



CITY OF
ARDMORE,

OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**THE CITY OF ARDMORE,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ardmore, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Ardmore, Oklahoma's basic financial statements as listed in the table of contents.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ardmore, Oklahoma, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Ardmore, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1.A., the financial statements referred to above include only the primary government of the City of Ardmore, Oklahoma, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City of Ardmore, Oklahoma's legal entity.

These primary government financial statements do not include financial data for six of the City of Ardmore, Oklahoma's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City of Ardmore, Oklahoma's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Ardmore, Oklahoma, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the City of Ardmore, Oklahoma, as of and for the year ended June 30, 2022, and our report thereon, dated February 10, 2023 expressed unmodified opinions on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ardmore, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ardmore, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ardmore, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9–17 and 70–77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements schedule of state awards and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024, 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 solely 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 the effectiveness of the City of Ardmore, Oklahoma’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ardmore, Oklahoma’s internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
February 14, 2024

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Ardmore's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2023, the City's total net position increased by \$16,125,802 or 10.2% from the prior year.
- During the year, the City's expenses for governmental activities were \$35.4 million and were funded by program revenues of \$4.4 million and further funded with taxes and other general revenues that totaled \$41 million.
- In the City's business-type activities, utilities and other program revenues exceeded expenses by \$5.8 million.
- At June 30, 2023, unassigned fund balance for the General Fund was \$6.4 million or 24.4% of the total General Fund revenues for the year.
- For budgetary reporting purposes, the General Fund reported revenues over estimates (excluding transfers) of \$2,367,745 or 18.1%, while expenditures were under the final appropriations (excluding transfers) by \$2,809,794 or 11.9%.

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, 2023

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, 2023

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 \$173.3 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Current assets	\$ 59,780	\$ 59,185	1%	\$ 36,734	\$ 35,101	5%	\$ 96,514	\$ 94,286	2%
Capital assets, net	51,618	51,175	1%	49,563	49,784	0%	101,181	100,959	0%
Total assets	111,398	110,360	1%	86,297	84,885	2%	197,695	195,245	1%
Deferred outflow of resources	7,659	3,918	95%	1,866	690	170%	9,525	4,608	107%
Current liabilities	3,227	3,163	2%	5,560	5,147	8%	8,787	8,310	6%
Non-current liabilities	12,319	8,726	41%	8,792	12,557	-30%	21,111	21,283	-1%
Total liabilities	15,546	11,889	31%	14,352	17,704	-19%	29,898	29,593	1%
Deferred inflow of resources	3,157	10,938	-71%	867	2,150	-60%	4,024	13,088	-69%
Net position									
Net investment in capital assets	51,310	50,944	1%	38,080	34,232	11%	89,390	85,176	5%
Restricted	27,304	23,747	15%	-	-	-	27,304	23,747	15%
Unrestricted	21,740	16,760	30%	34,864	31,489	11%	56,604	48,249	17%
Total net position	\$100,354	\$91,451	10%	\$72,944	\$ 65,721	11%	\$173,298	\$157,172	10%

The largest portion of the City’s net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2023, this net investment in capital assets amounted to \$89.4 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 10% to approximately \$100.3 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, vehicles and other items). Governmental unrestricted net position showed a balance of \$21.7 million at the end of this year. Net position of the business-type activities increased approximately 11% to approximately \$72.9 million. \$38.1 million of that net position is the net investment in capital assets. Consequently, unrestricted net position showed approximately \$34.9 million at the end of the year.

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Changes in Net Position

For the year ended June 30, 2023, 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.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for services	\$ 1,790	\$ 2,084	-14%	\$ 20,059	\$ 18,095	11%	\$ 21,849	\$ 20,179	8%
Operating grants and contributions	1,574	2,213	-29%	-	-	-	1,574	2,213	-29%
Capital grants and contributions	1,059	4,133	-74%	-	-	-	1,059	4,133	-74%
Taxes	38,026	39,950	-5%	-	-	-	38,026	39,950	-5%
Intergovernmental revenue	400	4,751	-92%	-	-	-	400	4,751	-92%
Investment income	192	(136)	-241%	223	197	13%	415	61	580%
Miscellaneous	2,422	4,265	-43%	28	38	-26%	2,450	4,303	-43%
Total revenues	45,463	57,260	-21%	20,310	18,330	11%	65,773	75,590	-13%
Expenses									
General government	11,312	19,495	-42%	-	-	-	11,312	19,495	-42%
Public safety	12,028	9,380	28%	-	-	-	12,028	9,380	28%
Streets	4,243	4,283	-1%	-	-	-	4,243	4,283	-1%
Culture, parks and recreation	4,599	4,860	-5%	-	-	-	4,599	4,860	-5%
Cemetery	365	318	15%	-	-	-	365	318	15%
Airport	1,098	3,888	-72%	-	-	-	1,098	3,888	-72%
Economic development	1,704	1,616	5%	-	-	-	1,704	1,616	5%
Interest on long-term debt	2	3	-33%	-	-	-	2	3	-33%
Water	-	-	-	6,404	5,947	8%	6,404	5,947	8%
Wastewater	-	-	-	4,371	4,309	1%	4,371	4,309	1%
Sanitation	-	-	-	2,861	2,468	16%	2,861	2,468	16%
Golf	-	-	-	660	672	-2%	660	672	-2%
Total expenses	35,351	43,843	-19%	14,296	13,396	7%	49,647	57,239	-13%
Excess (deficiency) before transfers	10,112	13,417	-25%	6,014	4,934	22%	16,126	18,351	-12%
Transfers	(1,209)	(1,615)	-25%	1,209	1,615	-25%	-	-	-
Change in net position	8,903	11,802	-25%	7,223	6,549	10%	16,126	18,351	-12%
Beginning net position	91,451	79,649	15%	65,721	59,172	11%	157,172	138,821	13%
Ending net position	\$ 100,354	\$ 91,451	10%	\$ 72,944	\$ 65,721	11%	\$ 173,298	\$ 157,172	10%

Explanations for significant changes are as follows:

Governmental Activities:

Operating and capital grants and contributions decreased 29% and 74%, respectively, mainly due to significant airport-related grant money received in the prior year. Intergovernmental revenue decreased 92% due to ARPA grant revenue received in the prior year. Investment income decreased 241% due to a decrease in the fair market value of investments in the current year. Miscellaneous revenue decreased 43% due primarily to reimbursements from the Ardmore Main Street Authority for matching costs related to the Depot Park project in the prior year.

Business-Type Activities:

There were no significant changes in business-type activities compared to the prior year.

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

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.

Explanations for significant changes are listed above, under Table 2.

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	<u>2023</u>	<u>2022</u>	<u>(Dec.)</u>	<u>of Services</u>	<u>(Dec.)</u>	<u>(Dec.)</u>
General government	\$ 11,312	19,495	-42%	(\$10,814)	(18,463)	-41%
Public safety	12,028	9,380	28%	(10,132)	(7,922)	28%
Streets	4,243	4,283	-1%	(4,020)	(4,036)	0%
Culture, parks and recreation	4,599	4,860	-5%	(3,606)	(3,505)	3%
Cemetery	365	318	15%	(294)	(237)	24%
Airport	1,099	3,888	-72%	(357)	368	197%
Economic development	1,704	1,616	5%	(1,704)	(1,616)	5%
Interest on long-term debt	1	3	-67%	(3)	(3)	0%
Total	<u>35,351</u>	<u>\$ 43,843</u>	-19%	<u>(\$30,930)</u>	<u>(\$35,414)</u>	-13%

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

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	<u>2023</u>	<u>2022</u>	<u>Dec.</u>	<u>of Services</u>	<u>Dec.</u>	<u>Dec.</u>
Water	\$ 6,404	\$ 5,947	8%	\$ 2,399	\$ 1,797	34%
Wastewater	4,371	4,309	1%	1,352	859	57%
Sanitation	2,861	2,468	16%	1,980	2,126	-7%
Golf	660	672	-2%	30	(84)	-136%
Total	<u>\$14,296</u>	<u>\$13,396</u>	7%	<u>\$ 5,761</u>	<u>\$ 4,698</u>	23%

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$54 million, which is an increase of \$10,599,383 as compared with the prior year. The enterprise funds reported combined net position of \$72.9 million, which is an increase of \$7.2 million compared with the prior year.

Other fund highlights include:

- For the year ended June 30, 2023, the General Fund's total fund balance increased by \$5,760,982 or approximately 33.1%.
- There is \$16,724,697 of fund balance in the General Fund that is restricted and/or assigned for specific purposes.

General Fund Budgetary Highlights

- For the year ended June 30, 2023, the General Fund reported revenues over estimates (excluding transfers) of \$2,367,745 or 18.12%, while expenditures were under the final appropriations (excluding transfers) by \$2,809,794 or 11.9%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$101.2 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 \$0.2 million from last year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 6,827	\$ 6,827	\$ 449	\$ 449	\$ 7,276	\$ 7,276
Buildings	21,083	21,119	29,335	30,210	50,418	51,329
Computers	1,808	2,075	111	111	1,919	2,186
Furniture and fixtures	331	262	13	17	344	279
Vehicles	1,456	1,602	991	1,131	2,447	2,733
Machinery and equipment	832	862	781	740	1,613	1,602
Infrastructure	18,973	18,197	17,684	17,127	36,657	35,324
Intangible leased equipment	173	231	-	-	173	231
Subscription asset	135	-	198	-	333	-
Totals	<u>\$ 51,618</u>	<u>\$ 51,175</u>	<u>\$ 49,562</u>	<u>\$ 49,785</u>	<u>\$ 101,180</u>	<u>\$ 100,960</u>

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

This year's more significant capital asset additions include, but are not limited to:

Street Construction Improvements	\$	2,224,974
Engineering at City Lake		511,484
Water Line Improvements		974,785
Sewer Improvements		1,723,606
Airport Improvements		1,139,100
Wastewater Plant Improvements		369,897

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 \$14.2 million in long-term debt outstanding which represents a \$3.6 million or 20.4% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>				<u>Percentage</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>
Lease Obligations	\$ 174	\$ 232	\$ 192	\$ -	\$ 366	\$ 232	100.0%
Notes payable	136	-	11,484	15,552	11,620	15,552	-25.3%
Claims payable	275	257	-	-	275	257	7.0%
Deposits subject to refund	-	-	421	386	421	386	9.1%
Accrued compensated absences	1,207	1,114	291	275	1,498	1,389	7.8%
Totals	\$ 1,792	\$ 1,603	\$ 12,388	\$ 16,213	\$ 14,180	\$ 17,816	-20.4%

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

The Economic Outlook

In the Fiscal Year 2023-2024, 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 FY23-24 contains \$71,177,622 in estimated revenues, \$101,831,020 in estimated expenditures and \$17,269,757 in transfers between funds, and finally, \$62,490,025 in beginning fund balances to balance the budget. Estimated ending fund balances in all funds are estimated to be \$31,836,628. As in the past, the City's General fund is not keeping up with the increasing cost and demands for services. The FY23-24 General Fund has budgeted expenses exceeding budget revenues by \$10,517,147 before transfers-in of \$8,782,430 and transfers-out of \$943,000. 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 23-24 are \$1,151,259 more than the FY 22-23.

