

**THE CITY OF ARDMORE,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

TABLE OF CONTENTS

	Page
Independent Auditor’s Report on Financial Statements	5-7
Required Supplementary Information:	
Management’s Discussion and Analysis	9-17
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Governmental Funds Financial Statements:	
Balance Sheet	22
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	23
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	24-25
Proprietary Funds Financial Statements:	
Statement of Net Position.....	27
Statement of Revenues, Expenses, and Changes in Net Position.....	28
Statement of Cash Flows.....	29-30
Footnotes to the Basic Financial Statements	31-69
Required Supplementary Information:	
Budgetary Comparison Information (Budgetary Basis):	
Budgetary Comparison Schedule – General Fund.....	72
Budgetary Comparison Schedule – Community Enhancement Fund.....	73
Budgetary Comparison Schedule – FAA Grant Fund.....	73
Budgetary Comparison Schedule – Library Trust Fund.....	74
Budgetary Comparison Schedule – GAPS Tax City Fund.....	74
Footnotes to Budgetary Comparison Schedules.....	75
Pension Plan Information	
Pension Plans Schedules.....	76-80
Other Supplementary Information:	
General Fund Accounts Combining Schedules	
Combining Balance Sheet – General Fund Accounts.....	82-83
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund Accounts.....	84-85
APWA Water Enterprise Fund Accounts Combining Schedules	
Combining Schedule of Net Position.....	86
Combining Schedule of Revenues, Expenses and Changes in Net Position.....	86

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

TABLE OF CONTENTS

Nonmajor Governmental Combining Statements

Combining Balance Sheet – Nonmajor Governmental Funds.....	88-90
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	91-93

Nonmajor Enterprise Funds Combining Statements

Combining Statement of Net Position.....	94
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	95
Combining Statement of Cash Flows.....	96

Internal Service Funds Combining Statements

Combining Statement of Net Position.....	97
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	97
Combining Statement of Cash Flows.....	98

Federal and State Awards Information

Schedule of Expenditures of Federal Awards.....	99
Schedule of Expenditures of State Awards.....	100
Footnotes to Schedules of Expenditures of Federal and State Awards.....	100

Single Audit and Internal Control and Compliance Information:

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit in Accordance with Government Auditing Standards.....	103-104
Independent Auditor’s Report on Compliance and Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	105-106
Schedule of Findings and Questioned Costs.....	107

Russell & Williams CPAs, PC

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

2812 NW 57th Street, Suite 102
Oklahoma City, Oklahoma 73112

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

INDEPENDENT AUDITOR'S REPORT

To the 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, 2020, 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
Special Revenue FAA Grant Fund	Unmodified
Special Revenue Library Trust Fund	Unmodified

Special Revenue GAPS Tax City Fund	Unmodified
Capital Project Fund Street Improvement Fund	Unmodified
Debt Service Fund TIF 2	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, 2020, 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, 2020, 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, 72-74, 75, 76-80 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 schedules and financial statements presented on pages 82 – 98 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards page 99 and accompanying footnotes page 100 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedules of state awards page 100 and accompanying footnotes page 100 are presented for additional analysis and are not a required part of the basic financial statements.

The combining schedules and financial statements, 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 schedules and financial statements and the schedule of expenditures of state awards and federal awards are fairly stated in all material respects in relation to the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the City of Ardmore, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ardmore, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
December 23, 2020

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

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, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2020, the City's total net position increased by \$13,253,406 or 12.3% from the prior year.
- During the year, the City's expenses for governmental activities were \$33.5 million and were funded by program revenues of \$5.5 million and further funded with taxes and other general revenues that totaled \$37.1 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$3.6 million.
- At June 30, 2020, unassigned fund balance for the General Fund was \$2.3 million or 11.4% of the total General Fund revenues for the year.
- For budgetary reporting purposes, the General Fund reported revenues under estimates (excluding transfers) of \$452,648 or -3.71%, while expenditures were under the final appropriations (excluding transfers) by \$1,735,024 or 8.8%.

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, 2020

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 most of them 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, 2020

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 \$121.1 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2020	2019		2020	2019		2020	2019	
Current assets	\$ 37,683	\$ 38,493	-2%	\$ 28,747	\$ 27,360	5%	\$ 66,430	\$ 65,853	1%
Capital assets, net	43,204	36,257	19%	52,294	52,453	-	95,498	88,710	8%
Total assets	80,887	74,750	8%	81,041	79,813	2%	161,928	154,563	5%
Deferred outflow of resources	3,838	3,906	-2%	712	582	22%	4,550	4,488	-
Current liabilities	4,141	4,378	-5%	4,960	5,086	-2%	9,101	9,464	-4%
Non-current liabilities	11,402	12,667	-10%	21,580	25,731	-16%	32,982	38,398	-14%
Total liabilities	15,543	17,045	-9%	26,540	30,817	-14%	42,083	47,862	-12%
Deferred inflow of resources	2,702	2,795	-3%	639	593	8%	3,341	3,388	-1%
Net position									
Net investment in capital assets	43,204	34,963	24%	28,046	24,000	17%	71,250	58,963	21%
Restricted	17,737	21,927	-19%	-	-	-	17,737	21,927	-19%
Unrestricted	5,539	1,926	188%	26,528	24,985	6%	32,067	26,911	19%
Total net position	\$ 66,480	\$ 58,816	13%	\$ 54,574	\$ 48,985	11%	\$ 121,054	\$ 107,801	12%

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 2020, this net investment in capital assets amounted to \$71.2 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 13% to approximately \$66.5 million. Most of this net position is either restricted as to the purposes it can be used for, or is invested in capital assets (buildings, roads, bridges, and so on). Governmental unrestricted net position showed a balance of \$5.6 million at the end of this year. Net position of the business-type activities increased approximately 11.4%

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

to approximately \$54.5 million. \$28 million of that net position is the net investment in capital assets. Consequently, unrestricted net position showed approximately \$26.5 million at the end of the year.

Changes in Net Position

For the year ended June 30, 2020, 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.)
	2020	2019		2020	2019		2020	2019	
Revenues									
Charges for services	\$ 754	\$ 848	-11%	\$ 16,224	\$ 15,244	6%	\$ 16,978	\$ 16,092	6%
Operating grants and contributions	1,394	1,775	-21%	-	-	-	1,394	1,775	-21%
Capital grants and contributions	3,336	38	8679%	98	-	100%	3,434	38	8937%
Taxes	33,227	32,775	1%	-	-	-	33,227	32,775	1%
Intergovernmental revenue	389	350	11%	-	-	-	389	350	11%
Investment income	537	879	-39%	415	646	-36%	952	1,525	-38%
Miscellaneous	2,941	1,916	53%	108	22	391%	3,049	1,938	57%
Total revenues	42,578	38,581	10%	16,845	15,912	6%	59,423	54,493	9%
Expenses									
General government	8,077	10,385	-22%	-	-	-	8,077	10,385	-22%
Public safety	10,565	10,600	-	-	-	-	10,565	10,600	-
Streets	4,258	3,730	14%	-	-	-	4,258	3,730	14%
Culture, parks and recreation	3,673	3,800	-3%	-	-	-	3,673	3,800	-3%
Cemetery	349	365	-4%	-	-	-	349	365	-4%
Airport	5,383	754	614%	-	-	-	5,383	754	614%
Economic development	1,113	1,411	-21%	-	-	-	1,113	1,411	-21%
Interest on long-term debt	45	68	-34%	-	-	-	45	68	-34%
Water	-	-	-	5,510	5,694	-3%	5,510	5,694	-3%
Wastewater	-	-	-	4,026	4,393	-8%	4,026	4,393	-8%
Sanitation	-	-	-	2,543	2,663	-5%	2,543	2,663	-5%
Golf	-	-	-	628	614	2%	628	614	2%
Total expenses	33,463	31,113	8%	12,707	13,364	-5%	46,170	44,477	4%
Excess (deficiency) before transfers	9,115	7,468	22%	4,138	2,548	62%	13,253	10,016	32%
Transfers	(1,451)	2,857	-151%	1,451	(2,857)	151%	-	-	-
Change in net position	7,664	10,325	-26%	5,589	(309)	-1909%	13,253	10,016	32%
Beginning net position	58,816	48,491	21.3%	48,985	49,294	-1%	107,801	97,785	10%
Ending net position	\$ 66,480	\$ 58,816	13%	\$ 54,574	\$ 48,985	11%	\$ 121,054	\$ 107,801	12%

Explanations for significant changes are as follows:

Governmental Activities:

Capital grants and contributions increased 8,679% and airport expenses increased 614% due to a significant increase in FAA grant activity in the current year as compared to the prior year.

Operating grants and contributions decreased 21% due to less public safety grant activity in the current year as compared to the prior year.

Investment income decreased 39% due primarily to a decrease in the change in fair market value of investments in the current year.

Miscellaneous revenue increased 53% due primarily to advance reimbursements from the ADA for matching costs related to airport grant activity.

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

Net transfers decreased 151% due primarily to transfers from enterprise funds related to capital asset purchases in the prior year.

Business-Type Activities:

Investment income decreased 36% simply due to better investment returns in the prior year.

Miscellaneous revenue increased 391% due to a gain on disposal of capital assets in the current year.

Net transfers increased 151% due primarily to transfers to governmental funds related to capital asset purchases in the prior year.

Governmental Activities

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

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

	<u>Total Expense</u>		<u>% Inc.</u> <u>(Dec.)</u>	<u>Net Revenue</u>		<u>% Inc.</u> <u>(Dec.)</u>
	<u>of Services</u>			<u>(Expense)</u>		
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
General government	\$ 8,077	10,385	-22%	(\$7,763)	(10,042)	-23%
Public safety	10,565	10,600	-	(9,118)	(9,013)	1%
Streets	4,258	3,730	14%	(4,043)	(3,509)	15%
Culture, parks and recreation	3,673	3,800	-3%	(3,127)	(3,675)	-15%
Cemetery	349	365	-4%	(297)	(304)	-2%
Airport	5,383	754	614%	(2,473)	(430)	475%
Economic development	1,113	1,411	-21%	(1,113)	(1,411)	-21%
Interest on long-term debt	45	68	-34%	(45)	(68)	-34%
Total	<u>33,463</u>	<u>\$ 31,113</u>	8%	<u>(\$27,979)</u>	<u>(\$28,452)</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, 2020

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
Water	\$ 5,510	\$ 5,694	-3%	\$ 1,297	\$ 528	146%
Wastewater	4,026	4,393	-8%	781	185	322%
Sanitation	2,543	2,663	-5%	1,711	1,396	23%
Golf	628	614	2%	(174)	(229)	-24%
Total	<u>\$12,707</u>	<u>\$13,364</u>	-5%	<u>\$ 3,615</u>	<u>\$ 1,880</u>	92%

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 2020 fiscal year, the governmental funds reported a combined fund balance of \$28.9 million, which is a decrease of \$1,492,367 as compared with the prior year. The enterprise funds reported combined net position of \$54.6 million, which is an increase of \$5,589,215 compared with the prior year.

Other fund highlights include:

- For the year ended June 30, 2020, the General Fund's total fund balance increased by \$2,706,788 or approximately 37%.
- There is \$170,500 of fund balance in the General Fund that is restricted for specific purposes and \$7,524,076 of fund balance in the General Fund that is assigned for specific purposes.

General Fund Budgetary Highlights

- For the year ended June 30, 2020, the General Fund reported revenues under estimates (excluding transfers) of \$452,648 or -3.71%, while expenditures were under the final appropriations (excluding transfers) by \$1,735,024 or 8.8%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the City had \$95.5 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net increase of approximately \$6.8 million from last year.

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 5,357	\$ 5,357	\$ 371	\$ 371	\$ 5,728	\$ 5,728
Buildings	18,305	11,601	31,723	32,699	50,028	44,300
Computers	1,601	812	41	40	1,642	852
Furniture and fixtures	252	241	25	13	277	254
Vehicles	1,506	1,327	1,218	1,068	2,724	2,395
Machinery and equipment	710	827	1,133	1,210	1,843	2,037
Infrastructure	15,473	16,093	17,783	17,052	33,256	33,145
Totals	<u>\$ 43,204</u>	<u>\$ 36,258</u>	<u>\$ 52,294</u>	<u>\$ 52,453</u>	<u>\$ 95,498</u>	<u>\$ 88,711</u>

This year's more significant capital asset additions included:

Security Cameras	\$ 47,630
Radio Repeater Equipment	232,825
Aerial Photography	85,078
Traffic Signal Improvements	171,585
(6) 2020 Chevrolet Tahoes	248,010
Clubhouse Building (including engineering)	7,044,306
Southwest Park Bathroom	66,123
Street Improvements	1,508,031
Freightliner Dump Truck	89,092
Automated Weather Observation System	80,837
Taxiway Rehab Engineering	130,900
(2) 2020 Mack Trucks	460,800
Sewer Lift Station at Regional Park	361,889
Engineering at City Lake	436,435
Sanitary and Storm Sewer Improvements	1,127,715
Water Meters and Settings	539,039
Engineering at Mountain Lake Dam	756,028
Water Line Improvements	175,565
Library Roof Replacement	92,481

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 \$26 million in long-term debt outstanding which represents a \$6.4 million or 19.8% 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, 2020

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Notes payable	\$ -	\$ -	\$ 24,249	\$ 28,453	\$ 24,249	\$ 28,453
Revenue bonds payable	-	1,295	-	-	-	1,295
Claims payable	161	1,228	-	-	161	1,228
Deposits subject to refund	-	-	278	217	278	217
Accrued compensated absences	1,076	990	238	231	1,314	1,221
Totals	<u>\$ 1,237</u>	<u>\$ 3,513</u>	<u>\$ 24,765</u>	<u>\$ 28,901</u>	<u>\$ 26,002</u>	<u>\$ 32,414</u>

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

The Economic Outlook

In Fiscal Year 2020-2021, 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 FY20-21 contains \$61,835,369 in estimated revenues, \$65,937,103 in estimated expenditures and \$16,467,262 in transfers between funds and finally \$46,305,242 in beginning fund balances to balance the budget. Estimated ending fund balances in all funds are estimated to be \$42,203,508. As in the past, the City's General fund is not keeping up with the increasing cost and demands for services. The FY20-21 General Fund has budgeted expenses exceeding budget revenues by \$8,304,321 before transfers-in of \$9,200,500 and transfers-out of \$449,000. The General Fund cannot meet the Commission's goal of maintaining a sufficient reserve without relying on transfers-in from the utility funds. We have a long way to go to attain that goal. Our budgeted transfers-in for FY 20-21 are \$1,860,000 more than the FY19-20.

