |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>         |                       |                   |                             |                            |                     |
| Interest and investment revenue                  | 13,086                | -                 | 14,554                      | -                          | 27,640              |
| Miscellaneous revenue                            | 9,225                 | -                 | -                           | -                          | 9,225               |
| Gain on sale of capital assets                   | 560                   | -                 | -                           | -                          | 560                 |
| Interest expense                                 | -                     | -                 | (825,803)                   | -                          | (825,803)           |
| Total non-operating revenue (expenses)           | <u>22,871</u>         | <u>-</u>          | <u>(811,249)</u>            | <u>-</u>                   | <u>(788,378)</u>    |
| Income (loss) before contributions and transfers | 1,485,110             | -                 | (821,995)                   | -                          | 663,115             |
| Capital contributions                            | 563,614               | -                 | -                           | -                          | 563,614             |
| Interaccount transfer in                         | -                     | -                 | 1,835,923                   | -                          | 1,835,923           |
| Interaccount transfer out                        | (1,835,923)           | -                 | -                           | -                          | (1,835,923)         |
| Transfers in                                     | 1,419,248             | -                 | 3,035,196                   | -                          | 4,454,444           |
| Transfers out                                    | (1,100,000)           | -                 | (35,692)                    | -                          | (1,135,692)         |
| Change in net position                           | <u>532,049</u>        | <u>-</u>          | <u>4,013,432</u>            | <u>-</u>                   | <u>4,545,481</u>    |
| Total net position - beginning                   | 29,756,463            | -                 | (27,517,259)                | -                          | 2,239,204           |
| Total net position - ending                      | <u>\$ 30,288,512</u>  | <u>\$ -</u>       | <u>\$ (23,503,827)</u>      | <u>\$ -</u>                | <u>\$ 6,784,685</u> |

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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2017**

|   | Special Revenue Funds  |                     |                        |                     |                       |                            |                    |                   |
|---|------------------------|---------------------|------------------------|---------------------|-----------------------|----------------------------|--------------------|-------------------|
|   | Other Police<br>Grants | Street and<br>Alley | Library State<br>Grant | Historical<br>Grant | Mayor's Anti<br>Crime | Homeland<br>Security Grant | JAG LLEBG<br>Grant | ADA Industrial    |
| <b>ASSETS</b>   |                        |                     |                        |                     |                       |                            |                    |                   |
| Cash and cash equivalents                               | \$ 10,714              | \$ 1,797            | \$ 28,360              | \$ 2,225            | \$ 134,216            | \$ 975                     | \$ -               | \$ -              |
| Receivable from other governments                       | -                      | 21,753              | -                      | 5,397               | -                     | -                          | 20,633             | 179,881           |
| Due from other funds                                    | -                      | -                   | -                      | -                   | 6,662                 | -                          | -                  | -                 |
| Other taxes receivable, net                             | -                      | -                   | -                      | -                   | -                     | -                          | -                  | -                 |
| Total assets  | <u>\$ 10,714</u>       | <u>\$ 23,550</u>    | <u>\$ 28,360</u>       | <u>\$ 7,622</u>     | <u>\$ 140,878</u>     | <u>\$ 975</u>              | <u>\$ 20,633</u>   | <u>\$ 179,881</u> |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |                        |                     |                        |                     |                       |                            |                    |                   |
| Liabilities:  |                        |                     |                        |                     |                       |                            |                    |                   |
| Accounts payable and accrued liabilities                | \$ -                   | \$ 40,973           | \$ 770                 | \$ 520              | \$ -                  | \$ -                       | \$ 17,897          | \$ 119,245        |
| Due to other funds                                      | 6,392                  | -                   | 180                    | -                   | -                     | -                          | 3,006              | -                 |
| Due to component unit                                   | -                      | -                   | -                      | -                   | -                     | -                          | -                  | 179,881           |
| Total liabilities                                       | <u>6,392</u>           | <u>40,973</u>       | <u>950</u>             | <u>520</u>          | <u>-</u>              | <u>-</u>                   | <u>20,903</u>      | <u>299,126</u>    |
| Deferred Inflows of Resources:                          |                        |                     |                        |                     |                       |                            |                    |                   |
| Deferred revenue  | -                      | -                   | -                      | -                   | -                     | -                          | -                  | -                 |
| Fund balances:  |                        |                     |                        |                     |                       |                            |                    |                   |
| Restricted  | 4,322                  | -                   | 24,552                 | 6,216               | 139,264               | -                          | -                  | -                 |
| Assigned  | -                      | -                   | 2,858                  | 886                 | 1,614                 | 975                        | -                  | -                 |
| Unassigned (deficit)                                    | -                      | (17,423)            | -                      | -                   | -                     | -                          | (270)              | (119,245)         |
| Total fund balances                                     | <u>4,322</u>           | <u>(17,423)</u>     | <u>27,410</u>          | <u>7,102</u>        | <u>140,878</u>        | <u>975</u>                 | <u>(270)</u>       | <u>(119,245)</u>  |
| Total liabilities, deferred inflows, and fund balances  | <u>\$ 10,714</u>       | <u>\$ 23,550</u>    | <u>\$ 28,360</u>       | <u>\$ 7,622</u>     | <u>\$ 140,878</u>     | <u>\$ 975</u>              | <u>\$ 20,633</u>   | <u>\$ 179,881</u> |