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, 2023**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Government-Wide Statement of Net Position– June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,776,103	\$ 9,001,319	\$ 18,777,422
Investments	43,625,977	24,221,391	67,847,368
Accounts receivable, net of allowance	-	2,701,260	2,701,260
Court fines receivable, net of allowance	236,284	-	236,284
Internal balances	(477,414)	477,414	-
Receivable from other governments	4,709,687	-	4,709,687
Other taxes receivable	166,736	-	166,736
Other receivables	118,584	-	118,584
Inventories	56,037	332,389	388,426
Prepaid expenses	100,125	-	100,125
Lease receivables	821,886	-	821,886
Net pension asset	646,823	-	646,823
Capital Assets:			
Land and construction in progress	6,826,854	448,526	7,275,380
Intangible equipment, other capital assets, net of depreciation and amortization	44,790,958	49,114,164	93,905,122
Total Assets	<u>\$ 111,398,640</u>	<u>\$ 86,296,463</u>	<u>\$ 197,695,103</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	7,074,332	1,614,605	8,688,937
Deferred amount related to OPEB	584,614	251,769	836,383
Total Deferred Outflows of Resources	<u>7,658,946</u>	<u>1,866,374</u>	<u>9,525,320</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,334,253	\$ 1,094,975	\$ 2,429,228
Accrued interest payable	-	68,990	68,990
Due to other governments	295,014	-	295,014
Due to bondholders	7,636	-	7,636
Due to employees	41,211	-	41,211
Other payables	1,296,399	15,278	1,311,677
Long-term liabilities:			
Due within one year	252,932	4,380,717	4,633,649
Due in more than one year	1,422,873	8,007,055	9,429,928
Total OPEB liability	1,899,745	559,316	2,459,061
Net pension liability	8,880,191	226,039	9,106,230
Lease obligations	116,597	-	116,597
Total liabilities	<u>15,546,851</u>	<u>14,352,370</u>	<u>29,899,221</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	1,009,799	389,257	1,399,056
Deferred amount related to OPEB	1,166,538	477,421	1,643,959
Deferred amount related to leases	980,570	-	980,570
Total Deferred Inflows	<u>3,156,907</u>	<u>866,678</u>	<u>4,023,585</u>
NET POSITION			
Net investment in capital assets	51,309,518	38,079,944	89,389,462
Restricted for:			
Community enhancement	5,687,952	-	5,687,952
Streets	2,843,599	-	2,843,599
Culture and recreation	11,467	-	11,467
Capital projects	5,463,387	-	5,463,387
Public safety	553,523	-	553,523
Grant programs	4,471,661	-	4,471,661
Cemetery	104,001	-	104,001
Library capital improvement	377,903	-	377,903
Economic development	121,951	-	121,951
Donor provisions-library	4,624,854	-	4,624,854
Debt service	3,043,305	-	3,043,305
Unrestricted	21,740,707	34,863,845	56,604,552
Total net position	<u>\$ 100,353,828</u>	<u>\$ 72,943,789</u>	<u>\$ 173,297,617</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, 2023

Government-Wide Statement of Activities – Year Ended June 30, 2023

Functions/Programs Primary government	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 11,311,646	\$ 472,037	\$ 25,515	\$ -	\$ (10,814,094)	\$ -	\$ (10,814,094)
Public Safety	12,027,792	312,212	1,214,875	369,055	(10,131,650)	-	(10,131,650)
Streets	4,243,106	-	223,520	-	(4,019,586)	-	(4,019,586)
Culture and Recreation	4,598,978	927,075	51,576	13,998	(3,606,329)	-	(3,606,329)
Cemetery	365,499	71,620	-	-	(293,879)	-	(293,879)
Airport	1,098,606	7,167	59,000	675,573	(356,866)	-	(356,866)
Economic Development	1,703,638	-	-	-	(1,703,638)	-	(1,703,638)
Interest on Long-term debt	1,534	-	-	-	(1,534)	-	(1,534)
Total governmental activities	<u>35,350,799</u>	<u>1,790,111</u>	<u>1,574,486</u>	<u>1,058,626</u>	<u>(30,927,576)</u>	<u>-</u>	<u>(30,927,576)</u>
Business-Type Activities							
Water	6,404,466	8,804,021	-	-	-	2,399,555	2,399,555
Wastewater	4,370,899	5,722,541	-	-	-	1,351,642	1,351,642
Sanitation	2,860,791	4,840,336	-	-	-	1,979,545	1,979,545
Golf	659,645	689,585	-	-	-	29,940	29,940
Total business-type activities	<u>14,295,801</u>	<u>20,056,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,760,682</u>	<u>5,760,682</u>
Total primary government	\$ <u>49,646,600</u>	\$ <u>21,846,594</u>	\$ <u>1,574,486</u>	\$ <u>1,058,626</u>	\$ <u>(30,927,576)</u>	\$ <u>5,760,682</u>	\$ <u>(25,166,894)</u>
General revenues:							
Taxes:							
Sales and use taxes					\$ 33,722,147	\$ -	\$ 33,722,147
Property taxes					82,274	-	82,274
Franchise and miscellaneous taxes					2,215,455	-	2,215,455
911 taxes					305,603	-	305,603
Hotel/motel taxes					1,700,497	-	1,700,497
Intergovernmental revenue not restricted to specific programs					399,787	-	399,787
Unrestricted investment earnings, including change in fair market value of investments					192,391	223,196	415,587
Miscellaneous					2,422,024	29,322	2,451,346
Transfers					(1,209,496)	1,209,496	-
Total general revenues and transfers					<u>39,830,682</u>	<u>1,462,014</u>	<u>41,292,696</u>
Change in net position					8,903,106	7,222,696	16,125,802
Net position - beginning					91,450,722	65,721,093	157,171,815
Net position - ending					\$ <u>100,353,828</u>	\$ <u>72,943,789</u>	\$ <u>173,297,617</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, 2023**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Governmental Funds Balance Sheet - June 30, 2023

	Special Revenue Funds							Debt Service Fund	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			
ASSETS										
Cash and cash equivalents	\$ 4,500,204	\$ 796,201	\$ 10,768	\$ 12,956	\$ 717,812	\$ 480,500	\$ 482,270	\$ 2,450,369	\$ 9,451,070	
Investments	18,507,978	4,751,804	-	4,611,898	4,284,150	2,867,812	2,862,829	5,231,907	43,138,378	
Receivable from other governments	2,895,037	506,707	-	-	506,707	-	-	290,529	4,709,687	
Due from other funds	226,991	-	-	-	-	26,729	-	204,831	458,551	
Other taxes receivable, net	-	-	-	-	-	-	-	166,736	166,736	
Court fines receivable, net	236,284	-	-	-	-	-	-	-	236,284	
Other receivables	28,587	-	-	-	-	-	-	-	28,587	
Prepaid expenses	-	-	-	-	-	-	-	100,125	100,125	
Inventories	-	-	-	-	-	-	-	33,436	33,436	
Leases receivable	7,819	-	-	-	-	-	-	814,067	821,886	
Total assets	\$ 26,406,900	\$ 6,054,712	\$ 10,768	\$ 4,624,854	\$ 5,508,669	\$ 3,881,748	\$ 3,365,099	\$ 9,291,990	\$ 59,144,740	
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 925,087	\$ 16,262	\$ 20,600	\$ -	\$ 31,106	\$ 72,296	\$ -	\$ 225,630	\$ 1,290,981	
Due to other funds	844,380	-	489	-	-	3,675	-	216,363	1,064,907	
Due to bondholders	7,636	-	-	-	-	-	-	-	7,636	
Due to other	-	-	-	-	-	-	-	12,133	12,133	
Payable to other governments	-	-	-	-	-	-	-	295,014	295,014	
Other payables	1,284,266	-	-	-	-	-	-	1,284,266	1,284,266	
Total liabilities	3,061,369	16,262	21,089	-	31,106	75,971	-	749,140	3,954,937	
Deferred inflows of Resources:										
Unavailable revenue	179,049	-	-	-	-	-	-	1,079	180,128	
Deferred inflows related to leases	-	-	-	-	-	-	-	975,433	975,433	
Total inflows of resources	179,049	-	-	-	-	-	-	976,512	1,155,561	
Fund balances:										
Restricted	11,467	5,687,952	-	4,624,854	5,134,363	2,818,299	3,043,305	5,983,363	27,303,603	
Assigned	16,713,230	350,498	-	-	343,200	987,478	321,794	1,713,344	20,429,544	
Unassigned (deficit)	6,441,785	(10,321)	(10,321)	-	-	-	-	(130,369)	6,301,095	
Total fund balances	23,166,482	6,038,450	(10,321)	4,624,854	5,477,563	3,805,777	3,365,099	7,566,338	54,034,242	
Total liabilities, deferred inflows, and fund balances	\$ 26,406,900	\$ 6,054,712	\$ 10,768	\$ 4,624,854	\$ 5,508,669	\$ 3,881,748	\$ 3,365,099	\$ 9,291,990	\$ 59,144,740	