Contacting the City's Financial Management

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Government-Wide Statement of Net Position— June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,024,953	\$ 22,561,212	\$ 46,586,165
Investments	6,913,973	4,000,000	10,913,973
Accounts receivable, net of allowance	-	1,893,512	1,893,512
Court fines receivable, net of allowance	178,721	-	178,721
Internal balances	173,331	(173,331)	-
Receivable from other governments	4,685,228	-	4,685,228
Other taxes receivable	112,634	-	112,634
Other receivables	1,114,480	-	1,114,480
Inventories	21,522	273,547	295,069
Net pension asset	458,017	192,086	650,103
Capital Assets:			
Land and construction in progress	5,356,854	370,602	5,727,456
Other capital assets, net of depreciation	37,847,629	51,923,867	89,771,496
Total Assets	<u>\$ 80,887,342</u>	<u>\$ 81,041,495</u>	<u>\$ 161,928,837</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	3,803,062	597,096	4,400,158
Deferred amount related to OPEB	35,257	107,502	142,759
Deferred amount on refunding	-	6,927	6,927
Total Deferred Outflows of Resources	<u>3,838,319</u>	<u>711,525</u>	<u>4,549,844</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,942,777	\$ 428,238	\$ 3,371,015
Accrued interest payable	-	144,123	144,123
Due to other governments	328,292	-	328,292
Due to bondholders	935	-	935
Due to employees	35,399	-	35,399
Other payables	725,729	8,208	733,937
Long-term liabilities:			
Due within one year	107,581	4,379,504	4,487,085
Due in more than one year	1,129,463	20,384,956	21,514,419
Total OPEB liability	3,531,185	1,195,171	4,726,356
Net pension liability	6,741,648	-	6,741,648
Total liabilities	<u>15,543,009</u>	<u>26,540,200</u>	<u>42,083,209</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	2,202,757	435,646	2,638,403
Deferred amount related to OPEB	499,886	203,070	702,956
Total Deferred Inflows	<u>2,702,643</u>	<u>638,716</u>	<u>3,341,359</u>
NET POSITION			
Net investment in capital assets	43,204,483	28,045,762	71,250,245
Restricted for:			
Community enhancement	2,526,405	-	2,526,405
Streets	1,815,637	-	1,815,637
Culture and recreation	170,500	-	170,500
Capital projects	4,807,981	-	4,807,981
Public safety	285,305	-	285,305
Grant programs	467,891	-	467,891
Cemetery	116,233	-	116,233
Library capital improvement	48,462	-	48,462
Economic development	51,316	-	51,316
Donor provisions-library	5,338,800	-	5,338,800
Debt service	2,108,913	-	2,108,913
Unrestricted	5,538,083	26,528,342	32,066,425
Total net position	<u>\$ 66,480,009</u>	<u>\$ 54,574,104</u>	<u>\$ 121,054,113</u>

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Government-Wide Statement of Activities –Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 8,077,234	\$ 307,263	\$ 6,705	\$ -	\$ (7,763,266)	\$ -	\$ (7,763,266)
Public Safety	10,565,410	252,840	1,086,020	108,431	(9,118,119)	-	(9,118,119)
Streets	4,258,314	-	215,664	-	(4,042,650)	-	(4,042,650)
Culture and Recreation	3,672,743	98,737	86,052	361,426	(3,126,528)	-	(3,126,528)
Cemetery	348,744	51,451	-	-	(297,293)	-	(297,293)
Airport	5,382,643	43,903	-	2,865,939	(2,472,801)	-	(2,472,801)
Economic Development	1,112,946	-	-	-	(1,112,946)	-	(1,112,946)
Interest on Long-term debt	45,170	-	-	-	(45,170)	-	(45,170)
Total governmental activities	<u>33,463,204</u>	<u>754,194</u>	<u>1,394,441</u>	<u>3,335,796</u>	<u>(27,978,773)</u>	<u>-</u>	<u>(27,978,773)</u>
Business-Type Activities							
Water	5,510,215	6,787,874	-	19,431	-	1,297,090	1,297,090
Wastewater	4,025,408	4,728,368	-	78,276	-	781,236	781,236
Sanitation	2,542,455	4,253,292	-	-	-	1,710,837	1,710,837
Golf	628,491	454,228	-	-	-	(174,263)	(174,263)
Total business-type activities	<u>12,706,569</u>	<u>16,223,762</u>	<u>-</u>	<u>97,707</u>	<u>-</u>	<u>3,614,900</u>	<u>3,614,900</u>
Total primary government	<u>\$ 46,169,773</u>	<u>\$ 16,977,956</u>	<u>\$ 1,394,441</u>	<u>\$ 3,433,503</u>	<u>\$ (27,978,773)</u>	<u>\$ 3,614,900</u>	<u>\$ (24,363,873)</u>
General revenues:							
Taxes:							
Sales and use taxes					\$ 26,389,400	\$ -	\$ 26,389,400
Property taxes					3,921,224	-	3,921,224
Franchise and miscellaneous taxes					1,557,692	-	1,557,692
911 taxes					245,870	-	245,870
Hotel/motel taxes					1,113,248	-	1,113,248
Intergovernmental revenue not restricted to specific programs					388,709	-	388,709
Unrestricted investment earnings					536,580	415,323	951,903
Miscellaneous					2,941,225	108,008	3,049,233
Transfers					(1,450,984)	1,450,984	-
Total general revenues and transfers					<u>35,642,964</u>	<u>1,974,315</u>	<u>37,617,279</u>
Change in net position					7,664,191	5,589,215	13,253,406
Net position - beginning					58,815,818	48,984,889	107,800,707
Net position - ending					<u>\$ 66,480,009</u>	<u>\$ 54,574,104</u>	<u>\$ 121,054,113</u>

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Balance Sheet - June 30, 2020

	General Fund	Special Revenue Funds				Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		Community Enhancement Fund	FAA Grant Fund	Library Trust Fund	GAPS Tax City	Street Improvement Fund	TIF 2		
ASSETS									
Cash and cash equivalents	\$ 7,972,815	\$ 1,990,494	\$ 10,778	\$ 60,448	\$ 4,253,359	\$ 1,751,089	\$ 3,013,542	\$ 2,047,673	\$ 21,100,198
Investments	1,035,621	400,000	-	5,278,352	-	200,000	-	-	6,913,973
Receivable from other governments	2,298,518	431,316	601,190	-	431,316	431,316	54,052	437,520	4,685,228
Due from other funds	687,632	-	-	-	-	26,729	-	28,164	742,525
Other taxes receivable, net	-	-	-	-	-	-	-	112,634	112,634
Court fines receivable, net	178,721	-	-	-	-	-	-	-	178,721
Other receivables	23,526	-	-	-	-	-	-	-	23,526
Total assets	<u>\$ 12,196,833</u>	<u>\$ 2,821,810</u>	<u>\$ 611,968</u>	<u>\$ 5,338,800</u>	<u>\$ 4,684,675</u>	<u>\$ 2,409,134</u>	<u>\$ 3,067,594</u>	<u>\$ 2,625,991</u>	<u>\$ 33,756,805</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 830,790	\$ 14,148	\$ 619,849	\$ -	\$ 361,280	\$ 225,096	\$ 726,745	\$ 140,357	\$ 2,918,265
Due to other funds	506,835	-	489	-	-	-	-	80,422	587,746
Due to bondholders	935	-	-	-	-	-	-	-	935
Payable to other governments	-	-	-	-	-	-	-	328,292	328,292
Other payables	725,799	-	-	-	-	200	-	-	725,999
Total liabilities	<u>2,064,359</u>	<u>14,148</u>	<u>620,338</u>	<u>-</u>	<u>361,280</u>	<u>225,296</u>	<u>726,745</u>	<u>549,071</u>	<u>4,561,237</u>
Deferred Inflows of Resources:									
Deferred revenue	133,599	-	12,334	-	-	-	-	109,498	255,431
Fund balances:									
Restricted	170,500	2,526,405	-	5,338,800	4,072,978	1,738,394	2,108,913	1,730,439	17,686,429
Assigned	7,524,076	281,257	-	-	250,417	445,444	231,936	312,778	9,045,908
Unassigned (deficit)	2,304,299	-	(20,704)	-	-	-	-	(75,795)	2,207,800
Total fund balances	<u>9,998,875</u>	<u>2,807,662</u>	<u>(20,704)</u>	<u>5,338,800</u>	<u>4,323,395</u>	<u>2,183,838</u>	<u>2,340,849</u>	<u>1,967,422</u>	<u>28,940,137</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 12,196,833</u>	<u>\$ 2,821,810</u>	<u>\$ 611,968</u>	<u>\$ 5,338,800</u>	<u>\$ 4,684,675</u>	<u>\$ 2,409,134</u>	<u>\$ 3,067,594</u>	<u>\$ 2,625,991</u>	<u>\$ 33,756,805</u>

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2020

	Special Revenue Funds					Capital Project	Debt Service	Other Governmental Funds	Total Governmental Funds
	General Fund	Community Enhancement Fund	FAA Grant Fund	Library Trust Fund	GAPS Tax City	Street Improvement Fund	TIF 2		
REVENUES									
Taxes	\$ 17,517,647	\$ 3,050,090	\$ -	\$ -	\$ 3,050,090	\$ 3,050,090	\$ 3,886,402	\$ 2,673,115	\$ 33,227,434
Intergovernmental	1,414,899	-	2,838,869	-	-	-	-	589,825	4,843,593
Licenses and permits	267,057	-	-	-	-	-	-	-	267,057
Charges for services	175,256	-	-	-	-	-	-	73,041	248,297
Fines and forfeitures	208,947	-	-	-	-	-	-	-	208,947
Investment earnings	131,131	56,655	-	120,598	67,199	34,680	61,478	22,477	494,218
Miscellaneous	510,494	5,805	2,217,301	99,491	-	1,265	-	574,397	3,408,753
Total revenues	<u>20,225,431</u>	<u>3,112,550</u>	<u>5,056,170</u>	<u>220,089</u>	<u>3,117,289</u>	<u>3,086,035</u>	<u>3,947,880</u>	<u>3,932,855</u>	<u>42,698,299</u>
EXPENDITURES									
Current:									
General government	5,466,507	816,908	-	-	32,580	-	180,119	1,558,620	8,054,734
Public safety	10,062,632	-	-	-	-	-	-	78,224	10,140,856
Street	7,497	-	-	-	-	1,341,799	-	513,323	1,862,619
Culture and recreation	2,868,553	-	-	6,274	-	-	-	219,265	3,094,092
Cemetery	287,235	-	-	-	-	-	-	-	287,235
Airport	-	-	5,045,365	-	-	-	-	107,057	5,152,422
Economic development	-	-	-	-	-	-	-	1,112,946	1,112,946
Capital outlay	1,499,105	-	-	-	1,958,833	1,602,098	7,022,189	594,196	12,676,421
Debt service:									
Principal	-	-	-	-	-	-	1,295,000	36,374	1,331,374
Interest and other charges	-	-	-	-	-	-	19,296	2,677	21,973
Total expenditures	<u>20,191,529</u>	<u>816,908</u>	<u>5,045,365</u>	<u>6,274</u>	<u>1,991,413</u>	<u>2,943,897</u>	<u>8,516,604</u>	<u>4,222,682</u>	<u>43,734,672</u>
Excess (deficiency) of revenues over expenditures	<u>33,902</u>	<u>2,295,642</u>	<u>10,805</u>	<u>213,815</u>	<u>1,125,876</u>	<u>142,138</u>	<u>(4,568,724)</u>	<u>(289,827)</u>	<u>(1,036,373)</u>
OTHER FINANCING SOURCES (USES)									
Judgement proceeds	11,315	-	-	-	-	-	-	-	11,315
Transfers in	6,080,563	7,857	-	-	-	-	1,400,000	840,721	8,329,141
Transfers out	(3,418,992)	(3,195,721)	-	(225,000)	(1,221,861)	(300,000)	(7,857)	(427,019)	(8,796,450)
Total other financing sources and uses	<u>2,672,886</u>	<u>(3,187,864)</u>	<u>-</u>	<u>(225,000)</u>	<u>(1,221,861)</u>	<u>(300,000)</u>	<u>1,392,143</u>	<u>413,702</u>	<u>(455,994)</u>
Net change in fund balances	2,706,788	(892,222)	10,805	(11,185)	(95,985)	(157,862)	(3,176,581)	123,875	(1,492,367)
Fund balances - beginning	7,292,087	3,699,884	(31,509)	5,349,985	4,419,380	2,341,700	5,517,430	1,843,547	30,432,504
Fund balances - ending	<u>\$ 9,998,875</u>	<u>\$ 2,807,662</u>	<u>\$ (20,704)</u>	<u>\$ 5,338,800</u>	<u>\$ 4,323,395</u>	<u>\$ 2,183,838</u>	<u>\$ 2,340,849</u>	<u>\$ 1,967,422</u>	<u>\$ 28,940,137</u>

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	28,940,137
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 \$86,474,462.		
		43,204,483
Other long-term assets are not available to pay current period expenditures and therefore are either not reported, or deferred in the funds:		
Grants receivable		121,832
Court fines receivable		133,599
Net pension asset		458,017
Deferred outflows are not current financial resources and, therefore are not reported in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:		
Pension related deferred outflows		3,803,062
OPEB related deferred outflows		33,836
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		3,705,542
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		(6,741,648)
Pension related deferred inflows		(2,202,757)
Total OPEB Liability		(3,440,642)
OPEB related deferred inflows		(487,609)
Accrued compensated absences		(1,047,843)
Net Position of Governmental Activities in the Statement of Net Position	\$	66,480,009

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds:	\$	(1,492,367)
<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		10,752,999
Depreciation expense		(3,806,258)
<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		(32,171)
<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>		
		(180,523)
<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		1,295,000
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. A portion of the change in net position of the internal service funds is included in governmental activities in the Statement of Activities.</p>		
Total change in net position of the internal service funds		1,360,636
<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		1,723
Change in Total OPEB Liability		(127,583)
Change in accrued compensated absences		(82,345)
Amortization of deferred amount on refunding		(24,920)
Change in net position of governmental activities	\$	7,664,191

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Net Position - June 30, 2020

	<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>			
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 4,902,833	\$ 6,009,359	\$ 5,098,020	\$ 26,490	\$ 16,036,702	\$ 2,924,755	-
Restricted cash and cash equivalents	-	-	6,524,510	-	6,524,510	-	-
Investments	800,000	1,700,000	1,500,000	-	4,000,000	-	-
Accounts receivable, net of allowance	536,474	637,350	719,688	-	1,893,512	1,090,954	-
Due from other funds	32,654	208,545	218,628	-	459,827	-	139,348
Inventories	-	-	273,547	-	273,547	-	21,522
Total current assets	<u>6,271,961</u>	<u>8,555,254</u>	<u>14,334,393</u>	<u>26,490</u>	<u>29,188,098</u>	<u>4,176,579</u>	<u>-</u>
Non-current assets:							
Land and construction in progress	-	285,520	85,082	-	370,602	-	-
Other capital assets, net of depreciation	1,449,563	23,765,470	25,925,616	783,218	51,923,867	-	-
Net pension asset	47,232	47,041	97,813	-	192,086	-	-
Total non-current assets	<u>1,496,795</u>	<u>24,098,031</u>	<u>26,108,511</u>	<u>783,218</u>	<u>52,486,555</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 7,768,756</u>	<u>\$ 32,653,285</u>	<u>\$ 40,442,904</u>	<u>\$ 809,708</u>	<u>\$ 81,674,653</u>	<u>\$ 4,176,579</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount related to pensions	160,621	142,038	294,437	-	597,096	-	-
Deferred amount related to OPEB	4,477	33,191	69,834	-	107,502	1,421	-
Deferred amount on refunding	-	-	6,927	-	6,927	-	-
Total Deferred Outflows of Resources	<u>165,098</u>	<u>175,229</u>	<u>371,198</u>	<u>-</u>	<u>711,525</u>	<u>1,421</u>	<u>-</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	86,315	77,388	264,535	-	428,238	\$ 24,242	-
Accrued interest payable	-	-	144,123	-	144,123	-	-
Due to other funds	33,158	600,000	-	-	633,158	120,796	-
Other payables	-	-	8,208	-	8,208	-	-
Due to employees	-	-	-	-	-	35,399	-
Current portion of:							
Compensated absences	5,672	5,590	12,530	-	23,792	2,797	-
Deposits subject to refund	-	-	55,567	-	55,567	-	-
Notes payable	-	-	4,300,145	-	4,300,145	-	-
Total current liabilities	<u>125,145</u>	<u>682,978</u>	<u>4,785,108</u>	<u>-</u>	<u>5,593,231</u>	<u>183,234</u>	<u>-</u>
Non-current liabilities:							
Compensated absences	51,052	50,307	112,767	-	214,126	25,170	-
Deposits subject to refund	-	-	222,268	-	222,268	-	-
Total OPEB liability	271,630	362,173	561,368	-	1,195,171	90,543	-
Claims payable	-	-	-	-	-	161,234	-
Notes payable	-	-	19,948,562	-	19,948,562	-	-
Total non-current liabilities	<u>322,682</u>	<u>412,480</u>	<u>20,844,965</u>	<u>-</u>	<u>21,580,127</u>	<u>276,947</u>	<u>-</u>
Total liabilities	<u>447,827</u>	<u>1,095,458</u>	<u>25,630,073</u>	<u>-</u>	<u>27,173,358</u>	<u>460,181</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to pensions	111,014	103,375	221,257	-	435,646	-	-
Deferred amounts related to OPEB	71,018	49,108	82,944	-	203,070	12,277	-
Total deferred inflows of resources	<u>182,032</u>	<u>152,483</u>	<u>304,201</u>	<u>-</u>	<u>638,716</u>	<u>12,277</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	1,449,563	24,050,990	1,761,991	783,218	28,045,762	-	-
Unrestricted	5,854,432	7,529,583	13,117,837	26,490	26,528,342	3,705,542	-
Total net position	<u>\$ 7,303,995</u>	<u>\$ 31,580,573</u>	<u>\$ 14,879,828</u>	<u>\$ 809,708</u>	<u>\$ 54,574,104</u>	<u>\$ 3,705,542</u>	<u>-</u>