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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2017, (Continued)**

|   | Capital Project Funds |                  |                  |                      |                  |                                  |                        |                   |
|---|-----------------------|------------------|------------------|----------------------|------------------|----------------------------------|------------------------|-------------------|
|   | Convention<br>Tourism | Literacy Grant   | FEMA DR<br>4222  | Hazard<br>Mitigation | Fire<br>Capital  | Downtown<br>Executive<br>Airport | Capital<br>Improvement | Cemetery<br>Care  |
| <b>ASSETS</b>   |                       |                  |                  |                      |                  |                                  |                        |                   |
| Cash and cash equivalents                               | \$ -                  | \$ 59,057        | \$ 38,611        | \$ 40,961            | \$ 37,315        | \$ 134,179                       | \$ 474,446             | \$ 137,956        |
| Receivable from other governments                       | -                     | -                | 6,436            | 17,832               | -                | -                                | -                      | -                 |
| Due from other funds                                    | -                     | 1,459            | -                | 25,105               | -                | -                                | -                      | -                 |
| Other taxes receivable, net                             | 103,292               | -                | -                | -                    | -                | -                                | -                      | -                 |
| Total assets  | <u>\$ 103,292</u>     | <u>\$ 60,516</u> | <u>\$ 45,047</u> | <u>\$ 83,898</u>     | <u>\$ 37,315</u> | <u>\$ 134,179</u>                | <u>\$ 474,446</u>      | <u>\$ 137,956</u> |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |                       |                  |                  |                      |                  |                                  |                        |                   |
| Liabilities:  |                       |                  |                  |                      |                  |                                  |                        |                   |
| Accounts payable and accrued liabilities                | \$ -                  | \$ 1,017         | \$ -             | \$ -                 | \$ 860           | \$ 24,888                        | \$ -                   | \$ -              |
| Due to other funds                                      | -                     | -                | -                | -                    | -                | -                                | -                      | -                 |
| Due to component unit                                   | 103,292               | -                | -                | -                    | -                | -                                | -                      | -                 |
| Total liabilities                                       | <u>103,292</u>        | <u>1,017</u>     | <u>-</u>         | <u>-</u>             | <u>860</u>       | <u>24,888</u>                    | <u>-</u>               | <u>-</u>          |
| Deferred Inflows of Resources:                          |                       |                  |                  |                      |                  |                                  |                        |                   |
| Deferred revenue  | -                     | -                | 6,436            | 6,957                | -                | -                                | -                      | -                 |
| Fund balances:  |                       |                  |                  |                      |                  |                                  |                        |                   |
| Restricted  | -                     | 59,499           | 38,611           | 76,941               | -                | 56,313                           | -                      | 137,956           |
| Assigned  | -                     | -                | -                | -                    | 36,455           | 52,978                           | 474,446                | -                 |
| Unassigned (deficit)                                    | -                     | -                | -                | -                    | -                | -                                | -                      | -                 |
| Total fund balances                                     | <u>-</u>              | <u>59,499</u>    | <u>38,611</u>    | <u>76,941</u>        | <u>36,455</u>    | <u>109,291</u>                   | <u>474,446</u>         | <u>137,956</u>    |
| Total liabilities, deferred inflows, and fund balances  | <u>\$ 103,292</u>     | <u>\$ 60,516</u> | <u>\$ 45,047</u> | <u>\$ 83,898</u>     | <u>\$ 37,315</u> | <u>\$ 134,179</u>                | <u>\$ 474,446</u>      | <u>\$ 137,956</u> |

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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2017, (Continued)**

|   | <u>Capital Project Funds</u>           |                            |   | <u>Debt Service Fund</u>     | <u>Total Other<br/>Governmental<br/>Funds</u> |
|---|--|----------------------------|---|------------------------------|---|
|   | <u>Library Capital<br/>Improvement</u> | <u>SW Park<br/>Project</u> | <u>Valley Ranch<br/>Road<br/>Assessment</u> | <u>Debt Service<br/>Fund</u> |   |
| <b>ASSETS</b>   |  |                            |   |                              |   |
| Cash and cash equivalents                               | \$ 151,730                             | \$ 29,673                  | \$ 46,736                                   | \$ 15,690                    | \$ 1,344,641                                  |
| Receivable from other governments                       | -                                      | -                          | -   | 263                          | 252,195                                       |
| Due from other funds                                    | -                                      | -                          | -   | -                            | 33,226  |
| Other taxes receivable, net                             | -                                      | -                          | -   | -                            | 103,292                                       |
| Total assets  | <u>\$ 151,730</u>                      | <u>\$ 29,673</u>           | <u>\$ 46,736</u>                            | <u>\$ 15,953</u>             | <u>\$ 1,733,354</u>                           |
| <br>  |  |                            |   |                              |   |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |  |                            |   |                              |   |
| Liabilities:  |  |                            |   |                              |   |
| Accounts payable and accrued liabilities                | \$ 20,601                              | \$ -                       | \$ -  | \$ -                         | \$ 226,771                                    |
| Due to other funds                                      | 311                                    | -                          | -   | -                            | 9,889   |
| Due to component unit                                   | -                                      | -                          | -   | -                            | 283,173                                       |
| Total liabilities                                       | <u>20,912</u>                          | <u>-</u>                   | <u>-</u>                                    | <u>-</u>                     | <u>519,833</u>                                |
| <br>  |  |                            |   |                              |   |
| Deferred Inflows of Resources:                          |  |                            |   |                              |   |
| Deferred revenue  | -                                      | -                          | -   | -                            | 13,393  |
| <br>  |  |                            |   |                              |   |
| Fund balances:  |  |                            |   |                              |   |
| Restricted  | 121,908                                | 29,654                     | -   | 15,953                       | 711,189                                       |
| Assigned  | 8,910                                  | 19                         | 46,736                                      | -                            | 625,877                                       |
| Unassigned (deficit)                                    | -                                      | -                          | -   | -                            | (136,938)                                     |
| Total fund balances                                     | <u>130,818</u>                         | <u>29,673</u>              | <u>46,736</u>                               | <u>15,953</u>                | <u>1,200,128</u>                              |
| Total liabilities, deferred inflows, and fund balances  | <u>\$ 151,730</u>                      | <u>\$ 29,673</u>           | <u>\$ 46,736</u>                            | <u>\$ 15,953</u>             | <u>\$ 1,733,354</u>                           |