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2023

	General Fund	Special Revenue Funds				Capital Project Street Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		Community Enhancement Fund	FAA Grant Fund	Library Trust Fund	GAPS Tax City				
REVENUES									
Taxes	\$ 22,448,288	\$ -	\$ -	\$ -	\$ 3,941,405	\$ -	\$ 3,753,473	\$ 38,025,976	
Intergovernmental	1,529,150	93,647	-	-	-	-	3,143,703	4,766,500	
Licenses and permits	400,926	-	-	-	-	-	-	400,926	
Charges for services	195,163	-	-	-	-	-	895,435	1,090,598	
Fines and forfeitures	300,900	-	-	-	-	-	-	300,900	
Investment earnings including change in fair market value of investments	197,330	16,312	(83,906)	15,681	8,569	10,726	24,268	188,980	
Miscellaneous	1,341,610	323,849	262,568	9,931	9,931	-	763,162	2,702,116	
Total revenues	<u>26,413,367</u>	<u>417,496</u>	<u>178,662</u>	<u>3,957,086</u>	<u>3,959,905</u>	<u>10,726</u>	<u>8,580,041</u>	<u>47,475,996</u>	
EXPENDITURES									
Current:									
General government	5,910,245	-	-	4,806	-	425,444	2,033,900	9,395,639	
Public safety	11,947,739	-	-	-	-	-	74,524	12,022,263	
Street	1,789	-	-	-	1,290,341	-	573,641	1,865,771	
Culture and recreation	3,016,040	-	12,918	-	-	-	1,075,906	4,104,864	
Cemetery	343,911	-	-	-	-	-	138	344,049	
Airport	-	424,332	-	-	-	-	75,942	500,274	
Economic development	-	-	-	-	-	-	1,703,638	1,703,638	
Capital outlay	1,929,483	-	-	1,805,721	1,725,730	-	1,343,113	6,804,047	
Debt service:									
Principal	130,147	-	-	-	-	-	62,148	192,295	
Interest and other charges	1,534	-	-	-	-	-	-	1,534	
Total expenditures	<u>23,280,888</u>	<u>424,332</u>	<u>12,918</u>	<u>1,810,527</u>	<u>3,016,071</u>	<u>425,444</u>	<u>6,942,950</u>	<u>36,934,374</u>	
Excess (deficiency) of revenues over expenditures	<u>3,132,479</u>	<u>(6,836)</u>	<u>165,744</u>	<u>2,146,559</u>	<u>943,834</u>	<u>(414,718)</u>	<u>1,637,091</u>	<u>10,541,622</u>	
OTHER FINANCING SOURCES (USES)									
Judgment proceeds	-	-	-	-	-	-	62,148	62,148	
SBTA proceeds	159,035	-	-	-	-	-	-	159,035	
Transfers in	7,310,518	-	-	16,627	500,000	-	1,594,646	9,421,791	
Transfers out	(4,841,050)	-	(300,000)	(2,308,645)	(325,000)	-	(10,518)	(9,585,213)	
Total other financing sources and uses	<u>2,628,503</u>	<u>-</u>	<u>(300,000)</u>	<u>(2,292,018)</u>	<u>175,000</u>	<u>-</u>	<u>1,646,276</u>	<u>57,761</u>	
Net change in fund balances	5,760,982	(6,836)	(134,256)	(145,459)	1,118,834	(414,718)	3,283,367	10,599,383	
Fund balances - beginning	17,405,500	(3,485)	4,759,110	5,623,022	2,686,943	3,779,817	4,282,971	43,434,859	
Fund balances - ending	<u>\$ 23,166,482</u>	<u>\$ (10,321)</u>	<u>\$ 4,624,854</u>	<u>\$ 5,477,563</u>	<u>\$ 3,805,777</u>	<u>\$ 3,365,099</u>	<u>\$ 7,566,338</u>	<u>\$ 54,034,242</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, 2023

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	54,034,242
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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 \$99,404,975		51,309,518
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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		3,879
Court fines receivable		171,112
Leases receivable		173,317
Intangible asset-SBITAs		134,977
Net pension asset		646,823

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		7,074,332
OPEB related deferred outflows		559,365

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		596,549
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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		(8,880,191)
Pension related deferred inflows		(1,009,799)
Total OPEB Liability		(1,851,528)
OPEB related deferred inflows		(1,123,650)
Lease liabilities		(174,261)
Suscription liabilities-SBITAs		(135,768)
Accrued compensated absences		(1,175,089)
Net Position of Governmental Activities in the Statement of Net Position	\$	100,353,828

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds: \$ 10,599,383

Amounts reported for Governmental Activities in the Statement of Activities are different because:

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.

Capital asset purchases capitalized	4,884,007
Depreciation expense	(4,870,379)
Contributed capital	351,863

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue	(2,217,661)
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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.

569,908

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.

Total change in net position of the internal service funds	(598,898)
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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:

Change in Total OPEB Liability	278,789
Change in accrued compensated absences	(92,588)
Change in Lease Liability	(527)
Change in Subscription Liability-SBITA	(791)
Change in net position of governmental activities	\$ 8,903,106

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Net Position - June 30, 2023

	Ardmore Solid Waste Authority		Ardmore Public Works Authority		Other Enterprise Funds		Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Water Enterprise	Other Enterprise Funds	Total		
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 878,760	\$ 1,340,765	\$ 1,757,452	\$ 74,269	\$ 4,051,246	\$ 325,033		
Restricted cash and cash equivalents	-	-	4,950,073	-	4,950,073	-		
Investments	5,244,281	8,001,944	10,531,894	443,272	24,221,391	487,599		
Accounts receivable, net of allowance	657,607	867,655	1,175,998	-	2,701,260	89,997		
Due from other funds	32,654	241,113	246,118	-	519,885	245,673		
Inventories	-	-	332,389	-	332,389	22,601		
Total current assets	<u>6,813,302</u>	<u>10,451,477</u>	<u>18,993,924</u>	<u>517,541</u>	<u>36,776,244</u>	<u>1,170,903</u>		
Non-current assets:								
Land and construction in progress	-	285,520	163,006	-	448,526	-		
Other capital assets, net of depreciation	987,471	22,235,474	25,278,240	612,979	49,114,164	-		
Total non-current assets	<u>987,471</u>	<u>22,520,994</u>	<u>25,441,246</u>	<u>612,979</u>	<u>49,562,690</u>	<u>-</u>		
Total assets	<u>\$ 7,800,773</u>	<u>\$ 32,972,471</u>	<u>\$ 44,435,170</u>	<u>\$ 1,130,520</u>	<u>\$ 86,338,934</u>	<u>\$ 1,170,903</u>		
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amount related to pensions	407,256	389,341	818,008	-	1,614,605	-		
Deferred amount related to OPEB	72,732	71,431	107,606	-	251,769	25,249		
Total Deferred Outflows of Resources	<u>479,988</u>	<u>460,772</u>	<u>925,614</u>	<u>-</u>	<u>1,866,374</u>	<u>25,249</u>		
LIABILITIES								
Current liabilities:								
Accounts payable and accrued liabilities	66,682	725,393	302,021	879	1,094,975	\$ 43,272		
Accrued interest payable	-	-	68,990	-	68,990	-		
Due to other funds	39,550	883	2,038	-	42,471	116,731		
Other payables	-	-	15,278	-	15,278	-		
Due to employees	-	-	-	-	-	41,211		
Current portion of:								
Compensated absences	7,710	5,345	16,014	-	29,069	3,252		
Deposits subject to refund	-	-	84,226	-	84,226	-		
Subscriptions payable	-	-	109,344	-	109,344	-		
Notes payable	-	-	4,158,078	-	4,158,078	-		
Total current liabilities	<u>113,942</u>	<u>731,621</u>	<u>4,755,989</u>	<u>879</u>	<u>5,602,431</u>	<u>204,466</u>		
Non-current liabilities:								
Compensated absences	69,392	48,104	144,124	-	261,620	29,272		
Deposits subject to refund	-	-	336,904	-	336,904	-		
Total OPEB liability	154,294	125,364	279,658	-	559,316	48,217		
Net pension liability	57,686	51,394	116,959	-	226,039	-		
Claims payable	-	-	-	-	-	274,760		
Subscriptions payable	-	-	82,264	-	82,264	-		
Notes payable	-	-	7,326,267	-	7,326,267	-		
Total non-current liabilities	<u>281,372</u>	<u>224,862</u>	<u>8,286,176</u>	<u>-</u>	<u>8,792,410</u>	<u>352,249</u>		
Total liabilities	<u>395,314</u>	<u>956,483</u>	<u>13,042,165</u>	<u>879</u>	<u>14,394,841</u>	<u>556,715</u>		
DEFERRED INFLOWS OF RESOURCES								
Deferred amounts related to pensions	101,861	89,666	197,730	-	389,257	-		
Deferred amounts related to OPEB	121,956	171,064	184,401	-	477,421	42,888		
Total deferred inflows of resources	<u>223,817</u>	<u>260,730</u>	<u>382,131</u>	<u>-</u>	<u>866,678</u>	<u>42,888</u>		
NET POSITION								
Net investment in capital assets	987,471	22,520,994	13,956,901	614,578	38,079,944	-		
Unrestricted	6,674,159	9,695,036	17,979,587	515,063	34,863,845	596,549		
Total net position	<u>\$ 7,661,630</u>	<u>\$ 32,216,030</u>	<u>\$ 31,936,488</u>	<u>\$ 1,129,641</u>	<u>\$ 72,943,789</u>	<u>\$ 596,549</u>		

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
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Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2023