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2020

	Ardmore Solid Waste Authority		Ardmore Public Works Authority		Other Enterprise Funds	Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise				
REVENUES							
Water	-	-	6,787,874	-	\$ 6,787,874	-	
Wastewater	-	4,728,368	-	-	4,728,368	-	
Sanitation	4,253,292	-	-	-	4,253,292	-	
Golf	-	-	-	454,228	454,228	-	
Self insurance charges	-	-	-	-	-	6,733,966	
Miscellaneous	-	-	-	12,116	12,116	-	
Total operating revenues	<u>4,253,292</u>	<u>4,728,368</u>	<u>6,787,874</u>	<u>466,344</u>	<u>16,235,878</u>	<u>6,733,966</u>	
OPERATING EXPENSES							
Water	-	-	3,125,236	-	3,125,236	-	
Wastewater	-	1,906,511	-	-	1,906,511	-	
Sanitation	2,193,923	-	-	-	2,193,923	-	
Administration	-	-	10,620	-	10,620	5,415,692	
Golf operations	-	-	-	562,437	562,437	-	
Depreciation	348,532	2,113,587	1,827,438	66,054	4,355,611	-	
Total Operating Expenses	<u>2,542,455</u>	<u>4,020,098</u>	<u>4,963,294</u>	<u>628,491</u>	<u>12,154,338</u>	<u>5,415,692</u>	
Operating income (loss)	<u>1,710,837</u>	<u>708,270</u>	<u>1,824,580</u>	<u>(162,147)</u>	<u>4,081,540</u>	<u>1,318,274</u>	
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	92,187	122,190	200,588	358	415,323	42,362	
Miscellaneous revenue	-	1,673	3,540	-	5,213	-	
Gain on sale of capital assets	2,336	-	2,212	86,131	90,679	-	
Interest expense	-	-	(552,231)	-	(552,231)	-	
Total non-operating revenue (expenses)	<u>94,523</u>	<u>123,863</u>	<u>(345,891)</u>	<u>86,489</u>	<u>(41,016)</u>	<u>42,362</u>	
Income (loss) before contributions and transfers	1,805,360	832,133	1,478,689	(75,658)	4,040,524	1,360,636	
Capital contributions	-	670,823	616,033	144,966	1,431,822	-	
Transfers in	-	1,538,544	4,573,917	114,669	6,227,130	-	
Transfers out	(1,250,000)	(2,675,777)	(2,184,484)	-	(6,110,261)	-	
Change in net position	555,360	365,723	4,484,155	183,977	5,589,215	1,360,636	
Total net position - beginning	6,748,635	31,214,850	10,395,673	625,731	48,984,889	2,344,906	
Total net position - ending	<u>\$ 7,303,995</u>	<u>\$ 31,580,573</u>	<u>\$ 14,879,828</u>	<u>\$ 809,708</u>	<u>\$ 54,574,104</u>	<u>\$ 3,705,542</u>	

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2020

	<u>Ardmore Solid Waste Authority</u>		<u>Ardmore Public Works Authority</u>			Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 4,246,924	\$ 4,705,008	\$ 6,684,859	\$ 466,344	\$ 16,103,135	\$ 5,643,012
Receipts (payments) from (to) other funds	(60,989)	(74,551)	(167,389)	-	(302,929)	1,036,804
Payments to suppliers	(1,089,946)	(1,117,099)	(1,381,983)	(562,891)	(4,151,919)	(444,108)
Payments to employees	(1,041,984)	(953,995)	(1,753,609)	-	(3,749,588)	(344,588)
Claims and judgements paid	-	-	-	-	-	(5,674,801)
Receipts of customer meter deposits	-	-	124,590	-	124,590	-
Refunds of customer meter deposits	-	-	(63,815)	-	(63,815)	-
Net cash provided by (used in) operating activities	<u>2,054,005</u>	<u>2,559,363</u>	<u>3,442,653</u>	<u>(96,547)</u>	<u>7,959,474</u>	<u>216,319</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	1,538,544	4,573,917	114,669	6,227,130	-
Transfers to other funds	(1,250,000)	(2,675,777)	(2,184,484)	-	(6,110,261)	-
Net cash provided by (used in) noncapital financing activities	<u>(1,250,000)</u>	<u>(1,137,233)</u>	<u>2,389,433</u>	<u>114,669</u>	<u>116,869</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on debt	-	-	(4,204,183)	-	(4,204,183)	-
Interest and fiscal agent fees paid on debt	-	-	(574,369)	-	(574,369)	-
Purchase of capital assets	(460,800)	(876,667)	(1,341,431)	(119,600)	(2,798,498)	-
Proceeds from sale of capital assets	2,336	-	2,212	119,600	124,148	-
Net cash provided by (used in) capital and related financing activities	<u>(458,464)</u>	<u>(876,667)</u>	<u>(6,117,771)</u>	<u>-</u>	<u>(7,452,902)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends	92,187	122,190	200,588	358	415,323	42,362
Net cash provided by investing activities	<u>92,187</u>	<u>122,190</u>	<u>200,588</u>	<u>358</u>	<u>415,323</u>	<u>42,362</u>
Net increase (decrease) in cash and cash equivalents	437,728	667,653	(85,097)	18,480	1,038,764	258,681
Balances - beginning of year	4,465,105	5,341,706	11,707,627	8,010	21,522,448	2,666,074
Balances - end of year	<u>\$ 4,902,833</u>	<u>\$ 6,009,359</u>	<u>\$ 11,622,530</u>	<u>\$ 26,490</u>	<u>\$ 22,561,212</u>	<u>\$ 2,924,755</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 4,902,833	\$ 6,009,359	\$ 5,098,020	\$ 26,490	\$ 16,036,702	\$ 2,924,755
Restricted cash and cash equivalents - current	-	-	6,524,510	-	6,524,510	-
Total cash and cash equivalents, end of year	<u>\$ 4,902,833</u>	<u>\$ 6,009,359</u>	<u>\$ 11,622,530</u>	<u>\$ 26,490</u>	<u>\$ 22,561,212</u>	<u>\$ 2,924,755</u>
	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2020, (Continued)

	Ardmore Solid		Ardmore Public Works Authority			Internal Service Funds
	Waste Authority					
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in)						
Operating Activities:						
Operating income (loss)	\$ 1,710,837	\$ 708,270	\$ 1,824,580	\$ (162,147)	\$ 4,081,540	\$ 1,318,274
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities:						
Depreciation expense	348,532	2,113,587	1,827,438	66,054	4,355,611	-
Other non-operating revenues	-	1,673	3,540	-	5,213	-
Change in assets and liabilities:						
Receivables, net	(6,368)	(25,033)	(106,555)	-	(137,956)	-
Inventory	-	-	(17,118)	-	(17,118)	(8,119)
Due from other funds	(32,654)	(18,394)	(28,477)	-	(79,525)	946,243
Other receivables	-	-	-	-	-	(1,090,954)
Accounts payable and accrued liabilities	48,247	(202,376)	(59,030)	(454)	(213,613)	8,808
Customer meter deposits payable	-	-	60,775	-	60,775	-
Due to other funds	(28,335)	(56,157)	(138,912)	-	(223,404)	90,561
Due to employees	-	-	-	-	-	11,137
Other payable	-	-	3,226	-	3,226	-
Claims payable	-	-	-	-	-	(1,067,017)
Total OPEB liability	(20,722)	18,229	97,044	-	94,551	4,557
Accrued compensated absences	(9,000)	3,570	12,352	-	6,922	3,840
Net pension liability	41,700	23,405	44,437	-	109,542	-
Deferred outflows and inflows of resources	1,768	(7,411)	(80,647)	-	(86,290)	(1,011)
Net cash provided by (used in) operating activities	<u>\$ 2,054,005</u>	<u>\$ 2,559,363</u>	<u>\$ 3,442,653</u>	<u>\$ (96,547)</u>	<u>\$ 7,959,474</u>	<u>\$ 216,319</u>
Noncash activities:						
Contributed capital assets	\$ -	\$ 670,823	\$ 616,033	\$ 144,966	\$ 1,431,822	\$ -
	<u>\$ -</u>	<u>\$ 670,823</u>	<u>\$ 616,033</u>	<u>\$ 144,966</u>	<u>\$ 1,431,822</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

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 also excluded.

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

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

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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

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

Governmental Funds:

The City's governmental funds include:

Major Funds:

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

Special Revenue Funds:

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

Capital Project Fund:

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

Debt Service Funds:

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

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

Special Revenue Funds:

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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

Capital Project Funds:

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

Debt Service Fund:

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

The governmental funds are reported on the modified accrual basis of accounting and current financial resources measurement focus. On the modified accrual basis of accounting, revenues are recorded when

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and normally payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

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

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

Proprietary Funds:

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

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

Ardmore Solid Waste Authority:

- Sanitation Enterprise Fund – that operates the sanitation services.

Ardmore Public Works Authority:

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

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

The City's internal service funds include the following:

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

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

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

Cash and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less. Revenue bond and promissory note trust account investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds' current share prices.

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

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

Receivables

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

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

Inventories

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

Capital Assets

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

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Government-Wide Statements

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

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

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

Fund Financial Statements

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

Restricted Assets

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

Long-Term Debt

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

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

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

Compensated Absences

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

Deferred Outflows and Inflows

Deferred outflows and inflows are the consumption or acquisition of net position by the City that are applicable to a future reporting period. At June 30, 2012, the City's deferred outflows and deferred inflows of resources were comprised of pension and OPEB related deferrals. As mentioned in Note 1.H., certain pension and OPEB amounts are deferred, some as outflows and other as inflows, amortized as a component of pension and insurance expense in future periods.

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.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

b. Restricted – consists of fund balance with constraints place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance. The City currently reports no committed fund balance.

d. Assigned – includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.

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

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

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

E. Revenues, Expenditures, and Expenses

Sales Tax

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

- 2 cents is recorded in the General Fund and then ¼ cent transferred to the Wastewater Enterprise Fund for construction and rehabilitation of wastewater infrastructure and ¼ cent transferred to the Water Enterprise Fund for construction and rehabilitation of water infrastructure.
- ½ cent recorded in the Street Improvement Fund for capital projects related to street improvements.
- ½ cent recorded in the Community Enhancement Fund for police and fire, auditorium and coliseum renovation, industrial growth, and parks and recreation.
- ¼ cent, while in effect, recorded in the General Fund and transferred to the Ardmore Development Authority Fund for industrial development in the Ardmore area.
- ½ cent recorded in the GAPS Tax City Fund for capital expenditures and public safety operations.

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

The ¼ cent for the Ardmore Development Authority Fund expired on September 30, 2013. However, the City failed to notify the Oklahoma Tax Commission this tax was expiring. Therefore, the City continued to receive these taxes from October 2013 thru December 2013 in error. The City deposited these taxes into a separate bank account and agreed to issue sales tax refunds to any citizen that provided receipts within three years of December 2013. The City had not issued any refunds as of June 30, 2020. The City has recorded a

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

sales tax payable in the amount of \$350,980, and for FY 21-22, the City is planning to bring this amount in as revenue.

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, 2020, the City's net assessed valuation of taxable property was \$193,908,251. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2020, was \$0.17.

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.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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.

H. Pensions and OPEB

For purposes of measuring the net pension asset, 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 Oklahoma Firefighters Pension & Retirement System (OFPRS), Oklahoma Police Pension & Retirement System (OPPRS) and Oklahoma Municipal Retirement Fund (OkMRF) and additions to/deductions from OFPRS, OPPRS and OkMRF's fiduciary net position have been determined on the same basis as they are reported by OFPRS, OPPRS and OkMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by these funds are reported at fair value.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows and OPEB expense for the single employer other postemployment benefit plan the measurement has been prepared in accordance with GASB Statement No. 75.

2. Cash, Cash Equivalents, and Investments

At June 30, 2020, the reporting entity held the following deposits and investments:

Primary Government:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 42,891,184
Cash on hand			2,200
Time deposit	7/7/2020		400,000
Time deposit	7/7/2020		300,000
Time deposit	7/7/2020		300,000
Time deposit	7/7/2020		500,000
Time deposit	7/7/2020		300,000
Time deposit	8/4/2020		500,000
Time deposit	8/4/2020		300,000
Time deposit	8/4/2020		400,000
Time deposit	8/4/2020		400,000
Time deposit	10/6/2020		300,000
Time deposit	10/6/2020		250,000
Time deposit	10/6/2020		250,000
Time deposit	10/6/2020		100,000
Time deposit	10/6/2020		250,000
Time deposit	10/6/2020		250,000
Time deposit	11/3/2020		200,000
Time deposit	11/3/2020		200,000
Time deposit	11/3/2020		200,000
Time deposit	11/3/2020		200,000
			48,493,384
Investments:			
Trustee accounts money market fund		AAA	6,246,675
Investment in Judgments		N/A	35,621
FFCB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	924,202
FFCB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	400,211
FHLB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	999,949
FHLB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	400,096
			9,006,754
Total deposits and investments			\$ 57,500,138
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 46,586,165
Investments			10,913,973
			\$ 57,500,138

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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

The City’s policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. At June 30, 2020 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, 2020 are as follows:

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

	Current
	Cash and cash equivalents
Series 2009 Debt Service Account	\$ 15,948
Series 2012 Reserve Account	75,360
Series 2014 Note Revenue Account	815,070
Series 2015 Note Revenue Account	83,710
Series 2015 Construction Account	3,078,118
Series 2016 Note Revenue Account	75,141
Series 2016 Construction Account	2,103,328
Meter deposits	277,835
Total	\$ 6,524,510

3. Accounts and Notes Receivable

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

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Court fines	\$ 223,401	\$ (44,680)	\$ 178,721
Business-Type Activities:			
Utilities	\$ 2,152,582	\$ (259,070)	\$ 1,893,512

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, 2020, capital assets balances changed as follows:

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

	Balance at July 1, 2019	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,356,854	\$ -	\$ -	\$ 5,356,854
Total capital assets not being depreciated	<u>5,356,854</u>	<u>-</u>	<u>-</u>	<u>5,356,854</u>
Other capital assets:				
Buildings	17,605,722	7,156,629	-	24,762,351
Computers	7,860,800	1,048,333	58,324	8,850,809
Furniture and fixtures	1,155,245	67,641	1,202	1,221,684
Vehicles	5,449,930	557,451	490,676	5,516,705
Machinery and equipment	5,063,484	123,572	108,119	5,078,937
Infrastructure	77,054,149	1,837,457	-	78,891,606
Total other capital assets at historical cost	<u>114,189,330</u>	<u>10,791,083</u>	<u>658,321</u>	<u>124,322,092</u>
Less accumulated depreciation for:				
Buildings	6,004,233	452,955	-	6,457,188
Computers	7,049,080	256,359	55,268	7,250,171
Furniture and fixtures	913,876	57,464	1,202	970,138
Vehicles	4,122,636	344,195	455,867	4,010,964
Machinery and equipment	4,236,896	239,708	107,901	4,368,703
Infrastructure	60,961,721	2,455,578	-	63,417,299
Total accumulated depreciation	<u>83,288,442</u>	<u>3,806,259</u>	<u>620,238</u>	<u>86,474,463</u>
Other capital assets, net	<u>30,900,888</u>	<u>6,984,824</u>	<u>38,083</u>	<u>37,847,629</u>
Governmental activities capital assets, net	<u>\$ 36,257,742</u>	<u>\$ 6,984,824</u>	<u>\$ 38,083</u>	<u>\$ 43,204,483</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 370,602	\$ -	\$ -	\$ 370,602
Total capital assets not being depreciated	<u>370,602</u>	<u>-</u>	<u>-</u>	<u>370,602</u>
Other capital assets:				
Buildings	48,899,801	-	-	48,899,801
Computers	286,579	14,890	3,313	298,156
Furniture and fixtures	76,996	15,101	-	92,097
Vehicles	3,395,831	460,800	-	3,856,631
Machinery and equipment	5,398,401	329,358	730,371	4,997,388
Infrastructure	115,184,916	3,410,170	-	118,595,086
Total other capital assets at historical cost	<u>173,242,524</u>	<u>4,230,319</u>	<u>733,684</u>	<u>176,739,159</u>
Less accumulated depreciation for:				
Buildings	16,200,640	976,507	-	17,177,147
Computers	246,146	14,145	3,313	256,978
Furniture and fixtures	64,390	2,631	-	67,021
Vehicles	2,327,475	310,740	-	2,638,215
Machinery and equipment	4,188,086	372,807	696,904	3,863,989
Infrastructure	98,133,160	2,678,782	-	100,811,942
Total accumulated depreciation	<u>121,159,897</u>	<u>4,355,612</u>	<u>700,217</u>	<u>124,815,292</u>
Other capital assets, net	<u>52,082,627</u>	<u>(125,293)</u>	<u>33,467</u>	<u>51,923,867</u>
Business-type activities capital assets, net	<u>\$ 52,453,229</u>	<u>\$ (125,293)</u>	<u>\$ 33,467</u>	<u>\$ 52,294,469</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:

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Depreciation expense charged to governmental activities:

General government	\$ 569,283
Public safety	356,302
Street	2,372,361
Culture and recreation	245,127
Cemetery	32,964
Airport	230,222
	<u>\$ 3,806,259</u>

Depreciation expense charged to business-type activities:

Water	\$ 1,827,438
Wastewater	2,113,587
Sanitation	348,532
Golf	66,055
	<u>\$ 4,355,612</u>

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2020, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Revenue bonds payable-direct placement	\$ 1,295,000	\$ -	\$ 1,295,000	\$ -	\$ -
Claims payable	1,228,251	4,618,921	5,685,938	161,234	-
Accrued compensated absences	989,625	86,185	-	1,075,810	107,581
Total Governmental Activities	<u>\$ 3,512,876</u>	<u>\$ 4,705,106</u>	<u>\$ 6,980,938</u>	<u>\$ 1,237,044</u>	<u>\$ 107,581</u>
Business-Type Activities:					
Notes Payable-direct borrowings/placements	\$ 28,452,891	\$ -	\$ 4,204,184	\$ 24,248,707	\$ 4,300,145
Deposits subject to refund	217,060	124,590	63,815	277,835	55,567
Accrued compensated absences	230,995	6,923	-	237,918	23,792
Total Business-Type Activities	<u>\$ 28,900,946</u>	<u>\$ 131,513</u>	<u>\$ 4,267,999</u>	<u>\$ 24,764,460</u>	<u>\$ 4,379,504</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 107,581
Due in more than one year	1,129,463
Total OPEB liability	3,531,185
Net pension liability	6,741,648
Total Governmental Activities Long-Term Liabilities	<u>\$ 11,509,877</u>

Business-Type Activities:

Due within one year	\$ 4,379,504
Due in more than one year	20,384,956
Total OPEB liability	1,195,171
Total Business-Type Activities Long-Term Liabilities	<u>\$ 25,959,631</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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

Revenue Bonds Payable-Direct Borrowings/Placement: The 2015 Series TIF Tax Exempt Revenue Note was retired during FY 19-20.

Claims Payable:

Current portion	-
Noncurrent portion	161,234
Total Claims Payable	<u>\$ 161,234</u>

Accrued Compensated Absences:

Current portion	107,581
Noncurrent portion	968,229
Total Accrued Compensated Absences	<u>\$ 1,075,810</u>

Total OPEB Liability:

Current portion	-
Noncurrent portion	3,518,123
Total OPEB liability	<u>\$ 3,518,123</u>

Net Pension Liability:

Current portion	-
Noncurrent portion	6,741,648
Total Net Pension Liability	<u>\$ 6,741,648</u>

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

Notes Payable-Direct Placements:

2012 CW SRF Note Payable to Oklahoma Water Resources Board dated November 19, 2012 original amount of \$8,697,000 with an annual interest rate of 1.7% due in semi-annual installments of principal and interest beginning September 15, 2015, final installment due March 15, 2035, payable from and secured by utility revenues. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note.

\$ 6,740,897

2014 Series Utility System and Sales Tax Revenue Note through Bancfirst dated January 30, 2014, original amount of \$26,140,000 with an annual interest rate of 2.30% due in semi-annual installments of principal and interest beginning April 1, 2014, final installment due April 1, 2023, payable from and secured by utility revenues and 1/2 cent sales tax. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.

8,925,000

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

2015 Series Utility System and Sales Tax Revenue Note through Bancfirst dated June 24, 2015, original amount of \$5,430,000 with an annual interest rate of 1.89% due in semi-annual installments of principal and interest beginning October 1, 2015, final installment due April 1, 2024, payable from and secured by utility revenues and 1/2 cent sales tax. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.

4,310,000

2009 CW SRF Note Payable to Oklahoma Water Resources Board dated December 18, 2009, original amount of \$1,090,000 with an annual interest rate of 2.67% due in semi-annual installments of principal and interest beginning September 15, 2010, final installment due March 15, 2030, payable from and secured by utility revenues. In the event of default, the lender may: 1) file suit for specific performance of covenants; 2) accelerate maturity of principal and interest accrued; 3) appoint trustees to take over, operate, and maintain the System; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note.

397,810

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

3,875,000

	Total Notes Payable	\$ 24,248,707
	Current portion	\$ 4,300,145
	Noncurrent portion	19,948,562
	Total Notes Payable	\$ 24,248,707

Deposits Subject to Refund:

	Current portion	55,567
	Noncurrent portion	222,268
	Total Deposits Subject to Refund	\$ 277,835

Accrued Compensated Absences:

	Current portion	23,792
	Noncurrent portion	214,126
	Total Accrued Compensated Absences	\$ 237,918

Total OPEB Liability:

	Noncurrent portion	995,976
	Total OPEB Liability	\$ 995,976

Debt Service Requirements to Maturity:

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

<u>Year Ending June 30,</u>	Business Type Activities	
	Direct Borrowings/Placements Notes Payable	
	Principal	Interest
2021	4,300,145	488,820
2022	4,396,103	395,776
2023	4,502,087	299,091
2024	4,158,078	210,735
2025	639,136	147,519
2026-2030	2,835,799	581,147
2031-2035	3,417,359	213,425
Totals	\$ 24,248,707	\$ 2,336,513

6. Fund Balances

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

	General Fund	Community Enhancement Fund	FAA Grant Fund	Library Trust Fund	GAPS Tax City Fund	Street Improvement Fund	TIF 2 Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances:									
Restricted for:									
Community enhancement	\$ -	\$ 2,526,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,526,405
Streets	-	-	-	-	-	1,738,394	-	77,243	1,815,637
Library grants	-	-	-	-	-	-	-	27,209	27,209
Grant programs	-	-	-	-	-	-	-	440,682	440,682
Public safety	-	-	-	-	-	-	-	285,305	285,305
Culture and recreation	170,500	-	-	-	-	-	-	-	170,500
Library	-	-	-	5,338,800	-	-	-	-	5,338,800
Cemetery	-	-	-	-	-	-	-	116,233	116,233
Economic development	-	-	-	-	-	-	-	302	302
Capital projects	-	-	-	-	4,072,978	-	-	783,465	4,856,443
Debt service	-	-	-	-	-	-	2,108,913	-	2,108,913
Sub-total Restricted	170,500	2,526,405	-	5,338,800	4,072,978	1,738,394	2,108,913	1,730,439	17,686,429
Assigned for:									
Community enhancement	-	281,257	-	-	-	-	-	-	281,257
Street improvements	-	-	-	-	-	445,444	-	-	445,444
Library grants	-	-	-	-	-	-	-	14,736	14,736
Capital projects	-	-	-	-	250,417	-	-	267,803	518,220
Public safety capital projects	-	-	-	-	-	-	-	14,750	14,750
Debt service	-	-	-	-	-	-	231,936	-	231,936
Insurance recovery	98,924	-	-	-	-	-	-	-	98,924
Drug enforcement	24,232	-	-	-	-	-	-	-	24,232
Public safety	40,711	-	-	-	-	-	-	13,628	54,339
Reserve management	6,488,212	-	-	-	-	-	-	-	6,488,212
Grant programs	1,024	-	-	-	-	-	-	1,861	2,885
OHP building maintenance	27,419	-	-	-	-	-	-	-	27,419
Recreation	235,037	-	-	-	-	-	-	-	235,037
Library	85,195	-	-	-	-	-	-	-	85,195
Subsequent year's budget	523,322	-	-	-	-	-	-	-	523,322
Sub-total Assigned	7,524,076	281,257	-	-	250,417	445,444	231,936	312,778	9,045,908
Unassigned (deficit):	2,304,299	-	(20,704)	-	-	-	-	(75,795)	2,207,800
TOTAL FUND BALANCES	\$ 9,998,875	\$ 2,807,662	\$ (20,704)	\$ 5,338,800	\$ 4,323,395	\$ 2,183,838	\$ 2,340,849	\$ 1,967,422	\$ 28,940,137

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.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2020 were as follows:

	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>	
General Fund	Lakeview Golf Course	90,000	Operating transfer	
General Fund	Wastewater Enterprise Fund	1,525,044	Sales tax transfer	
General Fund	Water Enterprise Fund	1,525,044	Sales tax transfer	
General Fund-Reserve Management	Downtown Executive Airport	220,000	Reimbursement of expenses incurred	
General Fund-Reserve Management	Lakeview Golf Course	23,000	Operating transfer	
General Fund-Reserve Management	Golf Building Fund	1,669	Reimbursement of expenses incurred	
General Fund-Parks Cash	Water Enterprise	34,235	Reimbursement of expenses incurred	
Water Enterprise	General Fund-Reserve Management	70,544	Reimbursement of expenses incurred	
Water Enterprise	General Fund	1,750,000	Operating transfer	
GAPS Tax Fund	Water Enterprise	1,221,861	Debt payments	
Valley Ranch Road Assessment	Water Enterprise	7,500	Project expenses	
Street and Alley Fund	General Fund-Commercial Sidewalk	5,063	Project expenses	
Street and Alley Fund	General Fund-RSP	2,434	Operating transfer	
Community Enhancement Fund	General Fund	1,700,000	Operating transfer	
Community Enhancement Fund	Clubhouse Fund	95,721	Operating transfer	
Community Enhancement Fund	TIF 2 Fund	1,400,000	Operating transfer	
Street Improvement Fund	Street and Alley Fund	300,000	Operating transfer	
Mayor's Anti Crime Fund	General Fund	130,000	Operating transfer	
JAG Fund	General Fund	274	Reimbursement of expenses incurred	
Capital Improvement Fund	General Fund	220,000	Operating transfer	
Library Trust Fund	Library Capital Improvement	225,000	Operating transfer	
TIF2 Fund	Community Enhancement Fund	7,857	Reimbursement of expenses incurred	
Debt Service Fund	General Fund	61,748	Reimbursement of expenses incurred	
APWA Loan Fund	Water Enterprise	13,500	Capital assets	
Sanitation Enterprise	General Fund	1,250,000	Operating transfer	
Wastewater Enterprise	General Fund	890,500	Operating transfer	
Wastewater Enterprise	Water Enterprise	1,785,277	Debt payments	
Total		<u>\$ 14,556,271</u>		
 Reconciliation to Fund Financial Statements:				
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>GW Capital Asset/Grant Purchases/Transfers</u>	<u>Net Transfers</u>
Governmental Funds	\$ 8,329,141	\$ (8,796,450)	\$ (983,675)	\$ (1,450,984)
Proprietary Funds	6,227,130	(6,110,261)	1,334,115	1,450,984
	<u>\$ 14,556,271</u>	<u>\$ (14,906,711)</u>	<u>\$ 350,440</u>	<u>\$ -</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Balances:

Interfund receivable and payables at June 30, 2020 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	208,545	Portion of sales tax accrual
General Fund	Water Enterprise Fund	218,628	Portion of sales tax accrual
General Fund	Employee Benefit Internal Service Fund	87,143	Portion of self-insurance claims payable
Street Improvement Fund	Hazard Mitigation Fund	25,105	Reimburse expenses
Employee Benefit Internal Service Fund	Street Improvement Fund	26,729	Judgment principal and interest not transferred
Employee Benefit Internal Service Fund	Clubhouse Fund	1,600	Tobacco revenues posted in E911 fund
Employee Benefit Internal Service Fund	Garage Cash Fund	49,273	Portion of self-insurance claims payable
Employee Benefit Internal Service Fund	Sanitation Enterprise Fund	32,654	Portion of self-insurance claims payable
Employee Benefit Internal Service Fund	General Fund	90,075	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Reserve Management Fund	600,000	Reimburse for deposit recorded incorrectly
Library Cash Fund	Literacy Grant Fund	1,459	Reimburse for deposit recorded incorrectly
FAA Grant Fund	Reserve Management Fund	489	Reimburse revenues
Total		<u>\$ 1,341,700</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Internal Service Fund Activity</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 742,525	\$ (587,746)	\$ 18,552	\$ 173,331
Proprietary Funds	459,827	(633,158)	-	(173,331)
Internal Service Funds	139,348	(120,796)	\$ (18,552)	-
Total	<u>\$ 1,341,700</u>	<u>\$ (1,341,700)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge – The City has pledged ½ cent of future sales tax revenues and net water and wastewater utility revenues to repay the following notes payable: \$1,090,000 of 2009 OWRB Notes Payable, \$8,697,000 of 2012 OWRB Notes Payable, \$26,140,000 of 2014 Series Utility System and Sales Tax Revenue Notes, \$5,430,000 of 2015 Series Utility System and Sales Tax Revenue Notes, and \$7,035,000 of 2016 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 \$26,585,220. Pledged net water and sewer utility revenues and pledged sales tax in the current fiscal year were \$9,570,801. Maximum annual debt service on all parity debt totaled \$5,728,321 which was 167% of total pledged revenues for these notes.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Gross Revenue Available for Debt Service:	
Charges for services	\$11,516,242
Sales tax pledged (1/2 cent)	3,050,088
Total Gross Revenues Available	<u>14,566,330</u>
Operating Expenses:	
Operations	4,995,529
Total Operating Expenses	<u>4,995,529</u>
Net Revenues Available for Debt Service	<u><u>\$9,570,801</u></u>
Debt Service Requirements:	
Maximum annual debt service on all APWA parity debt	<u><u>\$5,728,321</u></u>
Computed Coverage	<u>167%</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, 2017 to June 30, 2020:

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

10. Commitments and Contingencies

	Employee Health
Claims liability, June 30, 2017	\$ 304,100
Claims incurred and changes in estimates	3,303,606
Claims paid	(3,332,247)
Claims liability, June 30, 2018	275,459
Claims incurred and changes in estimates	3,259,362
Claims paid	(2,306,570)
Claims liability, June 30, 2019	1,228,251
Claims incurred and changes in estimates	4,618,921
Claims paid	(5,685,938)
Claims liability, June 30, 2020	161,234

Asset Retirement Obligation:

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2020, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the subsequent fiscal year.