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2017**

|   | Special Revenue Funds |                    |                     |                  |                    |                         |                 |                     |
|---|-----------------------|--------------------|---------------------|------------------|--------------------|-------------------------|-----------------|---------------------|
|   | Other Police Grants   | Street and Alley   | Library State Grant | Historical Grant | Mayor's Anti Crime | Homeland Security Grant | JAG LLEBG Grant | ADA Industrial      |
| <b>REVENUES</b>                                   |                       |                    |                     |                  |                    |                         |                 |                     |
| Taxes   | \$ -                  | \$ -               | \$ -                | \$ -             | \$ -               | \$ -                    | \$ -            | \$ 1,394,248        |
| Intergovernmental                                 | 7,321                 | 217,925            | 20,492              | 19,250           | -                  | -                       | 36,036          | -                   |
| Charges for services                              | -                     | -                  | -                   | -                | -                  | -                       | -               | -                   |
| Investment earnings                               | -                     | 8                  | 52                  | -                | 162                | -                       | -               | -                   |
| Miscellaneous                                     | -                     | -                  | 1,505               | -                | 210,243            | -                       | -               | -                   |
| Total revenues                                    | <u>7,321</u>          | <u>217,933</u>     | <u>22,049</u>       | <u>19,250</u>    | <u>210,405</u>     | <u>-</u>                | <u>36,036</u>   | <u>1,394,248</u>    |
| <b>EXPENDITURES</b>                               |                       |                    |                     |                  |                    |                         |                 |                     |
| Current:  |                       |                    |                     |                  |                    |                         |                 |                     |
| General government                                | -                     | -                  | -                   | -                | -                  | -                       | -               | 1,513,493           |
| Public Safety                                     | 3,000                 | -                  | -                   | -                | 15,000             | -                       | 18,768          | -                   |
| Street  | -                     | 485,283            | -                   | -                | -                  | -                       | -               | -                   |
| Culture and recreation                            | -                     | -                  | 13,108              | 13,267           | -                  | -                       | -               | -                   |
| Airport   | -                     | -                  | -                   | -                | -                  | -                       | -               | -                   |
| Economic development                              | -                     | -                  | -                   | -                | -                  | -                       | -               | -                   |
| Capital Outlay                                    | -                     | -                  | 12,283              | -                | -                  | -                       | 17,177          | -                   |
| Debt Service:                                     |                       |                    |                     |                  |                    |                         |                 |                     |
| Principal   | -                     | -                  | -                   | -                | -                  | -                       | -               | -                   |
| Interest and other charges                        | -                     | -                  | -                   | -                | -                  | -                       | -               | -                   |
| Total Expenditures                                | <u>3,000</u>          | <u>485,283</u>     | <u>25,391</u>       | <u>13,267</u>    | <u>15,000</u>      | <u>-</u>                | <u>35,945</u>   | <u>1,513,493</u>    |
| Excess (deficiency) of revenues over expenditures | <u>4,321</u>          | <u>(267,350)</u>   | <u>(3,342)</u>      | <u>5,983</u>     | <u>195,405</u>     | <u>-</u>                | <u>91</u>       | <u>(119,245)</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                       |                    |                     |                  |                    |                         |                 |                     |
| Transfers in                                      | 6,393                 | 276,000            | -                   | -                | 270                | -                       | 179             | -                   |
| Transfers out                                     | -                     | (11,891)           | -                   | -                | (141,572)          | -                       | (270)           | -                   |
| Total other financing sources and uses            | <u>6,393</u>          | <u>264,109</u>     | <u>-</u>            | <u>-</u>         | <u>(141,302)</u>   | <u>-</u>                | <u>(91)</u>     | <u>-</u>            |
| Net change in fund balances                       | 10,714                | (3,241)            | (3,342)             | 5,983            | 54,103             | -                       | -               | (119,245)           |
| Fund balances - beginning                         | (6,392)               | (14,182)           | 30,752              | 1,119            | 86,775             | 975                     | (270)           | -                   |
| Fund balances - ending                            | <u>\$ 4,322</u>       | <u>\$ (17,423)</u> | <u>\$ 27,410</u>    | <u>\$ 7,102</u>  | <u>\$ 140,878</u>  | <u>\$ 975</u>           | <u>\$ (270)</u> | <u>\$ (119,245)</u> |