	Ardmore Public Works Authority				Total	Internal Service Funds
	Ardmore Solid Waste Authority					
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Other Enterprise Funds		
REVENUES						
Water	-	-	8,797,611	-	\$ 8,797,611	-
Wastewater	-	5,716,431	-	-	5,716,431	-
Sanitation	4,840,336	-	-	-	4,840,336	-
Golf	-	-	-	675,269	675,269	-
Self insurance charges	-	-	-	-	-	5,685,380
Miscellaneous	-	6,110	6,410	14,316	26,836	-
Total operating revenues	<u>4,840,336</u>	<u>5,722,541</u>	<u>8,804,021</u>	<u>689,585</u>	<u>20,056,483</u>	<u>5,685,380</u>
OPERATING EXPENSES						
Water	-	-	4,041,156	-	4,041,156	-
Wastewater	-	2,052,427	-	-	2,052,427	-
Sanitation	2,469,299	-	-	-	2,469,299	-
Administration	-	-	8,789	-	8,789	6,287,689
Golf operations	-	-	-	604,085	604,085	-
Depreciation and amortization	391,492	2,314,077	2,093,092	55,560	4,854,221	-
Total Operating Expenses	<u>2,860,791</u>	<u>4,366,504</u>	<u>6,143,037</u>	<u>659,645</u>	<u>14,029,977</u>	<u>6,287,689</u>
Operating income (loss)	<u>1,979,545</u>	<u>1,356,037</u>	<u>2,660,984</u>	<u>29,940</u>	<u>6,026,506</u>	<u>(602,309)</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	20,229	29,131	172,669	1,167	223,196	3,411
Miscellaneous revenue	78	7,328	323	-	7,729	-
Gain (loss) on sale of capital assets	7,495	-	14,098	-	21,593	-
Interest expense	-	-	(265,824)	-	(265,824)	-
Total non-operating revenue (expenses)	<u>27,802</u>	<u>36,459</u>	<u>(78,734)</u>	<u>1,167</u>	<u>(13,306)</u>	<u>3,411</u>
Income (loss) before contributions and transfers	2,007,347	1,392,496	2,582,250	31,107	6,013,200	(598,898)
Capital contributions	-	127,320	918,754	-	1,046,074	-
Transfers in	-	1,970,702	5,492,974	130,000	7,593,676	-
Transfers out	<u>(2,000,000)</u>	<u>(3,063,627)</u>	<u>(2,366,627)</u>	<u>-</u>	<u>(7,430,254)</u>	<u>-</u>
Change in net position	7,347	426,891	6,627,351	161,107	7,222,696	(598,898)
Total net position - beginning	<u>7,654,283</u>	<u>31,789,139</u>	<u>25,309,137</u>	<u>968,534</u>	<u>65,721,093</u>	<u>1,195,447</u>
Total net position - ending	<u>\$ 7,661,630</u>	<u>\$ 32,216,030</u>	<u>\$ 31,936,488</u>	<u>\$ 1,129,641</u>	<u>\$ 72,943,789</u>	<u>\$ 596,549</u>

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023

	Ardmore Solid		Ardmore Public Works Authority			Internal Service Funds
	Waste Authority		Wastewater Enterprise	Water Enterprise	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 4,726,879	\$ 5,519,040	\$ 8,448,761	\$ 689,585	\$ 19,384,265	\$ 5,696,763
Receipts (payments) from (to) other funds	1,107	(4,874)	(3,719)	-	(7,486)	(17,386)
Payments to suppliers	(1,425,702)	(467,713)	(1,735,684)	(603,670)	(4,232,769)	(615,052)
Payments to employees	(1,070,077)	(1,009,493)	(2,217,920)	-	(4,297,490)	(435,496)
Claims and judgements paid	-	-	-	-	-	(5,239,475)
Receipts of customer meter deposits	-	-	145,930	-	145,930	-
Refunds of customer meter deposits	-	-	(110,955)	-	(110,955)	-
Net cash provided by (used in) operating activities	2,232,207	4,036,960	4,526,413	85,915	10,881,495	(610,648)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	1,970,702	5,493,909	130,000	7,594,611	-
Transfers to other funds	(2,000,000)	(3,063,627)	(2,367,562)	-	(7,431,189)	-
Net cash provided by (used in) noncapital financing activities	(2,000,000)	(1,092,925)	3,126,347	130,000	163,422	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on debt	-	-	(4,068,113)	-	(4,068,113)	-
Interest and fiscal agent fees paid on debt	-	-	(288,067)	-	(288,067)	-
Purchase of capital assets	(188,206)	(2,024,635)	(1,373,311)	-	(3,586,152)	-
Proceeds from sale of capital assets	7,495	-	14,098	-	21,593	-
Net cash provided by (used in) capital and related financing activities	(180,711)	(2,024,635)	(5,715,393)	-	(7,920,739)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (purchase) of investments	(5,244,281)	(8,001,944)	(10,531,894)	(443,272)	(24,221,391)	(487,599)
Interest and dividends	20,229	29,131	172,669	1,167	223,196	3,411
Net cash provided by (used in) investing activities	(5,224,052)	(7,972,813)	(10,359,225)	(442,105)	(23,998,195)	(484,188)
Net increase (decrease) in cash and cash equivalents	(5,172,556)	(7,053,413)	(8,421,858)	(226,190)	(20,874,017)	(1,094,836)
Balances - beginning of year	6,051,316	8,394,178	15,129,383	300,459	29,875,336	1,419,869
Balances - end of year	\$ 878,760	\$ 1,340,765	\$ 6,707,525	\$ 74,269	\$ 9,001,319	\$ 325,033
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 878,760	\$ 1,340,765	\$ 1,757,452	\$ 74,269	\$ 4,051,246	\$ 325,033
Restricted cash and cash equivalents - current	-	-	4,950,073	-	4,950,073	-
Total cash and cash equivalents, end of year	\$ 878,760	\$ 1,340,765	\$ 6,707,525	\$ 74,269	\$ 9,001,319	\$ 325,033

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023, (Continued)

	<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>			
Reconciliation of operating income (loss) to net cash provided by (used in)						
Operating Activities:						
Operating income (loss)	\$ 1,979,545	\$ 1,356,037	\$ 2,660,984	\$ 29,940	\$ 6,026,506	\$ (602,309)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities:						
Depreciation expense	391,492	2,314,077	2,093,092	55,560	4,854,221	-
Other non-operating revenues	78	7,328	323	-	7,729	-
Change in assets, liabilities and deferrals:						
Receivables, net	(113,535)	(210,829)	(355,583)	-	(679,947)	-
Inventory	-	-	(33,116)	-	(33,116)	1,719
Due from other funds	-	(5,757)	(5,757)	-	(11,514)	(17,888)
Other receivables	-	-	-	-	-	11,383
Accounts payable and accrued liabilities	18,478	626,844	17,089	415	662,826	(14,451)
Customer meter deposits payable	-	-	34,975	-	34,975	-
Due to other funds	1,107	883	2,038	-	4,028	502
Due to employees	-	-	-	-	-	(975)
Other payable	-	-	191,808	-	191,808	-
Claims payable	-	-	-	-	-	17,888
Total OPEB liability	(71,139)	(148,376)	(171,207)	-	(390,722)	(48,397)
Accrued compensated absences	8,023	(11,070)	18,924	-	15,877	534
Net pension liability	633,421	693,787	1,333,956	-	2,661,164	-
Deferred outflows and inflows of resources	(615,263)	(585,964)	(1,261,113)	-	(2,462,340)	41,346
Net cash provided by (used in) operating activities	\$ 2,232,207	\$ 4,036,960	\$ 4,526,413	\$ 85,915	\$ 10,881,495	\$ (610,648)
Noncash activities:						
Contributed capital assets	-	127,320	918,754	-	1,046,074	-
	<u>\$ -</u>	<u>\$ 127,320</u>	<u>\$ 918,754</u>	<u>\$ -</u>	<u>\$ 1,046,074</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity is comprised of 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 24,725 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. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.

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- **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, operating and capital grants.
- Streets – Commercial vehicle and gasoline excise tax shared by the State, operating grants and other miscellaneous fees.
- Culture and recreation – lake fees, pool fees, library fees, recreation fees, operating and capital grants.

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- Cemetery – cemetery revenues.
- General Government – licenses and permits, service fees, and restricted operating and capital 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.
 - 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.

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- 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 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.

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

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

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

Cash and Investments

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

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

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

Receivables

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

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

Inventories

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

Capital Assets

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

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Government-Wide Statements

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

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

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

Intangible leased assets are amortized over the life of the associated contract. Subscription-based information technology arrangement assets are amortized over the shorter of useful life or the term of the associated contract.

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, 2023, the City's deferred outflows and deferred inflows of resources were comprised of pension, OPEB and lease 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.

Lease-related amounts are recognized at the inception of leases in which the City is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Leases

The City is a party as lessor and lessee for various noncancellable long-term leases of land, buildings and equipment. The corresponding lease receivable or lease liabilities, are recorded in an amount equal to the present value of the expected future minimum lease payments received or paid, respectively, discounted by an applicable interest rate.

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.

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Fund Statements:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance. The City currently reports no committed fund balance.
- d. Assigned – includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city 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.

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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, 2023. The City has recorded a sales tax payable in the amount of \$350,980. For FY 23-24, the City will take the necessary legal action to recognize this amount as revenue since no refunds have been claimed.

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, 2023, the City’s net assessed valuation of taxable property was \$292,975,416. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023, was \$0.25.

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.

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.

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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. The City generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases and subscription-based information technology arrangements unless the rate that the lessor/vendor charges is known.

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.

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, 2023, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value	Fair Value Hierarchy
Deposits:				
Demand deposits			15,768,282	-
Cash on hand			6,200	-
			15,774,482	
Investments:				
Trustee accounts money market fund		AAA	4,528,943	-
Investment in Judgments		N/A	157,018	Level III
US Treasury Bills	Maturity (0-5 Yrs)	N/A	12,611,294	Level II
US Treasury Note	Maturity (0-5 Yrs)	N/A	701,339	Level II
FFCB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	9,941,069	Level II
FFCB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	2,628,587	Level II
FHLB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	37,114,493	Level II
FHLB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	2,783,090	Level II
FFCB U.S. Government Securities	Maturity (10 Yrs & up)	AA+	384,475	Level II
			70,850,308	
Total deposits and investments			\$ 86,624,790	
Reconciliation to Statement of Net Position:				
Cash and cash equivalents			\$ 18,777,422	
Investments			67,847,368	
			\$ 86,624,790	

See accompanying footnotes to this schedule.