Litigation:

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

Federal and State Award Programs:

The City of Ardmore participates in various federal or state grant/loan programs from year to year. In 2020, the City's involvement in federal and state award programs was not material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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

11. Pension Plan Participation

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

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

Firefighters’ Plan:

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

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

Normal Retirement:

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

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$284,400. The State of Oklahoma also made on-behalf payments to the OFPRS in the amount of \$670,338 during the current fiscal year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$648,857. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a net pension liability of \$6,741,648 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2019. Based upon this information, the City's proportion was 0.6380%.

For the year ended June 30, 2020, the City recognized pension expense of \$993,012. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,128,886	\$ 137,128
Changes of assumptions	-	173,189
Net difference between projected and actual earnings on pension plan investments	-	488,017
Changes in proportion and differences between City contributions and proportionate share of contributions	134,069	296,590
City contributions during measurement date	3,538	899
City contributions subsequent to the measurement date	284,400	-
Total	\$ 1,550,893	\$ 1,095,823

\$284,400 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, 2021. 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:

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Year ended June 30:		
2021	\$	122,883
2022		(85,770)
2023		117,779
2024		40,140
2025		(24,362)
	<u>\$</u>	<u>170,670</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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 Pub-2010 Public Safety Table with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease <u>6.5%</u>	Current Discount <u>Rate 7.5%</u>	1% Increase <u>8.5%</u>
Employers' net pension liability	\$ 8,705,355	\$ 6,741,648	\$ 4,585,292

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

Police Plan:

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

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$343,084. The State of Oklahoma also made on-behalf payments to the OPPRS in the amount of \$318,194 during the current fiscal year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$345,352. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a net pension asset of \$55,733 for its proportionate share of the total net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the City's proportion was 0.8730%.

For the year ended June 30, 2020, the City recognized pension expense of \$673,387. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,447	\$ 263,139
Changes of assumptions	142,308	-
Net difference between projected and actual earnings on pension plan investments	509,290	-
Changes in proportion and differences between contributions and proportionate share of contributions	31,928	-
Contributions during measurement date	5,333	3,475
City contributions subsequent to the measurement date	343,084	-
Total	\$ 1,065,390	\$ 266,614

\$343,084 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, 2021. 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:

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Year ended June 30:	
2021	\$ 252,180
2022	(65,814)
2023	88,046
2024	171,851
2025	9,429
	\$ 455,692

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% 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, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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, 2019, are summarized in the following table:

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real estate	7.99%
Private equity	10.20%
Commodities	3.50%

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 2,374,192	\$ (55,733)	\$ (2,110,265)

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.

Employee Plan:

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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	- Normal retirement at age 65 with 5 years of service - Early retirement at age 55 with 5 years of service - Disability retirement upon disability with 5 years of service - 50% death benefit with 5 years of service for married employees
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
- Normal Retirement	3.0% of final average salary multiplied by credited years of service
- Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
- Disability Retirement	Benefit computed as for normal retirement based upon age and service at termination
- Death Benefit	50% of employee’s accrued benefit, but terminates upon spouse re-marriage
- Prior to 5 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	174
Deferred Vested Former Employees	31
Retirees or Retiree Beneficiaries	<u>49</u>
Total	<u>254</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Contribution Requirements- The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 8.58% of covered payroll as of 7-1-18. For the year ended June 30, 2020, the City recognized \$737,961 of employer contributions to the plan which is equal to the actuarially determined amount based on covered payroll of \$8,689,322.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2019
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Post Retirement Cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 st based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%.
e. Inflation Rate	3%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 215 Year 2: 140 Year 3: 95 Year 4: 65 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

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, 2019 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	100%		4.75%

Changes in Net Pension Liability (Asset)– The total pension liability was determined based on an actuarial valuation performed as of July 1, 2019 which is also the measurement date. There were no

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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, 2019 and the City's report ending date of June 30, 2020, that would have had a significant impact on the net pension liability (asset). The following table reports the components of changes in net pension liability (asset):

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances Beginning of Year	\$ 30,152,194	\$ 31,106,541	\$ (954,347)
Changes for the Year:			
Service cost	1,236,570	-	1,236,570
Interest expense	2,225,073	-	2,225,073
Experience losses (gains) (amortized over avg remain svc period of actives & inactives)	(403,073)	-	(403,073)
Changes of assumptions	672,302	-	672,302
Contributions--City	-	749,482	(749,482)
Contributions--members	-	513,871	(513,871)
Net investment income	-	2,174,321	(2,174,321)
Benefits paid	(986,938)	(986,938)	-
Plan administrative expenses	-	(66,780)	66,780
Net Changes	<u>2,743,934</u>	<u>2,383,956</u>	<u>359,978</u>
Balances End of Year	<u>\$ 32,896,128</u>	<u>\$ 33,490,497</u>	<u>\$ (594,369)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate- The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.5%	1% Increase 8.50%
Net Pension Liability (Asset)	\$ 3,958,981	\$ (594,369)	\$ (4,368,316)

The City reported \$839,148 in pension expense for the year ended June 30, 2020. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,112,416
Changes of assumptions	983,136	-
Net difference between projected and actual earnings on plan investments	-	1,041
Changes in proportion and differences between contributions and proportionate share of contributions	62,777	162,509
City contributions subsequent to the measurement date	737,961	-
Total	<u>\$ 1,783,874</u>	<u>\$ 1,275,966</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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

Year ended June 30:	
2020	\$ 4,429
2021	(279,717)
2022	(8,119)
2023	51,748
2024	1,606
Thereafter	-
	<u>\$ (230,053)</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, 2020, 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, 2020 were \$126,038.

12. Other Post-Employment Benefits

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

Benefits provided. The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City fully self-insured health plan. In accordance with administrative policy, retiree contributions are approximately 65% of the average employee premium at 7/1/2016 decreasing to 54% at 7/1/2020. An additional contribution is required for dependent coverage. This creates an implicit rate subsidy.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

The benefits offered by the City to retirees include health, dental and prescription drug benefits. Benefits continue to age 65 if the retiree continues to make the required contribution. Certain grandfathered retirees and spouses have lifetime benefits. Dental benefits may be continued after age 65.

The amount of benefit payments during the fiscal year ended June 30, 2020 were \$85,135.

Employees Covered by Benefit Terms

Active Employees	253
Inactive or beneficiaries receiving benefits	<u>19</u>
Total	<u>272</u>

Total OPEB Liability. The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2020. The measurement date used was June 30, 2019.

Actuarial Assumptions. The total OPEB liability in the June 30, 2020 valuation was determine using the following actuarial assumptions:

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at Beginning of Year	\$ 4,454,073
Changes For the Year:	
Service cost	262,225
Interest expense	182,521
Change in benefit terms	-
Difference between expected and actual experience	53,554
Change in assumptions	(70,544)
Expected net benefit payments	\$ (155,473)
Net changes	\$ 272,283
Balances at End of Year	\$ 4,726,356

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2020, the City recognized OPEB expense of \$340,965. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,480	\$ 8,519
Changes of assumptions	-	598,159
Changes in proportion	96,279	96,278
Total	\$ 142,759	\$ 702,956

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

Year ended June 30:	
2021	\$ (103,780)
2022	(103,780)
2023	(103,780)
2024	(103,780)
2025	(101,350)
Thereafter	(43,727)
	\$ (560,197)

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Sensitivity of the City's total OPEB liability to changes in the discount rate. The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	<u>1% Decrease 2.50%</u>	<u>Current Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
Total OPEB Liability	\$ 5,816,080	\$ 4,726,356	\$ 3,893,670

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rate. The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.02%) or 1-percentage point higher (7.02%) than the current healthcare cost trend rate:

	<u>1% Decrease 5.02% Grading to 3.87%</u>	<u>Healthcare Cost Trend Rates 6.02% Grading to 4.87%</u>	<u>1% Increase 7.02% Grading to 5.87%</u>
Total OPEB Liability	\$ 3,918,743	\$ 4,726,356	\$ 5,754,663

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2020

GENERAL FUND				
Budget and Actual (with Variances) - Budgetary Basis				
Year Ended June 30, 2020				
	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 10,960,000	\$ 10,960,000	\$ 10,559,632	\$ (400,368)
Intergovernmental	340,000	340,000	383,399	43,399
Licenses and permits	224,000	224,000	257,560	33,560
Charges for services	165,000	165,000	136,380	(28,620)
Fines and Forfeitures	267,400	267,400	204,643	(62,757)
Investment earnings	40,000	40,000	36,341	(3,659)
Miscellaneous	190,500	190,500	156,297	(34,203)
Total revenues	<u>12,186,900</u>	<u>12,186,900</u>	<u>11,734,252</u>	<u>(452,648)</u>
EXPENDITURES				
Department:				
<i>General Government:</i>				
Legislative	166,325	166,325	81,958	84,367
Municipal court	167,288	167,288	158,245	9,043
City manager	582,130	596,130	596,127	3
Human resources	325,550	325,550	305,409	20,141
Information tech	1,214,651	1,214,651	1,074,873	139,778
Legal	235,523	235,523	67,927	167,596
Finance	632,355	632,355	593,093	39,262
Purchasing	144,005	144,305	144,292	13
Engineering	480,382	527,512	476,354	51,158
Development services	720,231	720,231	613,485	106,746
GIS	105,598	105,598	105,313	285
Technical services	540,937	580,937	580,331	606
Pension benefits & insurance	707,500	952,500	952,478	22
Total General Government	<u>6,022,475</u>	<u>6,368,905</u>	<u>5,749,885</u>	<u>619,020</u>
<i>Public Safety:</i>				
Fire	3,400,586	3,400,586	3,164,881	235,705
Police	5,732,933	5,378,633	4,904,849	473,784
Police jail	225,000	225,000	186,979	38,021
Animal control	124,708	124,708	95,725	28,983
Forensic lab	159,938	159,938	149,320	10,618
Emergency dispatch	738,582	738,582	715,834	22,748
Total Public Safety	<u>10,381,747</u>	<u>10,027,447</u>	<u>9,217,588</u>	<u>809,859</u>
<i>Culture and Recreation:</i>				
Community center	335,805	335,805	280,447	55,358
Community pool	156,260	156,260	138,655	17,605
Parks & recreation	1,142,343	1,142,343	987,270	155,073
R.O.W. maintenance	442,810	442,810	395,349	47,461
Library	973,744	1,000,744	1,000,400	344
Total Culture and Recreation	<u>3,050,962</u>	<u>3,077,962</u>	<u>2,802,121</u>	<u>275,841</u>
<i>Cemetery:</i>				
Cemetery	333,748	333,748	303,444	30,304
Total Cemetery	<u>333,748</u>	<u>333,748</u>	<u>303,444</u>	<u>30,304</u>
Total Expenditures	<u>19,788,932</u>	<u>19,808,062</u>	<u>18,073,038</u>	<u>1,735,024</u>
Excess (deficiency) of revenues over expenditures	<u>(7,602,032)</u>	<u>(7,621,162)</u>	<u>(6,338,786)</u>	<u>1,282,376</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,340,500	7,340,500	7,310,537	(29,963)
Transfers out	(409,000)	(437,000)	(437,000)	-
Total other financing sources and uses	<u>6,931,500</u>	<u>6,903,500</u>	<u>6,873,537</u>	<u>(29,963)</u>
Net change in fund balances	(670,532)	(717,662)	534,751	1,252,413
Fund balances - beginning	1,182,031	1,182,031	1,401,743	219,712
Fund balances - ending	<u>\$ 511,499</u>	<u>\$ 464,369</u>	<u>\$ 1,936,494</u>	<u>\$ 1,472,125</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

COMMUNITY ENHANCEMENT FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2020

	<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>
REVENUES				
Taxes	\$ 3,000,000	\$ 3,000,000	\$ 2,999,077	\$ (923)
Investment earnings	40,000	40,000	59,182	19,182
Miscellaneous	250	250	5,805	5,555
Total revenues	<u>3,040,250</u>	<u>3,040,250</u>	<u>3,064,064</u>	<u>23,814</u>
EXPENDITURES				
Departmental:				
General government	840,900	840,900	816,908	23,992
<i>Total General government</i>	<u>840,900</u>	<u>840,900</u>	<u>816,908</u>	<u>23,992</u>
Total Expenditures	<u>840,900</u>	<u>840,900</u>	<u>816,908</u>	<u>23,992</u>
Excess (deficiency) of revenues over expenditures	<u>2,199,350</u>	<u>2,199,350</u>	<u>2,247,156</u>	<u>47,806</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	7,857	7,857
Transfers out	(3,200,000)	(3,200,000)	(3,195,721)	4,279
Total other financing sources and uses	<u>(3,200,000)</u>	<u>(3,200,000)</u>	<u>(3,187,864)</u>	<u>12,136</u>
Net change in fund balances	(1,000,650)	(1,000,650)	(940,708)	59,942
Fund balances - beginning	3,239,150	3,239,150	3,699,884	460,734
Fund balances - ending	<u>\$ 2,238,500</u>	<u>\$ 2,238,500</u>	<u>\$ 2,759,176</u>	<u>\$ 520,676</u>

FAA GRANT FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2020

	<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>
REVENUES				
Intergovernmental	\$ 3,790,794	\$ 3,790,794	\$ 2,243,806	\$ (1,546,988)
Miscellaneous	212,000	212,000	2,217,301	2,005,301
Total revenues	<u>4,002,794</u>	<u>4,002,794</u>	<u>4,461,107</u>	<u>458,313</u>
EXPENDITURES				
Departmental:				
Airport	4,002,794	5,039,312	5,039,158	154
<i>Total Airport</i>	<u>4,002,794</u>	<u>5,039,312</u>	<u>5,039,158</u>	<u>154</u>
Total Expenditures	<u>4,002,794</u>	<u>5,039,312</u>	<u>5,039,158</u>	<u>154</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,036,518)</u>	<u>(578,051)</u>	<u>458,467</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(1,036,518)	(578,051)	458,467
Fund balances - beginning	1,152,051	1,152,051	(31,509)	(1,183,560)
Fund balances - ending	<u>\$ 1,152,051</u>	<u>\$ 115,533</u>	<u>\$ (609,560)</u>	<u>\$ (725,093)</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

**LIBRARY TRUST FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 94,600	\$ 94,600	\$ 92,485	\$ (2,115)
Miscellaneous	169,600	169,600	99,491	(70,109)
Total revenues	<u>264,200</u>	<u>264,200</u>	<u>191,976</u>	<u>(72,224)</u>
EXPENDITURES				
Departmental:				
Culture and recreation	9,402	9,402	6,274	3,128
<i>Total Culture and recreation</i>	<u>9,402</u>	<u>9,402</u>	<u>6,274</u>	<u>3,128</u>
Total Expenditures	9,402	9,402	6,274	3,128
Excess (deficiency) of revenues over expenditures	<u>254,798</u>	<u>254,798</u>	<u>185,702</u>	<u>(69,096)</u>
OTHER FINANCING SOURCES				
Transfers out	(375,000)	(375,000)	(225,000)	150,000
Total other financing sources	<u>(375,000)</u>	<u>(375,000)</u>	<u>(225,000)</u>	<u>150,000</u>
Net change in fund balances	(120,202)	(120,202)	(39,298)	80,904
Fund balances - beginning	5,384,870	5,384,870	5,349,985	(34,885)
Fund balances - ending	<u>\$ 5,264,668</u>	<u>\$ 5,264,668</u>	<u>\$ 5,310,687</u>	<u>\$ 46,019</u>