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2017, (Continued)**

|   | Capital Project Funds |                  |                  |                      |                  |                                  |                        |                   |
|---|-----------------------|------------------|------------------|----------------------|------------------|----------------------------------|------------------------|-------------------|
|   | Convention<br>Tourism | Literacy Grant   | FEMA DR<br>4222  | Hazard<br>Mitigation | Fire Capital     | Downtown<br>Executive<br>Airport | Capital<br>Improvement | Cemetery<br>Care  |
| <b>REVENUES</b>                                   |                       |                  |                  |                      |                  |                                  |                        |                   |
| Taxes   | \$ 1,172,358          | \$ -             | \$ -             | \$ -                 | \$ -             | \$ -                             | \$ -                   | \$ -              |
| Intergovernmental                                 | -                     | -                | -                | 10,875               | -                | 175,594                          | -                      | -                 |
| Charges for services                              | -                     | -                | -                | -                    | 14,463           | 73,170                           | -                      | 15,473            |
| Investment earnings                               | -                     | -                | -                | -                    | 57               | 292                              | 818                    | 229               |
| Miscellaneous                                     | -                     | 72,551           | -                | -                    | 1,440            | -                                | 131,126                | -                 |
| Total revenues                                    | <u>1,172,358</u>      | <u>72,551</u>    | <u>-</u>         | <u>10,875</u>        | <u>15,960</u>    | <u>249,056</u>                   | <u>131,944</u>         | <u>15,702</u>     |
| <b>EXPENDITURES</b>                               |                       |                  |                  |                      |                  |                                  |                        |                   |
| Current:  |                       |                  |                  |                      |                  |                                  |                        |                   |
| General government                                | -                     | -                | -                | 10,875               | -                | -                                | -                      | -                 |
| Public Safety                                     | -                     | -                | -                | -                    | 8,849            | -                                | -                      | -                 |
| Highways and roads                                | -                     | -                | -                | -                    | -                | -                                | -                      | -                 |
| Culture and recreation                            | -                     | 28,963           | -                | -                    | -                | -                                | -                      | -                 |
| Airport   | -                     | -                | -                | -                    | -                | 85,135                           | -                      | -                 |
| Economic development                              | 1,172,358             | -                | -                | -                    | -                | -                                | -                      | -                 |
| Capital Outlay                                    | -                     | 26,326           | -                | -                    | 5,023            | 34,146                           | -                      | 22,432            |
| Debt Service:                                     |                       |                  |                  |                      |                  |                                  |                        |                   |
| Principal   | -                     | -                | -                | -                    | -                | -                                | -                      | -                 |
| Interest and other charges                        | -                     | -                | -                | -                    | -                | -                                | -                      | -                 |
| Total Expenditures                                | <u>1,172,358</u>      | <u>55,289</u>    | <u>-</u>         | <u>10,875</u>        | <u>13,872</u>    | <u>119,281</u>                   | <u>-</u>               | <u>22,432</u>     |
| Excess (deficiency) of revenues over expenditures | <u>-</u>              | <u>17,262</u>    | <u>-</u>         | <u>-</u>             | <u>2,088</u>     | <u>129,775</u>                   | <u>131,944</u>         | <u>(6,730)</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                       |                  |                  |                      |                  |                                  |                        |                   |
| Transfers in                                      | -                     | 7                | -                | -                    | -                | 58,429                           | -                      | -                 |
| Transfers out                                     | -                     | -                | -                | -                    | -                | (200,975)                        | (257,000)              | -                 |
| Total other financing sources and uses            | <u>-</u>              | <u>7</u>         | <u>-</u>         | <u>-</u>             | <u>-</u>         | <u>(142,546)</u>                 | <u>(257,000)</u>       | <u>-</u>          |
| Net change in fund balances                       | -                     | 17,269           | -                | -                    | 2,088            | (12,771)                         | (125,056)              | (6,730)           |
| Fund balances - beginning                         | -                     | 42,230           | 38,611           | 76,941               | 34,367           | 122,062                          | 599,502                | 144,686           |
| Fund balances - ending                            | <u>\$ -</u>           | <u>\$ 59,499</u> | <u>\$ 38,611</u> | <u>\$ 76,941</u>     | <u>\$ 36,455</u> | <u>\$ 109,291</u>                | <u>\$ 474,446</u>      | <u>\$ 137,956</u> |