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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, 2023 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, 2023 are as follows:

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	Current
	Cash and cash equivalents
Series 2009 Debt Service Account	\$ 16,387
Series 2012 Reserve Account	77,579
Series 2015 Note Revenue Account	791,397
Series 2015 Construction Account	3,134,959
Series 2016 Note Revenue Account	80,841
Series 2016 Construction Account	427,780
Meter deposits	421,130
Total	\$ 4,950,073

3. Accounts, Notes and Leases 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	\$ 295,356	\$ (59,072)	\$ 236,284
Business-Type Activities:			
Utilities	\$ 2,972,022	\$ (270,762)	\$ 2,701,260

Lease Receivable – The City as a lessor, has entered into lease agreements involving land and buildings. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$103,122. Lease receivable balances at June 30th, 2023, were as follows:

Russell Noble Trust	\$ 19,262
Noble Research Institute	87,232
Air Evac EMS	20,090
Bulard Air Service	13,627
Hangar Village Associates	66,566
Butler Real Estate Holdings	7,886
Air Evac Executive	599,404
David Smith	7,819
Total Lease Receivable Governmental	\$ 821,886

4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, buildings, computers, furniture and fixtures, vehicles, machinery and equipment, infrastructure and intangibles. 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, 2023, capital assets balances changed as follows:

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	Balance at July 1, 2022	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,826,854	\$ -	\$ -	\$ 6,826,854
Total capital assets not being depreciated	<u>6,826,854</u>	<u>-</u>	<u>-</u>	<u>6,826,854</u>
Depreciable assets:				
Buildings	28,831,708	600,108	-	29,431,816
Computers	10,085,378	190,952	165,285	10,111,045
Furniture and fixtures	1,375,021	123,241	25,365	1,472,897
Vehicles	6,206,839	392,091	237,421	6,361,509
Machinery and equipment	5,658,361	176,401	86,653	5,748,109
Infrastructure	86,955,663	3,806,600	-	90,762,263
Total depreciable assets at historical cost	<u>139,112,970</u>	<u>5,289,393</u>	<u>514,724</u>	<u>143,887,639</u>
Less accumulated depreciation for:				
Buildings	7,712,437	636,325	-	8,348,762
Computers	8,010,675	448,555	156,032	8,303,198
Furniture and fixtures	1,112,933	54,763	25,365	1,142,331
Vehicles	4,605,068	493,222	193,152	4,905,138
Machinery and equipment	4,796,037	207,182	86,652	4,916,567
Infrastructure	68,758,647	3,030,332	-	71,788,979
Total accumulated depreciation	<u>94,995,797</u>	<u>4,870,379</u>	<u>461,201</u>	<u>99,404,975</u>
Other assets:				
Intangible leased equipment	288,861	-	-	288,861
Subscription asset	-	208,670	-	208,670
Total other assets	<u>288,861</u>	<u>208,670</u>	<u>-</u>	<u>497,531</u>
Less accumulated amortization for:				
Intangible leased equipment	57,772	57,772	-	115,544
Subscription asset	-	73,693	-	73,693
Total accumulated amortization	<u>57,772</u>	<u>131,465</u>	<u>-</u>	<u>189,237</u>
Depreciable and other assets, net	<u>44,348,262</u>	<u>496,219</u>	<u>53,523</u>	<u>44,790,958</u>
Governmental activities capital assets, net	<u>\$ 51,175,116</u>	<u>\$ 287,549</u>	<u>\$ 53,523</u>	<u>\$ 51,617,812</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 448,526	\$ -	\$ -	\$ 448,526
Total capital assets not being depreciated	<u>448,526</u>	<u>-</u>	<u>-</u>	<u>448,526</u>
Depreciable assets:				
Buildings	49,318,385	104,212	-	49,422,597
Computers	396,746	19,049	7,224	408,571
Furniture and fixtures	89,547	-	-	89,547
Vehicles	4,069,755	259,478	94,340	4,234,893
Machinery and equipment	4,793,983	261,194	184,181	4,870,996
Infrastructure	124,035,148	3,683,885	-	127,719,033
Total depreciable assets at historical cost	<u>182,703,564</u>	<u>4,327,818</u>	<u>285,745</u>	<u>186,745,637</u>
Less accumulated depreciation for:				
Buildings	19,108,705	979,071	-	20,087,776
Computers	285,932	18,709	7,224	297,417
Furniture and fixtures	72,429	3,722	-	76,151
Vehicles	2,938,768	399,637	94,340	3,244,065
Machinery and equipment	4,053,962	219,765	184,181	4,089,546
Infrastructure	106,907,609	3,127,050	-	110,034,659
Total accumulated depreciation	<u>133,367,405</u>	<u>4,747,954</u>	<u>285,745</u>	<u>137,829,614</u>
Other assets:				
Subscription asset	-	304,408	-	304,408
Total other assets at historical cost	<u>-</u>	<u>304,408</u>	<u>-</u>	<u>304,408</u>
Less accumulated amortization for:				
Subscription asset	-	106,267	-	106,267
Total accumulated amortization	<u>-</u>	<u>106,267</u>	<u>-</u>	<u>106,267</u>
Depreciable and other assets, net	<u>49,336,159</u>	<u>(221,995)</u>	<u>-</u>	<u>49,114,164</u>
Business-type activities capital assets, net	<u>\$ 49,784,685</u>	<u>\$ (221,995)</u>	<u>\$ -</u>	<u>\$ 49,562,690</u>

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Depreciation/amortization 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. Leased assets are amortized over the life of the associated contract. Depreciation/amortization expense has been allocated as follows:

Depreciation/amortization expense charged to governmental activities:

Depreciation:	
General government	\$ 894,348
Public safety	564,425
Street	2,406,838
Culture and recreation	381,371
Cemetery	26,680
Airport	596,717
Total depreciation expense	<u>\$ 4,870,379</u>

Amortization:

General government	<u>131,465</u>
Total amortization expense	<u>131,465</u>
Total depreciation/amortization expense	<u>\$ 5,001,844</u>

Depreciation/amortization expense charged to business-type activities:

Depreciation:	
Water	\$ 1,986,825
Wastewater	2,314,077
Sanitation	391,492
Golf	55,560
Total depreciation expense	<u>\$ 4,747,954</u>

Amortization:

Water	<u>106,267</u>
Total amortization expense	<u>106,267</u>
Total depreciation/amortization expense	<u>\$ 4,854,221</u>

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2023, the reporting entity's long-term debt changed as follows:

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Type of Debt	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Lease Obligations	\$ 231,506	\$ -	\$ 57,245	\$ 174,261	\$ 57,664
Subscription Obligations	-	135,768	-	135,768	74,507
Claims payable	256,872	5,256,388	5,238,500	274,760	-
Accrued compensated absences	1,114,491	93,122	-	1,207,613	120,761
Total Governmental Activities	<u>\$ 1,602,869</u>	<u>\$ 5,485,278</u>	<u>\$ 5,295,745</u>	<u>\$ 1,792,402</u>	<u>\$ 252,932</u>
Business-Type Activities:					
Notes Payable-direct borrowings/placements	\$ 15,552,458	\$ 433,974	\$ 4,502,087	\$ 11,484,345	\$ 4,158,078
Subscription Obligations	-	191,608	-	191,608	109,344
Deposits subject to refund	386,155	145,930	110,955	421,130	84,226
Accrued compensated absences	274,812	15,877	-	290,689	29,069
Total Business-Type Activities	<u>\$ 16,213,425</u>	<u>\$ 787,389</u>	<u>\$ 4,613,042</u>	<u>\$ 12,387,772</u>	<u>\$ 4,380,717</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 252,932
Due in more than one year	1,539,470
Total OPEB liability	1,899,745
Net pension liability	8,880,191
Total Governmental Activities Long-Term Liabilities	<u>\$ 12,572,338</u>

Business-Type Activities:

Due within one year	\$ 4,380,717
Due in more than one year	8,007,055
Total OPEB liability	559,316
Net pension liability	226,039
Total Business-Type Activities Long-Term Liabilities	<u>\$ 13,173,127</u>

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

Claims Payable:

Current portion	-
Noncurrent portion	274,760
Total Claims Payable	<u>\$ 274,760</u>

Accrued Compensated Absences:

Current portion	120,761
Noncurrent portion	1,086,852
Total Accrued Compensated Absences	<u>\$ 1,207,613</u>

Total OPEB Liability:

Current portion	-
Noncurrent portion	1,899,745
Total OPEB liability	<u>\$ 1,899,745</u>

Net Pension Liability:

Current portion	-
Noncurrent portion	8,880,191
Total Net Pension Liability	<u>\$ 8,880,191</u>

The City as a lessee, has entered into a lease agreement involving equipment for city operations.

Current portion	\$ 57,664
Noncurrent portion	116,597
Total Capital Leases Payable	<u>\$ 174,261</u>

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The City has entered into subscription-based information technology arrangements involving various operational software with terms of three years.

Current portion	\$	74,507
Noncurrent portion		61,261
Total Subscriptions Payable	\$	<u>135,768</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.

\$ 6,335,897

2021 CW SRF Note Payable to Oklahoma Water Resources Board dated December 1, 2021 original amount of \$30,000,000 with an annual interest rate of 1.72% due in semi-annual installments of principal and interest beginning September 15, 2024, final installment due March 15, 2054, 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. The City has only drawn down a portion of the loan as of June 30, 2023.

433,974

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.

3,090,000

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.

289,474

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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.

		1,335,000
Total Notes Payable	\$	11,484,345
Current portion	\$	4,158,078
Noncurrent portion		7,326,267
Total Notes Payable	\$	11,484,345

Deposits Subject to Refund:

		84,226
Current portion		84,226
Noncurrent portion		336,904
Total Deposits Subject to Refund	\$	421,130

Accrued Compensated Absences:

		29,069
Current portion		29,069
Noncurrent portion		261,620
Total Accrued Compensated Absences	\$	290,689

Total OPEB Liability:

		-
Current portion		-
Noncurrent portion		559,316
Total OPEB Liability	\$	559,316

Net Pension Liability:

		-
Current portion		-
Noncurrent portion		226,039
Total Net Pension Liability	\$	226,039

The City has entered into subscription-based information technology arrangements involving various operational software with terms of three years.