**GAPS TAX CITY FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Taxes	\$ 3,000,000	\$ 3,000,000	\$ 2,999,077	\$ (923)
Investment earnings	50,000	50,000	67,200	17,200
Miscellaneous	-	-	-	-
Total revenues	<u>3,050,000</u>	<u>3,050,000</u>	<u>3,066,277</u>	<u>16,277</u>
EXPENDITURES				
Departmental:				
General government	3,347,775	3,768,053	1,991,413	1,776,640
<i>Total General government</i>	<u>3,347,775</u>	<u>3,768,053</u>	<u>1,991,413</u>	<u>1,776,640</u>
Total Expenditures	3,347,775	3,768,053	1,991,413	1,776,640
Excess (deficiency) of revenues over expenditures	<u>(297,775)</u>	<u>(718,053)</u>	<u>1,074,864</u>	<u>1,792,917</u>
OTHER FINANCING SOURCES				
Transfers out	(1,150,100)	(1,222,100)	(1,221,861)	239
Total other financing sources	<u>(1,150,100)</u>	<u>(1,222,100)</u>	<u>(1,221,861)</u>	<u>239</u>
Net change in fund balances	(1,447,875)	(1,940,153)	(146,997)	1,793,156
Fund balances - beginning	3,733,965	3,733,965	4,419,380	685,415
Fund balances - ending	<u>\$ 2,286,090</u>	<u>\$ 1,793,812</u>	<u>\$ 4,272,383</u>	<u>\$ 2,478,571</u>

Footnotes to Budgetary Comparison Schedules:

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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

	General Fund	Community Enhancement Fund	FAA Grant Fund	Library Trust Fund	GAPS Tax City Fund
Total revenue - budgetary basis	\$ 19,044,789	\$ 3,071,921	\$ 4,461,107	\$ 191,976	\$ 3,066,277
Total expenses - budgetary basis	(18,510,038)	(4,012,629)	(5,039,158)	(231,274)	(3,213,274)
Change in fund balance - budgetary basis	534,751	(940,708)	(578,051)	(39,298)	(146,997)
Revenue accruals	4,207,851	48,486	595,063	28,113	51,012
Expenditure accruals	(3,313,319)	-	(6,207)	-	-
Change in fund balance - GAAP basis	<u>\$ 1,429,283</u>	<u>\$ (892,222)</u>	<u>\$ 10,805</u>	<u>\$ (11,185)</u>	<u>\$ (95,985)</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability	0.6716109%	0.6709177%	0.6364976%	0.6597064%	0.6391870%	0.6380100%
City's proportionate share of the net pension liability	\$ 6,906,497	\$ 7,121,176	\$ 7,776,178	\$ 8,297,271	\$ 7,194,985	\$ 6,741,648
City's covered payroll	\$ 1,731,982	\$ 1,833,106	\$ 1,780,408	\$ 1,946,200	\$ 1,901,064	\$ 1,976,929
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	399%	388%	437%	426%	378%	341%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%

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

Notes to Schedule:

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

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
Statutorially required contribution	\$ 256,635	\$ 249,258	\$ 272,468	\$ 266,149	\$ 276,770	\$ 284,400
Contributions in relation to the statutorially required contribution	256,635	249,258	272,468	266,149	276,770	284,400
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,833,107	\$ 1,780,414	\$ 1,946,200	\$ 1,901,064	\$ 1,976,929	\$ 2,031,424
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Schedules of Required Supplementary Information

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

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability (asset)	0.8494%	0.8664%	0.8798%	0.9309%	0.9283%	0.8730%
City's proportionate share of the net pension liability (asset)	\$ (285,990)	\$ 35,326	\$ 1,347,423	\$ 71,607	\$ (442,198)	\$ (55,733)
City's covered payroll	\$ 2,376,325	\$ 2,448,931	\$ 2,594,723	\$ 2,870,954	\$ 2,837,692	\$ 2,830,785
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.03%	1.44%	51.93%	2.49%	15.58%	1.97%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%

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

Notes to Schedule:

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

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
Statutorily required contribution	\$ 318,361	\$ 337,314	\$ 373,224	\$ 368,900	\$ 368,002	\$ 343,084
Contributions in relation to the statutorily required contribution	318,361	337,314	373,224	368,900	368,002	343,084
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,448,931	\$ 2,594,723	\$ 2,870,954	\$ 2,837,692	\$ 2,830,785	\$ 2,639,108
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

EMPLOYMENT HEALTH INSURANCE IMPLICIT RATE SUBSIDY PLAN

Last 10 Fiscal Years*

	2018	2019	2020
Total OPEB Liability			
Service Cost	\$ 354,770	\$ 314,357	\$ 262,225
Interest	124,315	172,278	182,521
Differences between expected and actual experience	-	(11,476)	53,554
Changes in assumptions	(386,648)	(399,035)	(70,544)
Benefit Payments	(85,135)	(119,916)	(155,473)
Net change in total OPEB liability	\$ 7,302	\$ (43,792)	\$ 272,283
Balances- Beginning of Year	\$ 4,490,563	\$ 4,497,865	\$ 4,454,073
Balances- End of Year	<u>\$ 4,497,865</u>	<u>\$ 4,454,073</u>	<u>\$ 4,726,356</u>
Covered employee payroll	\$ 13,040,000	\$ 12,444,000	\$ 12,950,000
Total OPEB liability as a percentage of covered employee payroll	34.49%	35.79%	36.50%

Notes to Schedule:

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Last Six Fiscal Years

	2015	2016	2017	2018	2019	2020
Total pension liability						
Service cost	\$ 1,128,774	\$ 1,258,516	\$ 1,280,059	\$ 1,260,934	\$ 1,240,101	\$ 1,236,570
Interest	1,559,184	1,640,888	1,788,599	1,941,697	2,101,240	2,225,073
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(371,969)	(388,309)	(326,953)	(681,761)	(403,073)
Changes of assumptions	-	-	-	971,557	-	672,302
Benefit payments, including refunds of member contributions	(434,050)	(578,537)	(666,062)	(745,201)	(1,029,226)	(986,938)
Net change in total pension liability	2,253,908	1,948,898	2,014,287	3,102,034	1,630,354	2,743,934
Total pension liability - beginning	19,202,713	21,456,621	23,405,519	25,419,806	28,521,840	30,152,194
Total pension liability - ending (a)	\$ 21,456,621	\$ 23,405,519	\$ 25,419,806	\$ 28,521,840	\$ 30,152,194	\$ 32,896,128
Plan fiduciary net position						
Contributions - employer	\$ 1,125,336	\$ 1,014,468	\$ 847,375	\$ 782,365	\$ 712,659	\$ 749,482
Contributions - member	471,839	479,653	497,968	499,382	497,441	513,871
Net investment income	3,129,727	654,125	239,592	3,161,435	2,135,242	2,174,321
Benefit payments, including refunds of member contributions	(434,050)	(578,537)	(666,062)	(745,201)	(1,029,226)	(986,938)
Administrative expense	(46,482)	(48,122)	(48,765)	(55,881)	(60,866)	(66,780)
Net change in plan fiduciary net position	4,246,370	1,521,587	870,108	3,642,100	2,255,250	2,383,956
Plan fiduciary net position - beginning	18,571,126	22,817,496	24,339,083	25,209,191	28,851,291	31,106,541
Plan fiduciary net position - ending (b)	\$ 22,817,496	\$ 24,339,083	\$ 25,209,191	\$ 28,851,291	\$ 31,106,541	\$ 33,490,497
Net pension liability (asset) - ending (a) - (b)	\$ (1,360,875)	\$ (933,564)	\$ 210,615	\$ (329,451)	\$ (954,347)	\$ (594,369)
Plan fiduciary net position as a percentage of the total pension liability	106.34%	103.99%	99.17%	101.16%	103.17%	101.81%
Covered employee payroll	\$ 7,938,819	\$ 8,059,981	\$ 8,247,671	\$ 8,022,574	\$ 8,236,196	\$ 8,324,901
Net pension liability (asset) as a percentage of covered-employee payroll	17.14%	11.58%	2.55%	4.11%	11.59%	7.14%

Notes to Schedule:

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions

Last Six Fiscal Years

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 1,018,499	\$ 855,186	\$ 815,114	\$ 712,659	\$ 748,867	\$ 737,961
Contributions in relation to the actuarially determined contribution	1,018,499	855,186	815,114	712,659	748,867	737,961
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 7,986,208	\$ 8,298,332	\$ 8,643,783	\$ 8,284,562	\$ 8,564,524	\$ 8,689,322
Contributions as a percentage of covered-employee payroll	12.8%	10.3%	9.4%	8.6%	8.7%	8.5%

Notes to Schedule:

1. Only six fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2019
3. Actuarially determined contribution rate is calculated as of July 1, 2014, July 1, 2015, July 1, 2016, July 1, 2017, July 1, 2018, and July 1, 2019.
 - FY14-15 contributions were at a rate of 12.8%
 - FY15-16 contributions were at a rate of 10.3%
 - FY16-17 contributions were at a rate of 9.4%
 - FY17-18 contributions were at a rate of 8.6%
 - FY18-19 contributions were at a rate of 8.7%
 - FY19-20 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 - 4.50% to 7.50% (varies by attained age)
 - Investment rate of return - 7.50%

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

OTHER SUPPLEMENTARY INFORMATION

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2020

	<u>General Fund</u>	<u>Emergency Management Account</u>	<u>Insurance Recovery Account</u>	<u>Commercial Sidewalk Account</u>	<u>Drug Enforcement Account</u>	<u>A.L.E.R.T. Account</u>	<u>City Lakes Account</u>	<u>OHP Account</u>	<u>Recreation Account</u>
ASSETS									
Cash and cash equivalents	\$ 2,562,767	\$ 16,235	\$ 98,924	\$ -	\$ 24,308	\$ 12,154	\$ 12,885	\$ 27,629	\$ 7,969
Investments	35,621	-	-	-	-	-	-	-	-
Receivable from other governments	1,929,825	15,063	-	-	-	-	-	-	-
Due from other funds	87,143	-	-	-	-	-	-	-	-
Court fines receivable, net	178,721	-	-	-	-	-	-	-	-
Other receivables	2,953	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4,797,030</u>	<u>\$ 31,298</u>	<u>\$ 98,924</u>	<u>\$ -</u>	<u>\$ 24,308</u>	<u>\$ 12,154</u>	<u>\$ 12,885</u>	<u>\$ 27,629</u>	<u>\$ 7,969</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 624,690	\$ 2,741	\$ -	\$ -	\$ 76	\$ -	\$ 5,016	\$ 210	\$ 6,448
Due to other funds	480,981	-	-	-	-	-	-	-	-
Due to bondholders	935	-	-	-	-	-	-	-	-
Other payables	725,799	-	-	-	-	-	-	-	-
Total liabilities	<u>1,832,405</u>	<u>2,741</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>5,016</u>	<u>210</u>	<u>6,448</u>
Deferred Inflows of Resources:									
Deferred revenue	<u>133,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Restricted	-	-	-	-	-	-	-	-	-
Assigned	523,322	28,557	98,924	-	24,232	12,154	7,869	27,419	1,521
Unassigned (deficit)	2,307,704	-	-	-	-	-	-	-	-
Total fund balances	<u>2,831,026</u>	<u>28,557</u>	<u>98,924</u>	<u>-</u>	<u>24,232</u>	<u>12,154</u>	<u>7,869</u>	<u>27,419</u>	<u>1,521</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,797,030</u>	<u>\$ 31,298</u>	<u>\$ 98,924</u>	<u>\$ -</u>	<u>\$ 24,308</u>	<u>\$ 12,154</u>	<u>\$ 12,885</u>	<u>\$ 27,629</u>	<u>\$ 7,969</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2020, (Continued)

	<u>Library Cash Account</u>	<u>Reserve Management Account</u>	<u>Emergency 911 Account</u>	<u>Car Seat Grant Account</u>	<u>Parks Cash Account</u>	<u>R.S.P. Account</u>	<u>Total General Fund Accounts</u>
ASSETS							
Cash and cash equivalents	\$ 86,654	\$ 4,710,661	\$ 417	\$ 1,024	\$ 411,188	\$ -	\$ 7,972,815
Investments	-	1,000,000	-	-	-	-	1,035,621
Receivable from other governments	-	353,630	-	-	-	-	2,298,518
Due from other funds	-	600,489	-	-	-	-	687,632
Court fines receivable, net	-	-	-	-	-	-	178,721
Other receivables	-	-	20,573	-	-	-	23,526
Total assets	<u>\$ 86,654</u>	<u>\$ 6,664,780</u>	<u>\$ 20,990</u>	<u>\$ 1,024</u>	<u>\$ 411,188</u>	<u>\$ -</u>	<u>\$ 12,196,833</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 176,568	\$ -	\$ -	\$ 15,041	\$ -	\$ 830,790
Due to other funds	1,459	-	24,395	-	-	-	506,835
Due to bondholders	-	-	-	-	-	-	935
Other payables	-	-	-	-	-	-	725,799
Total liabilities	<u>1,459</u>	<u>176,568</u>	<u>24,395</u>	<u>-</u>	<u>15,041</u>	<u>-</u>	<u>2,064,359</u>
Deferred Inflows of Resources:							
Deferred revenue	-	-	-	-	-	-	133,599
Fund balances:							
Restricted	-	-	-	-	170,500	-	170,500
Assigned	85,195	6,488,212	-	1,024	225,647	-	7,524,076
Unassigned (deficit)	-	-	(3,405)	-	-	-	2,304,299
Total fund balances	<u>85,195</u>	<u>6,488,212</u>	<u>(3,405)</u>	<u>1,024</u>	<u>396,147</u>	<u>-</u>	<u>9,998,875</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 86,654</u>	<u>\$ 6,664,780</u>	<u>\$ 20,990</u>	<u>\$ 1,024</u>	<u>\$ 411,188</u>	<u>\$ -</u>	<u>\$ 12,196,833</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2020

	General Fund	Emergency Management Account	Insurance Recovery Account	Commercial Sidewalk Account	Drug Enforcement Account	A.L.E.R.T. Account	City Lakes Account	OHP Account	Recreation Account
REVENUES									
Taxes	\$ 13,758,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,377,241	37,658	-	-	-	-	-	-	-
Licenses and permits	257,560	-	-	-	-	-	9,497	-	-
Charges for services	136,380	-	-	-	-	-	-	-	-
Fines and forfeitures	206,244	-	-	-	-	2,703	-	-	-
Investment earnings	39,017	182	1,365	-	340	167	31	428	93
Miscellaneous	156,297	1,102	61,538	-	8,252	-	1,973	7,800	45,574
Total revenues	<u>15,930,788</u>	<u>38,942</u>	<u>62,903</u>	<u>-</u>	<u>8,592</u>	<u>2,870</u>	<u>11,501</u>	<u>8,228</u>	<u>45,667</u>
EXPENDITURES									
Current:									
General government	5,365,998	-	11,084	-	-	-	-	-	-
Public Safety	9,942,261	107,188	-	-	5,135	-	-	8,048	-
Street	-	-	-	5,063	-	-	-	-	-
Culture and recreation	2,643,330	-	-	-	-	-	42,951	-	108,480
Cemetery	287,235	-	-	-	-	-	-	-	-
Capital Outlay	247,445	-	43,904	-	-	-	-	-	5,617
Total Expenditures	<u>18,486,269</u>	<u>107,188</u>	<u>54,988</u>	<u>5,063</u>	<u>5,135</u>	<u>-</u>	<u>42,951</u>	<u>8,048</u>	<u>114,097</u>
Excess (deficiency) of revenues over expenditures	<u>(2,555,481)</u>	<u>(68,246)</u>	<u>7,915</u>	<u>(5,063)</u>	<u>3,457</u>	<u>2,870</u>	<u>(31,450)</u>	<u>180</u>	<u>(68,430)</u>
OTHER FINANCING SOURCES (USES)									
Judgment proceeds	11,315	-	-	-	-	-	-	-	-
Interaccount transfer in	1,308,015	84,000	-	-	-	-	40,000	-	73,000
Interaccount transfer out	(197,000)	-	-	-	-	-	-	-	-
Transfers in	6,002,522	-	-	5,063	-	-	-	-	-
Transfers out	(3,140,088)	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>3,984,764</u>	<u>84,000</u>	<u>-</u>	<u>5,063</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>73,000</u>
Net change in fund balances	1,429,283	15,754	7,915	-	3,457	2,870	8,550	180	4,570
Fund balances - beginning	1,401,743	12,803	91,009	-	20,775	9,284	(681)	27,239	(3,049)
Fund balances - ending	<u>\$ 2,831,026</u>	<u>\$ 28,557</u>	<u>\$ 98,924</u>	<u>\$ -</u>	<u>\$ 24,232</u>	<u>\$ 12,154</u>	<u>\$ 7,869</u>	<u>\$ 27,419</u>	<u>\$ 1,521</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2020,
(Continued)