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2017, (Continued)**

|   | Capital Project Funds          |                    |                                    | Debt Service Fund | Total Other<br>Governmental<br>Funds |
|---|--------------------------------|--------------------|------------------------------------|-------------------|--------------------------------------|
|   | Library Capital<br>Improvement | SW Park<br>Project | Valley Ranch<br>Road<br>Assessment | Debt Service Fund |                                      |
| <b>REVENUES</b>                                   |                                |                    |                                    |                   |                                      |
| Taxes   | \$ -                           | \$ -               | \$ -                               | 109,346           | \$ 2,675,952                         |
| Intergovernmental                                 | -                              | -                  | -                                  | -                 | 487,493                              |
| Charges for services                              | -                              | -                  | -                                  | -                 | 103,106                              |
| Investment earnings                               | 184                            | 19                 | 109                                | -                 | 1,930                                |
| Miscellaneous                                     | -                              | 29,654             | -                                  | -                 | 446,519                              |
| Total revenues                                    | <u>184</u>                     | <u>29,673</u>      | <u>109</u>                         | <u>109,346</u>    | <u>3,715,000</u>                     |
| <b>EXPENDITURES</b>                               |                                |                    |                                    |                   |                                      |
| Current:  |                                |                    |                                    |                   |                                      |
| General government                                | -                              | -                  | -                                  | -                 | 1,524,368                            |
| Public Safety                                     | -                              | -                  | -                                  | -                 | 45,617                               |
| Highways and roads                                | -                              | -                  | -                                  | -                 | 485,283                              |
| Culture and recreation                            | 127,112                        | -                  | -                                  | -                 | 182,450                              |
| Airport   | -                              | -                  | -                                  | -                 | 85,135                               |
| Economic development                              | -                              | -                  | -                                  | -                 | 1,172,358                            |
| Capital Outlay                                    | 93,441                         | -                  | -                                  | -                 | 210,828                              |
| Debt Service:                                     |                                |                    |                                    |                   |                                      |
| Principal   | -                              | -                  | -                                  | 113,633           | 113,633                              |
| Interest and other charges                        | -                              | -                  | -                                  | 5,964             | 5,964                                |
| Total Expenditures                                | <u>220,553</u>                 | <u>-</u>           | <u>-</u>                           | <u>119,597</u>    | <u>3,825,636</u>                     |
| Excess (deficiency) of revenues over expenditures | <u>(220,369)</u>               | <u>29,673</u>      | <u>109</u>                         | <u>(10,251)</u>   | <u>(110,636)</u>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                                |                    |                                    |                   |                                      |
| Transfers in                                      | 200,000                        | -                  | -                                  | -                 | 541,278                              |
| Transfers out                                     | (7)                            | -                  | (25,000)                           | -                 | (636,715)                            |
| Total other financing sources and uses            | <u>199,993</u>                 | <u>-</u>           | <u>(25,000)</u>                    | <u>-</u>          | <u>(95,437)</u>                      |
| Net change in fund balances                       | (20,376)                       | 29,673             | (24,891)                           | (10,251)          | (206,073)                            |
| Fund balances - beginning                         | 151,194                        | -                  | 71,627                             | 26,204            | 1,406,201                            |
| Fund balances - ending                            | <u>\$ 130,818</u>              | <u>\$ 29,673</u>   | <u>\$ 46,736</u>                   | <u>\$ 15,953</u>  | <u>\$ 1,200,128</u>                  |

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As of and for the Year Ended June 30, 2017

**Combining Statement of Net Position – Nonmajor Enterprise Funds – June 30, 2017**

|   | <b>Lakeview Golf<br/>Course</b> | <b>Golf Course<br/>Building</b> | <b>Total</b> |
|---|---------------------------------|---------------------------------|--------------|
| <b>ASSETS</b>   |                                 |                                 |              |
| Current assets:                                       |                                 |                                 |              |
| Cash and cash equivalents                             | \$ 4,578                        | \$ 32,784                       | \$ 37,362    |
| Total current assets                                  | 4,578                           | 32,784                          | 37,362       |
| Non-current assets:                                   |                                 |                                 |              |
| Capital assets:                                       |                                 |                                 |              |
| Other capital assets, net of accumulated depreciation | 695,982                         | -                               | 695,982      |
| Total non-current assets                              | 695,982                         | -                               | 695,982      |
| Total assets  | 700,560                         | 32,784                          | 733,344      |
| <b>LIABILITIES</b>                                    |                                 |                                 |              |
| Current liabilities:                                  |                                 |                                 |              |
| Accounts payable and accrued liabilities              | -                               | -                               | -            |
| Total liabilities                                     | -                               | -                               | -            |
| <b>NET POSITION</b>                                   |                                 |                                 |              |
| Net investment in capital assets                      | 695,982                         | -                               | 695,982      |
| Unrestricted  | 4,578                           | 32,784                          | 37,362       |
| Total net position                                    | \$ 700,560                      | \$ 32,784                       | \$ 733,344   |

**CITY OF ARDMORE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2017

**Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds – Year Ended June 30, 2017**

|  | <u>Lakeview Golf<br/>Course</u> | <u>Golf Course<br/>Building</u> | <u>Total</u>      |
|--|---------------------------------|---------------------------------|-------------------|
| <b>REVENUES</b>                                  |                                 |                                 |                   |
| Charges for services - Golf                      | \$ 427,404                      | \$ 10,245                       | \$ 437,649        |
| Miscellaneous                                    | 9,338                           | -                               | 9,338             |
| Total operating revenues                         | <u>436,742</u>                  | <u>10,245</u>                   | <u>446,987</u>    |
| <b>OPERATING EXPENSES</b>                        |                                 |                                 |                   |
| Golf operations                                  | 556,887                         | 2,258                           | 559,145           |
| Depreciation                                     | 59,631                          | -                               | 59,631            |
| Total operating expenses                         | <u>616,518</u>                  | <u>2,258</u>                    | <u>618,776</u>    |
| Operating income (loss)                          | <u>(179,776)</u>                | <u>7,987</u>                    | <u>(171,789)</u>  |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>         |                                 |                                 |                   |
| Interest and investment revenue                  | 6                               | 45                              | 51                |
| Total non-operating revenue (expenses)           | <u>6</u>                        | <u>45</u>                       | <u>51</u>         |
| Income (loss) before contributions and transfers | <u>(179,770)</u>                | <u>8,032</u>                    | <u>(171,738)</u>  |
| Transfers in                                     | 122,000                         | -                               | 122,000           |
| Transfers out                                    | -                               | -                               | -                 |
| Change in net position                           | <u>(57,770)</u>                 | <u>8,032</u>                    | <u>(49,738)</u>   |
| Total net position - beginning                   | 758,330                         | 24,752                          | 783,082           |
| Total net position - ending                      | <u>\$ 700,560</u>               | <u>\$ 32,784</u>                | <u>\$ 733,344</u> |