		109,344
Current portion	\$	109,344
Noncurrent portion		82,264
Total Subscriptions Payable	\$	191,608

Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	Governmental Activities			
	Lease Obligations		Subscription Obligations	
	Principal	Interest	Principal	Interest
2024	57,664	1,114	74,507	2,572
2025	58,086	692	61,261	1,354
2026	58,511	267	-	-
Totals	\$ 174,261	\$ 2,073	\$ 135,768	\$ 3,926

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Year Ending June 30,	Business Type Activities			
	Direct Borrowings / Placements		Subscription Obligations	
	Notes Payable			
	Principal	Interest	Principal	Interest
2024	4,158,078	217,365	109,344	3,738
2025	1,073,109	151,265	82,264	1,818
2026	190,202	139,394	-	-
2027	639,338	132,499	-	-
2028	653,565	118,273	-	-
2029-2033	3,357,411	364,734	-	-
2034-2035	1,412,642	39,672	-	-
Totals	\$ 11,484,345	\$ 1,163,202	\$ 191,608	\$ 5,556

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	\$ -	\$ 5,687,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,687,952
Streets	-	-	-	-	-	2,818,299	-	25,300	2,843,599
Library grants	-	-	-	-	-	-	-	377,903	377,903
Grant programs	-	-	-	-	-	-	-	4,471,661	4,471,661
Public safety	-	-	-	-	-	-	-	553,523	553,523
Culture and recreation	11,467	-	-	-	-	-	-	-	11,467
Library	-	-	-	4,624,854	-	-	-	-	4,624,854
Cemetery	-	-	-	-	-	-	-	104,001	104,001
Economic development	-	-	-	-	-	-	-	121,951	121,951
Capital projects	-	-	-	-	5,134,363	-	-	329,024	5,463,387
Debt service	-	-	-	-	-	-	3,043,305	-	3,043,305
Sub-total Restricted	11,467	5,687,952	-	4,624,854	5,134,363	2,818,299	3,043,305	5,983,363	27,303,603
Assigned for:									
Community enhancement	-	350,498	-	-	-	-	-	-	350,498
Street improvements	-	-	-	-	-	987,478	-	-	987,478
Library grants	-	-	-	-	-	-	-	15,066	15,066
Capital projects	-	-	-	-	343,200	-	-	1,357,159	1,700,359
Public safety capital projects	-	-	-	-	-	-	-	18,857	18,857
Debt service	-	-	-	-	-	-	321,794	-	321,794
Insurance recovery	117,334	-	-	-	-	-	-	-	117,334
Drug enforcement	553,666	-	-	-	-	-	-	-	553,666
Public safety	45,968	-	-	-	-	-	-	19,424	65,392
Reserve management	12,806,421	-	-	-	-	-	-	-	12,806,421
Grant programs	15,125	-	-	-	-	-	-	1,861	16,986
OHP building maintenance	23,709	-	-	-	-	-	-	-	23,709
Culture and recreation	386,642	-	-	-	-	-	-	309,509	696,151
Library	86,648	-	-	-	-	-	-	-	86,648
Subsequent year's budget	2,677,717	-	-	-	-	-	-	-	2,677,717
Sub-total Assigned	16,713,230	350,498	-	-	343,200	987,478	321,794	1,721,876	20,438,076
Unassigned (deficit):	6,441,785	-	(10,321)	-	-	-	-	(138,901)	6,292,563
TOTAL FUND BALANCES	\$ 23,166,482	\$ 6,038,450	\$ (10,321)	\$ 4,624,854	\$ 5,477,563	\$ 3,805,777	\$ 3,365,099	\$ 7,566,338	\$ 54,034,242

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.

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Transfers:

Internal transfers between funds and activities for the year ended June 30, 2023 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Lakeview Golf Course Fund	130,000	Operating transfer
General Fund	Wastewater Enterprise Fund	1,970,702	Sales tax transfer
General Fund	Water Enterprise Fund	1,970,702	Sales tax transfer
General Fund	Street Improvement Fund	500,000	Operating transfer
General Fund	Street & Alley Fund	2,277	Correction of taxes
General Fund	FEMA Fund	2,597	Reimbursement of expenses incurred
General Fund-Reserve Management	Downtown Executive Airport Fund	262,500	Reimbursement of expenses incurred
General Fund-Reserve Management	JAG LLEBG Grant Fund	7,229	Reimbursement of expenses incurred
General Fund-Reserve Management	Other Police Grants Fund	2,272	Reimbursement of expenses incurred
Other Police Grants Fund	General Fund-Reserve Management	1,500	Reimbursement of expenses incurred
Street Improvement Fund	Street & Alley Fund	325,000	Operating transfer
GAPS Tax Fund	Water Enterprise Fund	2,308,645	Debt payments
Street and Alley Fund	General Fund-RSP	1,789	Reimbursement of expenses incurred
Community Enhancement Fund	General Fund	1,800,000	Operating transfer
Library Trust Fund	Library Capital Improvement Fund	300,000	Operating transfer
Water Enterprise Fund	General Fund	2,000,000	Operating transfer
Water Enterprise Fund	Downtown Executive Airport Fund	350,000	Reimbursement of expenses incurred
Water Enterprise Fund	GAPS Tax City Fund	16,627	Debt payments
Sanitation Enterprise Fund	General Fund	2,000,000	Operating transfer
Wastewater Enterprise Fund	General Fund	1,500,000	Operating transfer
Wastewater Enterprise Fund	Downtown Executive Airport Fund	350,000	Reimbursement of expenses incurred
Wastewater Enterprise Fund	Water Enterprise Fund	1,213,627	Debt payments
Total		<u>\$ 17,015,467</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	GW Capital Asset/Grant Purchases/Transfers	Net Transfers
Governmental Funds	\$ 9,421,791	\$ (9,585,213)	\$ (1,046,074)	\$ (1,209,496)
Proprietary Funds	7,593,676	(7,430,254)	1,046,074	1,209,496
	<u>\$ 17,015,467</u>	<u>\$ (17,015,467)</u>	<u>\$ -</u>	<u>\$ -</u>

Internal Balances:

Interfund receivable and payables at June 30, 2023 were comprised of the following:

Due From	Due To	Amount	Nature of Balance
General Fund	Wastewater Enterprise Fund	241,113	Portion of sales tax accrual
General Fund	Water Enterprise Fund	246,118	Portion of sales tax accrual
General Fund	Garage Cash Fund	42,072	Reimburse for deposit recorded incorrectly
General Fund	Solid Waste Fund	32,654	Reimburse for deposit recorded incorrectly
General Fund	Employee Benefit Internal Service Fund	121,694	Portion of self-insurance claims payable
Debt Service Fund	General Fund	160,095	Debt service
Debt Service Fund	Street Improvement Fund	26,729	Debt service
Debt Service Fund	Hazard Mitigation Grant Fund	25,105	Debt service
Water Enterprise Fund	Employee Benefit Internal Service Fund	31,308	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Employee Benefit Internal Service Fund	13,560	Portion of self-insurance claims payable
Solid Waste Fund	Employee Benefit Internal Service Fund	17,008	Portion of self-insurance claims payable
Street Improvement Fund	Employee Benefit Internal Service Fund	11,009	Portion of self-insurance claims payable
Clubhouse Fund	Employee Benefit Internal Service Fund	1,318	Portion of self-insurance claims payable
Clubhouse Fund	General Fund	5,000	Advance to Clubhouse
Garage Cash Fund	Employee Benefit Internal Service Fund	7,704	Portion of self-insurance claims payable
Reserve Management Fund	Downtown Executive Airport Fund	178,267	Reimburse for lease payments received
Library Cash Fund	Literacy Grant Fund	1,459	Reimburse for deposit recorded incorrectly
FAA Grant Fund	Reserve Management Fund	489	Reimburse revenues
Employee Benefit Internal Service Fund	General Fund	31,802	Reimburse revenues
E911 Fund	General Fund	24,395	Reimburse for deposit recorded incorrectly
Municipal Court Fund	General Fund	5,210	Court fines not transferred
Total		<u>\$ 1,224,109</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Internal Service Fund Activity	Net Internal Balances
Governmental Funds	\$ 458,551	\$ (1,064,907)	\$ 128,942	\$ (477,414)
Proprietary Funds	519,885	(42,471)	-	477,414
Internal Service Funds	245,673	(116,731)	\$ (128,942)	-
Total	<u>\$ 1,224,109</u>	<u>\$ (1,224,109)</u>	<u>\$ -</u>	<u>\$ -</u>

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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, \$30,000,000 of 2021 OWRB Notes Payable, \$5,430,000 of 2015 Series Utility System and Sales Tax Revenue Notes, \$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 wastewater utility systems. The notes are payable from pledged sales tax and net water and sewer utility revenues through 2030, 2035, 2054, 2023, 2024 and 2024 respectively. The total principal and interest payable for the remainder of the life of these notes is \$12,647,547. Pledged net water and sewer utility revenues and pledged sales tax in the current fiscal year were \$12,361,863. Maximum annual debt service on all parity debt totaled \$4,996,498 which was 247% of total pledged revenues for these notes.

Gross Revenue Available for Debt Service:	
Charges for services	\$ 14,514,042
Sales tax pledged (1/2 cent)	3,941,404
Total Gross Revenues Available	18,455,446
Operating Expenses:	
Operations	6,093,583
Total Operating Expenses	6,093,583
Net Revenues Available for Debt Service	\$12,361,863
Debt Service Requirements:	
Maximum annual debt service on all APWA parity debt	\$4,996,498
Computed Coverage	247%
Coverage Requirement	125%

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.

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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, 2023:

	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
Claims incurred and changes in estimates	6,128,592
Claims paid	(5,868,509)
Claims liability, June 30, 2021	421,317
Claims incurred and changes in estimates	5,658,523
Claims paid	(5,822,968)
Claims liability, June 30, 2022	256,872
Claims incurred and changes in estimates	5,256,388
Claims paid	(5,238,500)
Claims liability, June 30, 2023	274,760

10. Commitments and Contingencies

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, 2023, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in a 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 2023, 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 - OFPRS 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:

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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, 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 \$314,690. The State of Oklahoma also made on-behalf payments to the OFPRS in the amount of \$735,677 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 \$659,404. 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, 2023, the City reported a net pension liability of \$8,417,684 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was 0.6437%.