	Library Cash Account	Reserve Management Account	Emergency 911 Account	Car Seat Grant Account	Parks Cash Account	R.S.P. Account	Total General Fund Accounts
REVENUES							
Taxes	\$ -	\$ 3,513,728	\$ 245,870	-	\$ -	-	\$ 17,517,647
Intergovernmental	-	-	-	-	-	-	1,414,899
Licenses and permits	-	-	-	-	-	-	267,057
Charges for services	7,663	-	-	-	31,213	-	175,256
Fines and forfeitures	-	-	-	-	-	-	208,947
Investment earnings	-	84,418	-	-	5,090	-	131,131
Miscellaneous	5,860	-	-	3,457	218,641	-	510,494
Total revenues	<u>13,523</u>	<u>3,598,146</u>	<u>245,870</u>	<u>3,457</u>	<u>254,944</u>	<u>-</u>	<u>20,225,431</u>
EXPENDITURES							
Current:							
General government	-	82,302	-	7,123	-	-	5,466,507
Public Safety	-	-	-	-	-	-	10,062,632
Street	-	-	-	-	-	2,434	7,497
Culture and recreation	20,058	-	-	-	53,734	-	2,868,553
Cemetery	-	-	-	-	-	-	287,235
Capital Outlay	67	1,097,914	-	-	104,158	-	1,499,105
Total Expenditures	<u>20,125</u>	<u>1,180,216</u>	<u>-</u>	<u>7,123</u>	<u>157,892</u>	<u>2,434</u>	<u>20,191,529</u>
Excess (deficiency) of revenues over expenditures	<u>(6,602)</u>	<u>2,417,930</u>	<u>245,870</u>	<u>(3,666)</u>	<u>97,052</u>	<u>(2,434)</u>	<u>33,902</u>
OTHER FINANCING SOURCES (USES)							
Judgment proceeds	-	-	-	-	-	-	11,315
Interaccount transfer in	-	-	-	-	-	-	1,505,015
Interaccount transfer out	-	(1,000,000)	(308,015)	-	-	-	(1,505,015)
Transfers in	-	70,544	-	-	-	2,434	6,080,563
Transfers out	-	(244,669)	-	-	(34,235)	-	(3,418,992)
Total other financing sources and uses	<u>-</u>	<u>(1,174,125)</u>	<u>(308,015)</u>	<u>-</u>	<u>(34,235)</u>	<u>2,434</u>	<u>2,672,886</u>
Net change in fund balances	(6,602)	1,243,805	(62,145)	(3,666)	62,817	-	2,706,788
Fund balances - beginning	91,797	5,244,407	58,740	4,690	333,330	-	7,292,087
Fund balances - ending	<u>\$ 85,195</u>	<u>\$ 6,488,212</u>	<u>\$ (3,405)</u>	<u>\$ 1,024</u>	<u>\$ 396,147</u>	<u>\$ -</u>	<u>\$ 9,998,875</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Schedule of Net Position – APWA Water Enterprise Fund Accounts – June 30, 2020

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,097,555	\$ -	\$ 465	\$ -	\$ 5,098,020
Restricted cash and cash equivalents	-	277,835	6,246,675	-	6,524,510
Investments	1,500,000	-	-	-	1,500,000
Accounts receivable, net of allowance	719,688	-	-	-	719,688
Due from other funds	218,628	-	-	-	218,628
Inventories	273,547	-	-	-	273,547
Total current assets	<u>7,809,418</u>	<u>277,835</u>	<u>6,247,140</u>	<u>-</u>	<u>14,334,393</u>
Non-current assets:					
Land and construction in progress	85,082	-	-	-	85,082
Other capital assets, net of depreciation	25,925,616	-	-	-	25,925,616
Net pension asset	97,813	-	-	-	97,813
Total non-current assets	<u>26,108,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,108,511</u>
Total assets	<u>33,917,929</u>	<u>277,835</u>	<u>6,247,140</u>	<u>-</u>	<u>40,442,904</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount related to pensions	294,437	-	-	-	294,437
Deferred amount related to OPEB	69,834	-	-	-	69,834
Deferred amount on refunding	-	-	6,927	-	6,927
Total Deferred Outflows of Resources	<u>364,271</u>	<u>-</u>	<u>6,927</u>	<u>-</u>	<u>371,198</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	264,535	-	-	-	264,535
Accrued interest payable	-	-	144,123	-	144,123
Due to other funds	-	-	-	-	-
Other payables	8,208	-	-	-	8,208
Current portion of:					
Compensated absences	12,530	-	-	-	12,530
Deposits subject to refund	-	55,567	-	-	55,567
Notes payable	-	-	4,300,145	-	4,300,145
Total current liabilities	<u>285,273</u>	<u>55,567</u>	<u>4,444,268</u>	<u>-</u>	<u>4,785,108</u>
Non-current liabilities:					
Compensated absences	112,767	-	-	-	112,767
Deposits subject to refund	-	222,268	-	-	222,268
Total OPEB liability	561,368	-	-	-	561,368
Notes payable	-	-	19,948,562	-	19,948,562
Total non-current liabilities	<u>674,135</u>	<u>222,268</u>	<u>19,948,562</u>	<u>-</u>	<u>20,844,965</u>
Total liabilities	<u>959,408</u>	<u>277,835</u>	<u>24,392,830</u>	<u>-</u>	<u>25,630,073</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	221,257	-	-	-	221,257
Deferred amounts related to OPEB	82,944	-	-	-	82,944
Total deferred inflows of resources	<u>304,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,201</u>
NET POSITION					
Net investment in capital assets	26,010,698	-	(24,248,707)	-	1,761,991
Unrestricted	7,007,893	-	6,109,944	-	13,117,837
Total net position	<u>\$ 33,018,591</u>	<u>\$ -</u>	<u>\$ (18,138,763)</u>	<u>\$ -</u>	<u>\$ 14,879,828</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Schedule of Revenues, Expenses, and Changes in Net Position – APWA Water Enterprise Fund Accounts – Year Ended June 30, 2020

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
REVENUES					
Water	\$ 6,787,874	\$ -	\$ -	\$ -	\$ 6,787,874
Total operating revenues	<u>6,787,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,787,874</u>
OPERATING EXPENSES					
Water operations	3,125,236	-	-	-	3,125,236
Administration	-	-	10,620	-	10,620
Depreciation	1,827,438	-	-	-	1,827,438
Total Operating Expenses	<u>4,952,674</u>	<u>-</u>	<u>10,620</u>	<u>-</u>	<u>4,963,294</u>
Operating income (loss)	<u>1,835,200</u>	<u>-</u>	<u>(10,620)</u>	<u>-</u>	<u>1,824,580</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	118,278	-	82,310	-	200,588
Miscellaneous revenue	3,540	-	-	-	3,540
Gain on sale of capital assets	2,212	-	-	-	2,212
Interest expense	-	-	(552,231)	-	(552,231)
Total non-operating revenue (expenses)	<u>124,030</u>	<u>-</u>	<u>(469,921)</u>	<u>-</u>	<u>(345,891)</u>
Income (loss) before contributions and transfers	1,959,230	-	(480,541)	-	1,478,689
Capital contributions	616,033	-	-	-	616,033
Interaccount transfer in	8,470	-	1,764,929	-	1,773,399
Interaccount transfer out	(1,764,929)	-	(8,470)	-	(1,773,399)
Transfers in	1,566,779	-	3,007,138	-	4,573,917
Transfers out	(1,750,000)	-	(434,484)	-	(2,184,484)
Change in net position	<u>635,583</u>	<u>-</u>	<u>3,848,572</u>	<u>-</u>	<u>4,484,155</u>
Total net position - beginning	32,383,008	-	(21,987,335)	-	10,395,673
Total net position - ending	<u>\$ 33,018,591</u>	<u>\$ -</u>	<u>\$ (18,138,763)</u>	<u>\$ -</u>	<u>\$ 14,879,828</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020

	Special Revenue Funds								
	Other Police Grants	Street and Alley	Library State Grant	Historical Grant	Pass Thru Grants	Mayor's Anti Crime	Homeland Security Grant	JAG LLEBG Grant	ADA Industrial
ASSETS									
Cash and cash equivalents	\$ -	\$ 58,681	\$ 23,784	\$ 6,007	\$ -	\$ 300,183	\$ 975	\$ -	\$ -
Receivable from other governments	-	18,562	-	800	-	-	-	-	215,658
Due from other funds	-	-	-	-	-	-	-	-	-
Other taxes receivable, net	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 77,243</u>	<u>\$ 23,784</u>	<u>\$ 6,807</u>	<u>\$ -</u>	<u>\$ 300,183</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 215,658</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 761	\$ -	\$ -	\$ 1,250	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-	-	215,658
Total liabilities	<u>-</u>	<u>-</u>	<u>761</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>215,658</u>
Deferred Inflows of Resources:									
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Restricted	-	77,243	8,287	5,921	-	285,305	-	-	-
Assigned	-	-	14,736	886	-	13,628	975	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>77,243</u>	<u>23,023</u>	<u>6,807</u>	<u>-</u>	<u>298,933</u>	<u>975</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ -</u>	<u>\$ 77,243</u>	<u>\$ 23,784</u>	<u>\$ 6,807</u>	<u>\$ -</u>	<u>\$ 300,183</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 215,658</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020, (Continued)

	Capital Project Funds							
	Convention Tourism	Literacy Grant	FEMA DR 4222	Hazard Mitigation	Fire Capital	Downtown Executive Airport	Capital Improvement	Cemetery Care
ASSETS								
Cash and cash equivalents	\$ 302	\$ 18,015	\$ 367,667	\$ 40,961	\$ 15,508	\$ 118,844	\$ 71,210	\$ 116,233
Receivable from other governments	-	-	160,135	6,957	-	35,135	-	-
Due from other funds	-	1,459	-	25,105	-	-	-	-
Other taxes receivable, net	112,634	-	-	-	-	-	-	-
Total assets	<u>\$ 112,936</u>	<u>\$ 19,474</u>	<u>\$ 527,802</u>	<u>\$ 73,023</u>	<u>\$ 15,508</u>	<u>\$ 153,979</u>	<u>\$ 71,210</u>	<u>\$ 116,233</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 552	\$ -	\$ -	\$ 758	\$ 109,728	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Due to component unit	112,634	-	-	-	-	-	-	-
Total liabilities	<u>112,634</u>	<u>552</u>	<u>-</u>	<u>-</u>	<u>758</u>	<u>109,728</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:								
Deferred revenue	-	-	93,041	6,957	-	9,500	-	-
Fund balances:								
Restricted	302	18,922	434,761	66,066	-	-	-	116,233
Assigned	-	-	-	-	14,750	34,751	71,210	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>302</u>	<u>18,922</u>	<u>434,761</u>	<u>66,066</u>	<u>14,750</u>	<u>34,751</u>	<u>71,210</u>	<u>116,233</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 112,936</u>	<u>\$ 19,474</u>	<u>\$ 527,802</u>	<u>\$ 73,023</u>	<u>\$ 15,508</u>	<u>\$ 153,979</u>	<u>\$ 71,210</u>	<u>\$ 116,233</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020, (Continued)

	<u>Capital Project Funds</u>				<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
	<u>Library Capital Improvement</u>	<u>Clubhouse</u>	<u>SW Park Project</u>	<u>Valley Ranch Road Assessment</u>	<u>Debt Service Fund</u>	
ASSETS						
Cash and cash equivalents	\$ 93,632	\$ 690,000	\$ 105,362	\$ 15,955	\$ 4,354	\$ 2,047,673
Receivable from other governments	-	-	-	-	273	437,520
Due from other funds	-	1,600	-	-	-	28,164
Other taxes receivable, net	-	-	-	-	-	112,634
Total assets	<u>\$ 93,632</u>	<u>\$ 691,600</u>	<u>\$ 105,362</u>	<u>\$ 15,955</u>	<u>\$ 4,627</u>	<u>\$ 2,625,991</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 15,667	\$ 11,641	\$ -	\$ -	\$ -	\$ 140,357
Due to other funds	-	-	-	-	80,422	80,422
Due to component unit	-	-	-	-	-	328,292
Total liabilities	<u>15,667</u>	<u>11,641</u>	<u>-</u>	<u>-</u>	<u>80,422</u>	<u>549,071</u>
Deferred Inflows of Resources:						
Deferred revenue	-	-	-	-	-	109,498
Fund balances:						
Restricted	48,462	571,496	97,441	-	-	1,730,439
Assigned	29,503	108,463	7,921	15,955	-	312,778
Unassigned (deficit)	-	-	-	-	(75,795)	(75,795)
Total fund balances	<u>77,965</u>	<u>679,959</u>	<u>105,362</u>	<u>15,955</u>	<u>(75,795)</u>	<u>1,967,422</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 93,632</u>	<u>\$ 691,600</u>	<u>\$ 105,362</u>	<u>\$ 15,955</u>	<u>\$ 4,627</u>	<u>\$ 2,625,991</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2020

	Special Revenue Funds								
	Other Police Grants	Street and Alley	Library State Grant	Historical Grant	Pass Thru Grants	Mayor's Anti Crime	Homeland Security Grant	JAG LLEBG Grant	ADA Industrial
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,525,045
Intergovernmental	5,778	215,664	18,031	6,705	33,575	-	-	44,703	-
Charges for services	-	-	-	-	-	-	-	-	-
Investment earnings	-	1,048	446	-	-	4,007	-	-	-
Miscellaneous	-	481	-	-	-	210,243	-	-	-
Total revenues	<u>5,778</u>	<u>217,193</u>	<u>18,477</u>	<u>6,705</u>	<u>33,575</u>	<u>214,250</u>	<u>-</u>	<u>44,703</u>	<u>1,525,045</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	33,575	-	-	-	1,525,045
Public Safety	3,000	-	-	-	-	15,000	-	22,074	-
Street	-	513,323	-	-	-	-	-	-	-
Culture and recreation	-	-	16,996	6,959	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Capital Outlay	2,778	-	6,607	-	-	-	-	22,355	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>5,778</u>	<u>513,323</u>	<u>23,603</u>	<u>6,959</u>	<u>33,575</u>	<u>15,000</u>	<u>-</u>	<u>44,429</u>	<u>1,525,045</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(296,130)</u>	<u>(5,126)</u>	<u>(254)</u>	<u>-</u>	<u>199,250</u>	<u>-</u>	<u>274</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	300,000	-	-	-	-	-	-	-
Transfers out	-	(7,497)	-	-	-	(130,000)	-	(274)	-
Total other financing sources and uses	<u>-</u>	<u>292,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,000)</u>	<u>-</u>	<u>(274)</u>	<u>-</u>
Net change in fund balances	-	(3,627)	(5,126)	(254)	-	69,250	-	-	-
Fund balances - beginning	-	80,870	28,149	7,061	-	229,683	975	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 77,243</u>	<u>\$ 23,023</u>	<u>\$ 6,807</u>	<u>\$ -</u>	<u>\$ 298,933</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2020, (Continued)