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

**Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Year Ended June 30, 2017**

|  | <u>Lakeview Golf<br/>Course</u> | <u>Golf Course<br/>Building</u> | <u>Total</u>        |
|--|---------------------------------|---------------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                 |                                 |                     |
| Receipts from customers  | \$ 436,742                      | \$ 10,245                       | \$ 446,987          |
| Payments to suppliers and employees  | (557,354)                       | (2,401)                         | (559,755)           |
| <b>Net cash provided by (used in) operating activities</b>   | <u>(120,612)</u>                | <u>7,844</u>                    | <u>(112,768)</u>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                                 |                                 |                     |
| Transfers from other funds   | 122,000                         | -                               | 122,000             |
| <b>Net cash provided by noncapital financing activities</b>  | <u>122,000</u>                  | <u>-</u>                        | <u>122,000</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                 |                                 |                     |
| Interest and dividends   | 6                               | 45                              | 51                  |
| <b>Net cash provided by investing activities</b>   | <u>6</u>                        | <u>45</u>                       | <u>51</u>           |
| <b>Net increase in cash and cash equivalents</b>   | 1,394                           | 7,889                           | 9,283               |
| <b>Balances - beginning of year</b>  | <u>3,184</u>                    | <u>24,895</u>                   | <u>28,079</u>       |
| <b>Balances - end of year</b>  | <u>\$ 4,578</u>                 | <u>\$ 32,784</u>                | <u>\$ 37,362</u>    |
| <b>Reconciliation to Statement of Net Position:</b>  |                                 |                                 |                     |
| Cash and cash equivalents  | \$ 4,578                        | \$ 32,784                       | \$ 37,362           |
| Total cash and cash equivalents, end of year   | <u>\$ 4,578</u>                 | <u>\$ 32,784</u>                | <u>\$ 37,362</u>    |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in)</b>                       |                                 |                                 |                     |
| <b>Operating Activities:</b>   |                                 |                                 |                     |
| Operating income (loss)  | \$ (179,776)                    | \$ 7,987                        | \$ (171,789)        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                                 |                                 |                     |
| Depreciation expense   | 59,631                          | -                               | 59,631              |
| Change in assets and liabilities:  |                                 |                                 |                     |
| Accounts payable   | (467)                           | (143)                           | (610)               |
| <b>Net cash provided by (used in) operating activities</b>   | <u>\$ (120,612)</u>             | <u>\$ 7,844</u>                 | <u>\$ (112,768)</u> |

**CITY OF ARDMORE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2017

**Combining Statement of Net Position – Internal Service Funds – June 30, 2017**

|  | <u>Garage Fund</u> | <u>Employee Benefit</u> | <u>Total</u>      |
|--|--------------------|-------------------------|-------------------|
| <b>ASSETS</b>                            |                    |                         |                   |
| Current assets:                          |                    |                         |                   |
| Cash and cash equivalents                | \$ 21,220          | \$ 534,501              | \$ 555,721        |
| Due from other funds                     | 19,060             | 143,076                 | 162,136           |
| Other receivables                        | -                  | 60,598                  | 60,598            |
| Inventories                              | 22,406             | -                       | 22,406            |
| Total assets                             | <u>62,686</u>      | <u>738,175</u>          | <u>800,861</u>    |
| <b>LIABILITIES</b>                       |                    |                         |                   |
| Current liabilities:                     |                    |                         |                   |
| Accounts payable and accrued liabilities | 21,748             | -                       | 21,748            |
| Due to other funds                       | 5,842              | -                       | 5,842             |
| Due to employees                         | -                  | 16,566                  | 16,566            |
| Compensated absences                     | 2,693              | -                       | 2,693             |
| Total current liabilities                | <u>30,283</u>      | <u>16,566</u>           | <u>46,849</u>     |
| Non-current liabilities:                 |                    |                         |                   |
| Compensated absences                     | 24,241             | -                       | 24,241            |
| Net OPEB obligation                      | 45,379             | -                       | 45,379            |
| Claims payable                           | -                  | 304,100                 | 304,100           |
| Total non-current liabilities            | <u>69,620</u>      | <u>304,100</u>          | <u>373,720</u>    |
| Total liabilities                        | <u>99,903</u>      | <u>320,666</u>          | <u>420,569</u>    |
| <b>NET POSITION</b>                      |                    |                         |                   |
| Unrestricted (deficit)                   | (37,217)           | 417,509                 | 380,292           |
| Total net position                       | <u>\$ (37,217)</u> | <u>\$ 417,509</u>       | <u>\$ 380,292</u> |

**Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2017**

|  | <u>Garage Fund</u> | <u>Employee Benefit</u> | <u>Total</u>      |
|--|--------------------|-------------------------|-------------------|
| <b>REVENUES</b>                          |                    |                         |                   |
| Charges for services                     | \$ 796,729         | \$ 4,017,448            | \$ 4,814,177      |
| Miscellaneous                            | -                  | 21,840                  | 21,840            |
| Total operating revenues                 | <u>796,729</u>     | <u>4,039,288</u>        | <u>4,836,017</u>  |
| <b>OPERATING EXPENSES</b>                |                    |                         |                   |
| General government                       | 779,167            | 4,050,204               | 4,829,371         |
| Total operating expenses                 | <u>779,167</u>     | <u>4,050,204</u>        | <u>4,829,371</u>  |
| Operating income (loss)                  | <u>17,562</u>      | <u>(10,916)</u>         | <u>6,646</u>      |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |                    |                         |                   |
| Interest and investment revenue          | -                  | 1,444                   | 1,444             |
| Total non-operating revenue (expenses)   | <u>-</u>           | <u>1,444</u>            | <u>1,444</u>      |
| Change in net position                   | 17,562             | (9,472)                 | 8,090             |
| Total net position - beginning           | (54,779)           | 426,981                 | 372,202           |
| Total net position - ending              | <u>\$ (37,217)</u> | <u>\$ 417,509</u>       | <u>\$ 380,292</u> |



**CITY OF ARDMORE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2017**

|  | <u>Garage Fund</u> | <u>Employee<br/>Benefit</u> | <u>Total</u>       |
|--|--------------------|-----------------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                    |                             |                    |
| Receipts from customers  | \$ 796,729         | \$ 3,978,690                | \$ 4,775,419       |
| Receipts (payments) from (to) other funds  | (3,034)            | 167,525                     | 164,491            |
| Payments to suppliers  | (438,115)          | -                           | (438,115)          |
| Payments to employees  | (341,905)          | -                           | (341,905)          |
| Claims and judgements paid   | -                  | (4,213,260)                 | (4,213,260)        |
| <b>Net cash provided by (used in) operating activities</b>                         | <u>13,675</u>      | <u>(67,045)</u>             | <u>(53,370)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                    |                             |                    |
| Sale of investments  | -                  | 300,000                     | 300,000            |
| Interest and dividends   | -                  | 1,444                       | 1,444              |
| <b>Net cash provided by investing activities</b>                                   | <u>-</u>           | <u>301,444</u>              | <u>301,444</u>     |
| <b>Net increase in cash and cash equivalents</b>                                   | 13,675             | 234,399                     | 248,074            |
| <b>Balances - beginning of year</b>  | <u>7,545</u>       | <u>300,102</u>              | <u>307,647</u>     |
| <b>Balances - end of year</b>  | <u>\$ 21,220</u>   | <u>\$ 534,501</u>           | <u>\$ 555,721</u>  |
| <b>Reconciliation to Statement of Net Position:</b>                                |                    |                             |                    |
| Cash and cash equivalents  | \$ 21,220          | \$ 534,501                  | \$ 555,721         |
| Total cash and cash equivalents, end of year                                       | <u>\$ 21,220</u>   | <u>\$ 534,501</u>           | <u>\$ 555,721</u>  |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in)</b> |                    |                             |                    |
| <b>Operating Activities:</b>   |                    |                             |                    |
| Operating income (loss)  | \$ 17,562          | \$ (10,916)                 | \$ 6,646           |
| Change in assets and liabilities:  |                    |                             |                    |
| Other receivable   | -                  | (60,598)                    | (60,598)           |
| Due from other funds   | -                  | 167,525                     | 167,525            |
| Inventory  | (580)              | -                           | (580)              |
| Accounts payable   | (10,957)           | -                           | (10,957)           |
| Due to other funds   | (3,034)            | -                           | (3,034)            |
| Claims payable   | -                  | (167,525)                   | (167,525)          |
| Other post-employment benefit obligation   | 2,937              | -                           | 2,937              |
| Accrued compensated absences   | 7,747              | 4,469                       | 12,216             |
| <b>Net cash provided by (used in) operating activities</b>                         | <u>\$ 13,675</u>   | <u>\$ (67,045)</u>          | <u>\$ (53,370)</u> |

**CITY OF ARDMORE, OKLAHOMA  
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As of and for the Year Ended June 30, 2017**