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For the year ended June 30, 2023, the City recognized pension expense of 1,167,091. At June 30, 2023, 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	\$ 1,080,604	\$ 42,495
Changes of assumptions	-	53,670
Net difference between projected and actual earnings on pension plan investments	978,226	-
Changes in proportion and differences between City contributions and proportionate share of contributions	83,425	52,400
City contributions during measurement date	2,376	4,992
City contributions subsequent to the measurement date	314,690	-
Total	<u>\$ 2,459,321</u>	<u>\$ 153,557</u>

\$314,690 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, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 525,413
2025	444,574
2026	130,826
2027	890,261
	<u>\$ 1,991,074</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the following:

- Active members – Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.
- Retired members – Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018
- Disabled members—Pub-2010 Public Safety Disabled Table set forward 2 years

The actuarial assumptions used in the July 1, 2022, 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

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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, 2022, 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%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.64%
Other assets	8%	5.08%

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability	\$ 10,846,846	\$ 8,417,684	\$ 6,385,824

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

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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.

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 \$376,082. The State of Oklahoma also made on-behalf payments to the OPPRS in the amount of \$341,822 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 \$321,411. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a net pension asset of \$646,823 for its proportionate share of the total net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was 0.8066%.

For the year ended June 30, 2023, the City recognized pension expense of \$167,143. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 317,275	\$ 70,456
Changes of assumptions	22,519	-
Net difference between projected and actual earnings on pension plan investments	631,168	-
Changes in proportion and differences between contributions and proportionate share of contributions	30,664	2,465
Contributions during measurement date	2,933	7,765
City contributions subsequent to the measurement date	376,081	-
Total	<u>\$ 1,380,640</u>	<u>\$ 80,686</u>

\$376,081 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 or an addition to the net pension liability (asset) in the year ended June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 213,032
2025	62,940
2026	(167,284)
2027	774,485
2028	40,700
	<u>\$ 923,873</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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.

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The actuarial assumptions used in the July 1, 2022, 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, 2022, 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%	3.34%
Domestic equity	40%	4.69%
International equity	10%	8.34%
Real estate	15%	7.64%
Private equity	15%	9.66%

The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 20% 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)	\$ 1,874,039	\$ (646,823)	\$ (2,777,568)

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.

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Oklahoma Municipal Retirement Plan (OMRF)

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.

Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>OMRF 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

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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	165
Deferred Vested Former Employees	30
Retirees or Retiree Beneficiaries	<u>72</u>
Total	<u>267</u>

Contribution Requirements- The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 6.8% of covered payroll as of 7-1-22. For the year ended June 30, 2023, the City recognized \$778,014 of employer contributions to the plan which was more than the actuarially determined amount based on covered payroll of \$9,078,338.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.50% and 4.50% 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	2.75%
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: 225
	Year 2: 140

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Year 3: 100
Year 4: 70
Year 5: 40

j. Date of last experience study September 2012 for fiscal years 2007 through 2011

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% 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, 2022 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%

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Changes in Net Pension Liability (Asset) – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2022 and the City’s report ending date of June 30, 2023, 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):

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability(Asset)
	(a)	(b)	(a) - (b)
Balances Beginning of Year	\$ 37,654,346	\$ 44,788,942	\$ (7,134,596)
Changes for the Year:			
Service cost	1,159,611	-	1,159,611
Interest expense	2,768,715	-	2,768,715
Experience losses (gains) (amortized over avg remain svc period of actives & inactive)	717,305	-	717,305
Changes of assumptions	(1,205,670)	-	(1,205,670)
Contributions--City	-	749,793	(749,793)
Contributions--members	-	524,941	(524,941)
Net investment income	-	(5,580,799)	5,580,799
Benefits paid	(1,503,479)	(1,503,479)	-
Plan administrative expenses	-	(77,116)	77,116
Net Changes	<u>1,936,482</u>	<u>(5,886,660)</u>	<u>7,823,142</u>
Balances End of Year	<u>\$ 39,590,828</u>	<u>\$ 38,902,282</u>	<u>\$ 688,546</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 7.50 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)	\$ 5,708,864	\$ 688,546	\$ (3,520,886)

The City reported \$440,588 in pension expense for the year ended June 30, 2023. At June 30, 2023, 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	\$ 531,009	\$ 270,563
Changes of assumptions	137,668	846,840
Net difference between projected and actual earnings on plan investments	3,355,224	-
Changes in proportion and differences between contributions and proportionate share of contributions	47,060	47,408
City contributions subsequent to the measurement date	778,014	-
Total	<u>\$ 4,848,975</u>	<u>\$ 1,164,811</u>

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\$778,014 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 or addition to the net pension liability in the year ended June 30, 2024.

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:	
2024	\$ 367,862
2025	441,909
2026	310,638
2027	1,785,741
	<u>\$ 2,906,150</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, 2023, 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, 2023 were \$124,809.

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.

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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 7/1/2021. An additional contribution is required for dependent coverage. This creates an implicit rate subsidy. The benefits offered by the City to retirees include health, dental and prescription drug benefits. 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, 2023 were \$119,876.

Employees Covered by Benefit Terms

Active Employees	239
Inactive or beneficiaries receiving benefits	<u>20</u>
Total	<u>259</u>

Total OPEB Liability. The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2023. The measurement date used was June 30, 2022.

Actuarial Assumptions. The total OPEB liability in the June 30, 2022 valuation was determine using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Discount Rate - 4.09% based on the 20 year municipal bond yield
- Retirement Age - Civilian - 55 with 7 years of service, Police and Fire - 20 years of service
- Health Care Cost Trend Rates:
 - 2022 5.94%
 - 2023 5.91%
 - 2024 5.88%
 - 2025 5.86%
 - 2030 5.01%
 - 2035 4.97%
 - 2040 4.81%
 - 2045 4.70%
 - 2050 4.64%
 - 2055 4.58%
 - 2060 4.54%
 - 2065 4.50%
 - 2070 4.20%
 - 2075 3.94%

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Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at Beginning of Year	\$ 3,993,378
Changes For the Year:	
Service cost	226,623
Interest expense	91,152
Change in benefit terms	(420,338)
Difference between expected and actual experience	(32,021)
Change in assumptions	(1,279,857)
Expected net benefit payments	(119,876)
Net changes	\$ (1,534,317)
Balances at End of Year	\$ 2,459,061

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2023, the City recognized OPEB expense (benefit) of \$(252,990). At June 30, 2023, 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	\$ 209,780	\$ 32,133
Changes of assumptions	406,071	1,391,295
Changes in proportion	220,533	220,531
Total	\$ 836,384	\$ 1,643,959

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

Year ended June 30:	
2024	\$ (150,427)
2025	(147,995)
2026	(89,095)
2027	(47,921)
2028	(64,015)
Thereafter	(308,122)
	\$ (807,575)

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 (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

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	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	\$ 2,719,444	\$ 2,459,061	\$ 2,230,863

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 (4.96%) or 1-percentage point higher (6.96%) than the current healthcare cost trend rate:

	1% Decrease 4.94%	Healthcare Cost Trend Rates 5.94%	1% Increase 6.94%
	<u>Grading to 3.37%</u>	<u>Grading to 3.94%</u>	<u>Grading to 5.37%</u>
Total OPEB Liability	\$ 2,215,185	\$ 2,459,061	\$ 2,749,418

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2023

GENERAL FUND				
Budget and Actual (with Variances) - Budgetary Basis				
Year Ended June 30, 2023				
	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 11,795,797	\$ 11,795,797	\$ 14,015,698	\$ 2,219,901
Intergovernmental	439,508	439,508	401,525	(37,983)
Licenses and permits	364,969	364,969	388,299	23,330
Charges for services	175,950	175,950	178,701	2,751
Fines and Forfeitures	204,753	204,753	296,761	92,008
Investment earnings	12,000	12,000	24,958	12,958
Miscellaneous	73,700	73,700	128,480	54,780
Total revenues	<u>13,066,677</u>	<u>13,066,677</u>	<u>15,434,422</u>	<u>2,367,745</u>
EXPENDITURES				
Department:				
<i>General Government:</i>				
Legislative	184,950	188,190	124,241	63,949
Municipal court	179,638	179,638	178,553	1,085
City manager	531,552	531,552	415,162	116,390
Human resources	374,534	374,534	342,245	32,289
Information tech	2,042,271	2,041,691	1,577,491	464,200
Legal	69,700	91,192	91,192	-
Finance	632,883	632,883	588,503	44,380
Purchasing	168,302	168,302	167,773	529
Engineering	959,349	1,113,503	809,782	303,721
Development services	922,502	922,502	791,561	130,941
GIS	123,951	123,951	111,679	12,272
Technical services	1,058,907	1,058,907	890,945	167,962
Pension benefits & insurance	770,550	839,071	839,071	-
Total General Government	<u>8,019,089</u>	<u>8,265,916</u>	<u>6,928,198</u>	<u>1,337,718</u>
<i>Public Safety:</i>				
Fire	3,741,946	3,741,946	3,510,414	231,532
Police	6,250,633	6,254,261	5,782,457	471,804
Police jail	213,000	213,000	155,004	57,996
Animal control	140,907	140,907	105,444	35,463
Forensic lab	168,531	168,531	158,447	10,084
Emergency dispatch	946,266	1,027,866	842,573	185,293
Total Public Safety	<u>11,461,283</u>	<u>11,546,511</u>	<u>10,554,339</u>	<u>992,172</u>
<i>Culture and Recreation:</i>				
Community center	41,000	41,000	20,268	20,732
Community pool	215,969	240,969	184,009	56,960
Parks & recreation	1,343,815	1,399,815	1,161,416	238,399
R.O.W. maintenance	566,293	566,293	442,232	124,061
Library	1,108,719	1,108,719	1,079,082	29,637
Total Culture and Recreation	<u>3,275,796</u>	<u>3,356,796</u>	<u>2,887,007</u>	<u>469,789</u>
<i>Cemetery:</i>				
Cemetery	355,660	355,660	345,545	10,115
Total Cemetery	<u>355,660</u>	<u>355,660</u>	<u>345,545</u>	<u>10,115</u>
Total Expenditures	<u>23,111,828</u>	<u>23,524,883</u>	<u>20,715,089</u>	<u>2,809,794</u>
Excess (deficiency) of revenues over expenditures	<u>(10,045,151)</u>	<u>(10,458,206)</u>	<u>(5,280,667)</u>	<u>5,177,539</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,580,000	7,667,601	7,600,525	(67,076)
Transfers out	(976,000)	(978,597)	(978,597)	-
Total other financing sources and uses	<u>6,604,000</u>	<u>6,689,004</u>	<u>6,621,928</u>	<u>(67,076)</u>
Net change in fund balances	(3,441,151)	(3,769,202)	1,341,261	5,110,463
Fund balances - beginning	4,103,420	4,103,420	7,803,296	3,699,876
Fund balances - ending	<u>\$ 662,269</u>	<u>\$ 334,218</u>	<u>\$ 9,144,557</u>	<u>\$ 8,810,339</u>