	Capital Project Funds							
	Convention Tourism	Literacy Grant	FEMA DR 4222	Hazard Mitigation	Fire Capital	Downtown Executive Airport	Capital Improvement	Cemetery Care
REVENUES								
Taxes	\$ 1,113,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	67,094	-	86,060	112,215	-	-
Charges for services	-	-	-	-	14,000	43,903	-	12,863
Investment earnings	-	7	-	-	171	839	2,242	1,725
Miscellaneous	-	18,021	-	-	10,000	-	81,561	-
Total revenues	<u>1,113,248</u>	<u>18,028</u>	<u>67,094</u>	<u>-</u>	<u>110,231</u>	<u>156,957</u>	<u>83,803</u>	<u>14,588</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public Safety	-	-	3,562	-	34,588	-	-	-
Highways and roads	-	-	-	-	-	-	-	-
Culture and recreation	-	10,394	-	-	-	-	-	-
Airport	-	-	-	-	-	107,057	-	-
Economic development	1,112,946	-	-	-	-	-	-	-
Capital Outlay	-	1,200	-	-	70,690	226,009	-	5,534
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,112,946</u>	<u>11,594</u>	<u>3,562</u>	<u>-</u>	<u>105,278</u>	<u>333,066</u>	<u>-</u>	<u>5,534</u>
Excess (deficiency) of revenues over expenditures	<u>302</u>	<u>6,434</u>	<u>63,532</u>	<u>-</u>	<u>4,953</u>	<u>(176,109)</u>	<u>83,803</u>	<u>9,054</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	220,000	-	-
Transfers out	-	-	-	-	-	-	(220,000)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,000</u>	<u>(220,000)</u>	<u>-</u>
Net change in fund balances	302	6,434	63,532	-	4,953	43,891	(136,197)	9,054
Fund balances - beginning	-	12,488	371,229	66,066	9,797	(9,140)	207,407	107,179
Fund balances - ending	<u>\$ 302</u>	<u>\$ 18,922</u>	<u>\$ 434,761</u>	<u>\$ 66,066</u>	<u>\$ 14,750</u>	<u>\$ 34,751</u>	<u>\$ 71,210</u>	<u>\$ 116,233</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2020, (Continued)

	Capital Project Funds				Debt Service Fund	Total Other Governmental Funds
	Library Capital Improvement	Clubhouse	SW Park Project	Valley Ranch Road Assessment	Debt Service Fund	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	34,822	\$ 2,673,115
Intergovernmental	-	-	-	-	-	589,825
Charges for services	-	2,275	-	-	-	73,041
Investment earnings	1,828	8,325	1,480	359	-	22,477
Miscellaneous	14,091	190,000	50,000	-	-	574,397
Total revenues	<u>15,919</u>	<u>200,600</u>	<u>51,480</u>	<u>359</u>	<u>34,822</u>	<u>3,932,855</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	1,558,620
Public Safety	-	-	-	-	-	78,224
Highways and roads	-	-	-	-	-	513,323
Culture and recreation	121,646	62,564	706	-	-	219,265
Airport	-	-	-	-	-	107,057
Economic development	-	-	-	-	-	1,112,946
Capital Outlay	131,811	55,940	71,272	-	-	594,196
Debt Service:						
Principal	-	-	-	-	36,374	36,374
Interest and other charges	-	-	-	-	2,677	2,677
Total Expenditures	<u>253,457</u>	<u>118,504</u>	<u>71,978</u>	<u>-</u>	<u>39,051</u>	<u>4,222,682</u>
Excess (deficiency) of revenues over expenditures	<u>(237,538)</u>	<u>82,096</u>	<u>(20,498)</u>	<u>359</u>	<u>(4,229)</u>	<u>(289,827)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	225,000	95,721	-	-	-	840,721
Transfers out	-	-	-	(7,500)	(61,748)	(427,019)
Total other financing sources and uses	<u>225,000</u>	<u>95,721</u>	<u>-</u>	<u>(7,500)</u>	<u>(61,748)</u>	<u>413,702</u>
Net change in fund balances	(12,538)	177,817	(20,498)	(7,141)	(65,977)	123,875
Fund balances - beginning	90,503	502,142	125,860	23,096	(9,818)	1,843,547
Fund balances - ending	<u>\$ 77,965</u>	<u>\$ 679,959</u>	<u>\$ 105,362</u>	<u>\$ 15,955</u>	<u>\$ (75,795)</u>	<u>\$ 1,967,422</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Statement of Net Position – Nonmajor Enterprise Funds – June 30, 2020

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,897	\$ 18,593	\$ 26,490
Total current assets	<u>7,897</u>	<u>18,593</u>	<u>26,490</u>
Non-current assets:			
Capital assets:			
Other capital assets, net of accumulated depreciation	783,218	-	783,218
Total non-current assets	<u>783,218</u>	<u>-</u>	<u>783,218</u>
Total assets	<u>791,115</u>	<u>18,593</u>	<u>809,708</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	783,218	-	783,218
Unrestricted	7,897	18,593	26,490
Total net position	<u>\$ 791,115</u>	<u>\$ 18,593</u>	<u>\$ 809,708</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds – Year Ended June 30, 2020

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
REVENUES			
Charges for services - Golf	\$ 445,070	\$ 9,158	\$ 454,228
Miscellaneous	10,866	1,250	12,116
Total operating revenues	<u>455,936</u>	<u>10,408</u>	<u>466,344</u>
OPERATING EXPENSES			
Golf operations	560,768	1,669	562,437
Depreciation	66,054	-	66,054
Total operating expenses	<u>626,822</u>	<u>1,669</u>	<u>628,491</u>
Operating income (loss)	<u>(170,886)</u>	<u>8,739</u>	<u>(162,147)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	163	195	358
Gain on capital asset disposal	86,131	-	86,131
Total non-operating revenue (expenses)	<u>86,294</u>	<u>195</u>	<u>86,489</u>
Income (loss) before contributions and transfers	<u>(84,592)</u>	<u>8,934</u>	<u>(75,658)</u>
Capital contributions	144,966	-	144,966
Transfers in	113,000	1,669	114,669
Transfers out	-	-	-
Change in net position	<u>173,374</u>	<u>10,603</u>	<u>183,977</u>
Total net position - beginning	617,741	7,990	625,731
Total net position - ending	<u>\$ 791,115</u>	<u>\$ 18,593</u>	<u>\$ 809,708</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Year Ended June 30, 2020

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 455,936	\$ 10,408	\$ 466,344
Payments to suppliers and employees	(561,222)	(1,669)	(562,891)
Net cash provided by (used in) operating activities	<u>(105,286)</u>	<u>8,739</u>	<u>(96,547)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	113,000	1,669	114,669
Net cash provided by noncapital financing activities	<u>113,000</u>	<u>1,669</u>	<u>114,669</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(119,600)	-	(119,600)
Proceeds from sale of capital assets	119,600	-	119,600
Net cash provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	163	195	358
Net cash provided by investing activities	<u>163</u>	<u>195</u>	<u>358</u>
Net increase in cash and cash equivalents	7,877	10,603	18,480
Balances - beginning of year	20	7,990	8,010
Balances - end of year	<u>\$ 7,897</u>	<u>\$ 18,593</u>	<u>\$ 26,490</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 7,897	\$ 18,593	\$ 26,490
Total cash and cash equivalents, end of year	<u>\$ 7,897</u>	<u>\$ 18,593</u>	<u>\$ 26,490</u>
Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:			
Operating income (loss)	\$ (170,886)	\$ 8,739	\$ (162,147)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	66,054	-	66,054
Change in assets and liabilities:			
Accounts payable	(454)	-	(454)
Net cash provided by (used in) operating activities	<u>\$ (105,286)</u>	<u>\$ 8,739</u>	<u>\$ (96,547)</u>
Noncash activities:			
Contributed capital assets	\$ 144,966	\$ -	\$ 144,966

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Statement of Net Position – Internal Service Funds – June 30, 2020

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 61,628	\$ 2,863,127	\$ 2,924,755
Due from other funds	49,273	90,075	139,348
Other receivables	-	1,090,954	1,090,954
Inventories	21,522	-	21,522
Total assets	<u>132,423</u>	<u>4,044,156</u>	<u>4,176,579</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to OPEB	1,421	-	1,421
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	24,242	-	24,242
Due to other funds	30,235	90,561	120,796
Due to employees	-	35,399	35,399
Compensated absences	2,797	-	2,797
Total current liabilities	<u>57,274</u>	<u>125,960</u>	<u>183,234</u>
Non-current liabilities:			
Compensated absences	25,170	-	25,170
Total OPEB liability	90,543	-	90,543
Claims payable	-	161,234	161,234
Total non-current liabilities	<u>115,713</u>	<u>161,234</u>	<u>276,947</u>
Total liabilities	<u>172,987</u>	<u>287,194</u>	<u>460,181</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to OPEB	12,277	-	12,277
NET POSITION			
Unrestricted (deficit)	(51,420)	3,756,962	3,705,542
Total net position	<u>\$ (51,420)</u>	<u>\$ 3,756,962</u>	<u>\$ 3,705,542</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2020

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 879,465	\$ 5,854,501	\$ 6,733,966
Total operating revenues	<u>879,465</u>	<u>5,854,501</u>	<u>6,733,966</u>
OPERATING EXPENSES			
General government	796,771	4,618,921	5,415,692
Total operating expenses	<u>796,771</u>	<u>4,618,921</u>	<u>5,415,692</u>
Operating income	<u>82,694</u>	<u>1,235,580</u>	<u>1,318,274</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	479	41,883	42,362
Total non-operating revenue (expenses)	<u>479</u>	<u>41,883</u>	<u>42,362</u>
Change in net position	83,173	1,277,463	1,360,636
Total net position - beginning	(134,593)	2,479,499	2,344,906
Total net position - ending	<u>\$ (51,420)</u>	<u>\$ 3,756,962</u>	<u>\$ 3,705,542</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2020

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 879,465	\$ 4,763,547	\$ 5,643,012
Receipts (payments) from (to) other funds	(30,213)	1,067,017	1,036,804
Payments to suppliers	(444,108)	-	(444,108)
Payments to employees	(344,588)	-	(344,588)
Claims and judgements paid	-	(5,674,801)	(5,674,801)
Net cash provided by operating activities	<u>60,556</u>	<u>155,763</u>	<u>216,319</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	479	41,883	42,362
Net cash provided by investing activities	<u>479</u>	<u>41,883</u>	<u>42,362</u>
Net increase in cash and cash equivalents	61,035	197,646	258,681
Balances - beginning of year	<u>593</u>	<u>2,665,481</u>	<u>2,666,074</u>
Balances - end of year	<u>\$ 61,628</u>	<u>\$ 2,863,127</u>	<u>\$ 2,924,755</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 61,628	\$ 2,863,127	\$ 2,924,755
Total cash and cash equivalents, end of year	<u>\$ 61,628</u>	<u>\$ 2,863,127</u>	<u>\$ 2,924,755</u>
Reconciliation of operating income to net cash provided by Operating Activities:			
Operating income	\$ 82,694	\$ 1,235,580	\$ 1,318,274
Change in assets and liabilities:			
Other receivables	-	(1,090,954)	(1,090,954)
Due from other funds	(30,213)	976,456	946,243
Inventory	(8,119)	-	(8,119)
Accounts payable	8,808	-	8,808
Due to other funds	-	90,561	90,561
Due to employees	-	11,137	11,137
Claims payable	-	(1,067,017)	(1,067,017)
Total OPEB liability	4,557	-	4,557
Accrued compensated absences	3,840	-	3,840
Deferred outflows and inflows of resources	(1,011)	-	(1,011)
Net cash provided by operating activities	<u>\$ 60,556</u>	<u>\$ 155,763</u>	<u>\$ 216,319</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Schedule of Expenditures of Federal Awards

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Pass Thru Number	Program or Award Amount	Federal Expenditures
FEDERAL ASSISTANCE:				
<u>U.S. DEPARTMENT OF INTERIOR:</u>				
Passed through Oklahoma Historical Society:				
Historic Preservation Fund Grants-In-Aid	15.904	18-613	5,625	3,173
Historic Preservation Fund Grants-In-Aid	15.904	19-613	7,000	3,532
Total U.S. Department of Interior			12,625	6,705
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bureau of Justice Assistance - JAG Grant	16.738	2018-DJ-BX-0874	27,247	27,247
Bureau of Justice Assistance - JAG Grant	16.738	2019-DJ-BX-0340	18,002	17,456
Sub-total CFDA 16.738			45,249	44,703
District Attorney's Council - Crime Lab Accreditation	16.742	2018-CD-BX-00/FSF18-004	3,000	3,000
Bureau of Justice Assistance - Bulletproof Vest Partnership	16.607	2019 BVP	2,778	2,778
Total U.S. Department of Justice			51,027	50,481
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Airport Improvement Program	20.106	3-40-0005-017-2018	199,800	10,780
Airport Improvement Program	20.106	3-40-0005-018-2019	3,798,312	2,524,211
Airport Improvement Program	20.106	3-40-0005-019-2020 CARES	69,000	69,000
Airport Improvement Program	20.106	3-40-0006-017-2019	134,910	112,215
Total U.S. Department of Transportation			4,202,022	2,716,206
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management:				
Emergency Mgmt Reimb - State 18-19	97.042	EMPG 19	30,126	7,532
Emergency Mgmt Reimb - State 19-20	97.042	EMPG 20	30,126	22,595
Sub-total CFDA 97.042			60,252	30,127
Passed through Oklahoma Department of Emergency Management:				
Hazard Mitigation Plan - ISR	97.039	FEMA-4299-DR-0052-OK	66,400	33,575
Passed through Oklahoma Department of Emergency Management:				
FEMA DR 4222 (Tornadoes, Severe Storms, Winds)	97.036	PA-06-OK-4222-PW-983	67,094	67,094
Passed through Oklahoma Office of Homeland Security:				
Homeland Security Grant Program-Motor Replacement	97.073	#960.023	25,164	25,110
Homeland Security Grant Program-Hazmat Chemical ID Unit	97.073	#960.068	60,950	60,950
Sub-total CFDA 97.073			86,114	86,060
Total U.S. Department of Homeland Security			279,860	216,856
TOTAL FEDERAL ASSISTANCE			4,545,534	2,990,248

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
Oklahoma Department of Libraries:			
State Aid	N/A	\$18,031	\$18,031
Emergency Management Department:			
FEMA DR 4222 - State Portion	PA-06-OK-4222-PW-983	11,182	11,182
FEMA DR 4222 - State Portion	PA-06-OK-4222-PW-1306(0)	75,423	19,431
Oklahoma Aeronautics Commission:			
State Portion	ADM-18-S		
State Portion	3-40-0006-016-2017	211,017	140,234
TOTAL STATE AWARDS		\$315,653	\$188,878

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, 2020**

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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Russell & Williams CPAs, PC

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

2812 NW 57th Street, Suite 102
Oklahoma City, Oklahoma 73112

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ardmore, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents, and have issued our report thereon dated December 16, 2019. The City of Ardmore, Oklahoma has chosen to omit all financial information related to its discretely presented component units, the inclusion of which is required by Generally Accepted Accounting Principles. Our opinions on the basic financial statements referred to above contains an adverse opinion related to the omission of the financial information of the discretely presented component units, and also contains a disclaimer of opinion on required supplemental information.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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

Oklahoma City, Oklahoma
December 16, 2019

Russell & Williams CPAs, PC

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

2812 NW 57th Street, Suite 102
Oklahoma City, Oklahoma 73112

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

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, 2020. 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, 2020.

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
December 23, 2020

City of Ardmore, Oklahoma
Schedule of Findings and Questioned costs
For the Year Ending June 30, 2020

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