**Schedule of Expenditures of Federal Awards**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| Federal/State Grantor/Pass through agency<br>Grantor/Program Title | Federal<br>CFDA<br>Number | Agency or<br>Pass Thru<br>Number | Program or<br>Award<br>Amount | Federal<br>Expenditures |
|--|---------------------------|----------------------------------|-------------------------------|-------------------------|
| <b>FEDERAL ASSISTANCE:</b>   |                           |                                  |                               |                         |
| <u>U.S. DEPARTMENT OF INTERIOR:</u>                                |                           |                                  |                               |                         |
| Passed through Oklahoma Historical Society:                        |                           |                                  |                               |                         |
| Historic Preservation Fund Grants-In-Aid                           | 15.904                    | 15-613                           | 9,000                         | 3,227                   |
| Historic Preservation Fund Grants-In-Aid                           | 15.904                    | 16-613                           | 12,000                        | 11,717                  |
| Total U.S. Department of Interior                                  |                           |                                  | 21,000                        | 14,944                  |
| <u>U.S. DEPARTMENT OF JUSTICE:</u>                                 |                           |                                  |                               |                         |
| Bureau of Justice Assistance - JAG Grant                           |                           |                                  |                               |                         |
| Bureau of Justice Assistance - JAG Grant                           | 16.738                    | 2014-DJ-BX-0324                  | 31,942                        | 1,970                   |
| Bureau of Justice Assistance - JAG Grant                           | 16.738                    | 2016-DJ-BX-0828                  | 34,066                        | 34,066                  |
| Sub-total CFDA 16.738  |                           |                                  | 66,008                        | 36,036                  |
| District Attorney's Council  |                           |                                  |                               |                         |
| District Attorney's Council  | 16.742                    | 2016CDBX0003                     | 3,000                         | 3,000                   |
| Sub-total CFDA 16.742  |                           |                                  | 3,000                         | 3,000                   |
| Total U.S. Department of Justice                                   |                           |                                  | 69,008                        | 39,036                  |
| <u>U.S. DEPARTMENT OF TRANSPORTATION:</u>                          |                           |                                  |                               |                         |
| Passed through Oklahoma Aeronautics Commission:                    |                           |                                  |                               |                         |
| Airport Improvement Program  | 20.106                    | 3-40-0005-015-2015               | 886,428                       | 23,661                  |
| Airport Improvement Program  | 20.106                    | 3-40-0006-015-2016               | 172,774                       | 103,781                 |
| Airport Improvement Program  | 20.106                    | 3-40-0005-016-2016               | 5,443,650                     | 4,225,201               |
| Sub-total CFDA 20.106  |                           |                                  | 6,502,852                     | 4,352,643               |
| Passed through Oklahoma Highway Safety Office:                     |                           |                                  |                               |                         |
| State and Community Highway Safety                                 | 20.600                    | SE-16-03-98-01                   | 1,200                         | 1,200                   |
| Total U.S. Department of Transportation                            |                           |                                  | 6,504,052                     | 4,353,843               |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>                       |                           |                                  |                               |                         |
| Passed through Oklahoma Department of Emergency Management:        |                           |                                  |                               |                         |
| Emergency Mgmt Reimb - State 15-16                                 | 97.042                    | EMPG 16                          | 30,126                        | 7,532                   |
| Emergency Mgmt Reimb - State 16-17                                 | 97.042                    | EMPG 17                          | 30,126                        | 22,595                  |
| Sub-total CFDA 97.042  |                           |                                  | 60,252                        | 30,127                  |
| Passed through Oklahoma Department of Emergency Management:        |                           |                                  |                               |                         |
| Hazard Mitigation Plan   | 97.036                    | FEMA-4109-DR-OK                  | 46,838                        | 10,875                  |
| Total U.S. Department of Homeland Security                         |                           |                                  | 107,090                       | 41,002                  |
| <b>TOTAL FEDERAL ASSISTANCE</b>                                    |                           |                                  | <b>\$ 6,701,150</b>           | <b>\$ 4,448,825</b>     |

**CITY OF ARDMORE, OKLAHOMA  
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**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| State Grantor/Pass Through Agency<br>Grantor/Program Title | Grant #            | Award<br>Amount  | Awards<br>Expended |
|--|--------------------|------------------|--------------------|
| <b>STATE AWARDS:</b>                                       |                    |                  |                    |
| Oklahoma Department of Libraries:                          |                    |                  |                    |
| State Aid  | N/A                | \$20,492         | \$20,492           |
| Oklahoma Attorney General's Office:                        |                    |                  |                    |
| 2014 Safe OK Grant   | Safe OK 2014       | 61,285           | 18,754             |
| Oklahoma Aeronautics Commission:                           |                    |                  |                    |
| State Portion  | 3-40-0005-015-2015 | 32,575           | 2,820              |
| State Portion  | 3-40-0005-016-2016 | 297,003          | 229,312            |
| <b>TOTAL STATE AWARDS</b>                                  |                    | <b>\$411,355</b> | <b>\$271,378</b>   |

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

1. The Schedules of Expenditures of Federal and State Awards are prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

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**SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION**

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2017**

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## Russell & Williams CPAs, PC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ardmore, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents, and have issued our report thereon dated February 14, 2018. The City of Ardmore, Oklahoma has chosen to omit all financial information related to its discretely presented component units, the inclusion of which is required by Generally Accepted Accounting Principles. Our opinions on the basic financial statements referred to above contains an adverse opinion related to the omission of the financial information of the discretely presented component units, and also contains a disclaimer of opinion on required supplemental information.

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

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

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

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

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Ardmore, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of

our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

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

Oklahoma City, Oklahoma  
February 14, 2018

## Russell & Williams CPAs, PC

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

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Ardmore, Oklahoma's 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 of Ardmore, Oklahoma's major federal programs for the year ended June 30, 2017. City of Ardmore, Oklahoma's major federal programs are identified in the summary of auditor's 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.

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

Our responsibility is to express an opinion on compliance for each of the City of Ardmore, Oklahoma'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 of America; 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* 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 of Ardmore, Oklahoma'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 of Ardmore, Oklahoma's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the City of Ardmore, Oklahoma, 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, 2017.

#### **Report on Internal Control over Compliance**

Management of the City of Ardmore, Oklahoma, 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 of Ardmore, Oklahoma'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 of Ardmore, Oklahoma'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.

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.

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

Oklahoma City, Oklahoma  
February 14, 2018

**City of Ardmore, Oklahoma**  
**Schedule of Findings and Questioned costs**  
**For the Year Ending June 30, 2017**

**Summary of Auditor's Results**

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

**Findings-Financial Statements Audit**

None