**CITY OF ARDMORE, OKLAHOMA
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**COMMUNITY ENHANCEMENT FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2023**

	<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	\$ 3,402,694	\$ 3,402,694	\$ 3,941,405	\$ 538,711
Investment earnings	7,700	7,700	16,312	8,612
Miscellaneous	-	-	996	996
Total revenues	<u>3,410,394</u>	<u>3,410,394</u>	<u>3,958,713</u>	<u>548,319</u>
EXPENDITURES				
Departmental:				
General government	2,057,400	2,060,331	1,021,244	1,039,087
Total General government	<u>2,057,400</u>	<u>2,060,331</u>	<u>1,021,244</u>	<u>1,039,087</u>
Total Expenditures	<u>2,057,400</u>	<u>2,060,331</u>	<u>1,021,244</u>	<u>1,039,087</u>
Excess (deficiency) of revenues over expenditures	<u>1,352,994</u>	<u>1,350,063</u>	<u>2,937,469</u>	<u>1,587,406</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,200,000)	(2,200,000)	(1,800,000)	400,000
Total other financing sources and uses	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>(1,800,000)</u>	<u>400,000</u>
Net change in fund balances	(847,006)	(849,937)	1,137,469	1,987,406
Fund balances - beginning	2,743,568	2,743,568	4,900,981	2,157,413
Fund balances - ending	<u>\$ 1,896,562</u>	<u>\$ 1,893,631</u>	<u>\$ 6,038,450</u>	<u>\$ 4,144,819</u>

**FAA GRANT FUND (45)
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2023**

	<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				
Intergovernmental	\$ 8,000,000	\$ 8,320,000	\$ 93,647	\$ (8,226,353)
Miscellaneous	355,100	355,100	323,849	(31,251)
Total revenues	<u>8,355,100</u>	<u>8,675,100</u>	<u>417,496</u>	<u>(8,257,604)</u>
EXPENDITURES				
Departmental:				
Airport	8,710,200	9,030,200	424,332	8,605,868
Total Airport	<u>8,710,200</u>	<u>9,030,200</u>	<u>424,332</u>	<u>8,605,868</u>
Total Expenditures	<u>8,710,200</u>	<u>9,030,200</u>	<u>424,332</u>	<u>8,605,868</u>
Excess (deficiency) of revenues over expenditures	<u>(355,100)</u>	<u>(355,100)</u>	<u>(6,836)</u>	<u>348,264</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	(355,100)	(355,100)	(6,836)	348,264
Fund balances - beginning	933,071	933,071	(3,485)	(936,556)
Fund balances - ending	<u>\$ 577,971</u>	<u>\$ 577,971</u>	<u>\$ (10,321)</u>	<u>\$ (588,292)</u>

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LIBRARY TRUST FUND (93)
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 22,048	\$ 22,048	\$ 64,216	\$ 42,168
Miscellaneous	204,167	208,767	262,568	53,801
Total revenues	<u>226,215</u>	<u>230,815</u>	<u>326,784</u>	<u>95,969</u>
EXPENDITURES				
Departmental:				
Culture and recreation	8,400	13,000	12,918	82
<i>Total Culture and recreation</i>	<u>8,400</u>	<u>13,000</u>	<u>12,918</u>	<u>82</u>
Total Expenditures	8,400	13,000	12,918	82
Excess (deficiency) of revenues over expenditures	<u>217,815</u>	<u>217,815</u>	<u>313,866</u>	<u>96,051</u>
OTHER FINANCING SOURCES				
Transfers out	(700,000)	(700,000)	(300,000)	400,000
Total other financing sources	<u>(700,000)</u>	<u>(700,000)</u>	<u>(300,000)</u>	<u>400,000</u>
Net change in fund balances	(482,185)	(482,185)	13,866	496,051
Fund balances - beginning	4,822,194	4,822,194	4,759,110	(63,084)
Fund balances - ending	<u>\$ 4,340,009</u>	<u>\$ 4,340,009</u>	<u>\$ 4,772,976</u>	<u>\$ 432,967</u>

GAPS TAX CITY FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 3,402,694	\$ 3,402,694	\$ 3,929,891	\$ 527,197
Investment earnings	9,704	9,704	15,681	5,977
Total revenues	<u>3,412,398</u>	<u>3,412,398</u>	<u>3,945,572</u>	<u>533,174</u>
EXPENDITURES				
Departmental:				
General government	4,671,800	4,299,228	1,810,527	2,488,701
<i>Total General government</i>	<u>4,671,800</u>	<u>4,299,228</u>	<u>1,810,527</u>	<u>2,488,701</u>
Total Expenditures	4,671,800	4,299,228	1,810,527	2,488,701
Excess (deficiency) of revenues over expenditures	<u>(1,259,402)</u>	<u>(886,830)</u>	<u>2,135,045</u>	<u>3,021,875</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	16,627	16,627
Transfers out	(1,683,974)	(2,308,974)	(2,308,645)	329
Total other financing sources	<u>(1,683,974)</u>	<u>(2,308,974)</u>	<u>(2,292,018)</u>	<u>16,956</u>
Net change in fund balances	(2,943,376)	(3,195,804)	(156,973)	3,038,831
Fund balances - beginning	3,538,737	3,538,737	5,623,022	2,084,285
Fund balances - ending	<u>\$ 595,361</u>	<u>\$ 342,933</u>	<u>\$ 5,466,049</u>	<u>\$ 5,123,116</u>

CITY OF ARDMORE, OKLAHOMA
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Footnotes to Budgetary Comparison Schedules:

1. The City prepares its budgets for all funds on the modified accrual basis of accounting with the exception of payroll accruals, certain revenues and expenditures related to leases, subscription-based information technology arrangements, 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	\$ 23,034,947	\$ 3,958,713	\$ 417,496	\$ 326,784	\$ 3,962,199
Total expenses - budgetary basis	(21,693,686)	(2,821,244)	(424,332)	(312,918)	(4,119,172)
Change in fund balance - budgetary basis	1,341,261	1,137,469	(6,836)	13,866	(156,973)
Revenue accruals	5,143,276	-	-	-	11,514
Expenditure accruals	(5,168,331)	-	-	(148,122)	-
Change in fund balance - GAAP basis	<u>\$ 1,316,206</u>	<u>\$ 1,137,469</u>	<u>\$ (6,836)</u>	<u>\$ (134,256)</u>	<u>\$ (145,459)</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

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	2021	2022	2023
City's proportion of the net pension liability	0.6716109%	0.6709177%	0.6364976%	0.6597064%	0.6391870%	0.6380100%	0.6327740%	0.6451050%	0.6436850%
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	\$ 7,795,218	\$ 4,248,445	\$ 8,417,684
City's covered payroll	\$ 1,731,982	\$ 1,833,106	\$ 1,780,408	\$ 1,946,200	\$ 1,901,064	\$ 1,976,929	\$ 2,031,424	\$ 2,022,299	\$ 2,130,576
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	399%	388%	437%	426%	378%	341%	384%	210%	395%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

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

Notes to Schedule:

Only nine 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	2021	2022	2023
Statutorially required contribution	\$ 256,635	\$ 249,258	\$ 272,468	\$ 266,149	\$ 276,770	\$ 284,400	\$ 283,122	\$ 298,281	\$ 314,690
Contributions in relation to the statutorially required contribution	256,635	249,258	272,468	266,149	276,770	284,400	283,122	298,281	314,690
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	\$ 2,022,299	\$ 2,130,576	\$ 2,247,788
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability (asset)	0.8494%	0.8664%	0.8798%	0.9309%	0.9283%	0.8730%	0.7900%	0.8046%	0.8066%
City's proportionate share of the net pension liability (asset)	\$ (285,990)	\$ 35,326	\$ 1,347,423	\$ 71,607	\$ (442,198)	\$ (55,733)	\$ 906,894	\$ (3,859,816)	\$ (646,823)
City's covered payroll	\$ 2,376,325	\$ 2,448,931	\$ 2,594,723	\$ 2,870,954	\$ 2,837,692	\$ 2,830,785	\$ 2,639,108	\$ 2,697,089	\$ 2,889,151
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%	34.36%	-143.11%	-22.39%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%

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

Notes to Schedule:

Only nine 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	2021	2022	2023
Statutorily required contribution	\$ 318,361	\$ 337,314	\$ 373,224	\$ 368,900	\$ 368,002	\$ 343,084	\$ 350,622	\$ 375,591	\$ 376,082
Contributions in relation to the statutorily required contribution	318,361	337,314	373,224	368,900	368,002	343,084	350,622	375,591	376,082
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	\$ 2,697,089	\$ 2,889,151	\$ 2,892,930
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

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

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

Last Nine Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability									
Service cost	\$ 1,128,774	\$ 1,258,516	\$ 1,280,059	\$ 1,260,934	\$ 1,240,101	\$ 1,236,570	\$ 1,285,007	\$ 1,285,320	\$ 1,159,611
Interest	1,559,184	1,640,888	1,788,599	1,941,697	2,101,240	2,225,073	2,430,898	2,579,746	2,768,715
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(371,969)	(388,309)	(326,953)	(681,761)	(403,073)	(582,337)	63,439	717,305
Changes of assumptions	-	-	-	971,557	-	672,302	-	-	(1,205,670)
Benefit payments, including refunds of member contributions	(434,050)	(578,537)	(666,062)	(745,201)	(1,029,226)	(986,938)	(986,141)	(1,317,714)	(1,503,479)
Net change in total pension liability	2,253,908	1,948,898	2,014,287	3,102,034	1,630,354	2,743,934	2,147,427	2,610,791	1,936,482
Total pension liability - beginning	19,202,713	21,456,621	23,405,519	25,419,806	28,521,840	30,152,194	32,896,128	35,043,555	37,654,346
Total pension liability - ending (a)	\$ 21,456,621	\$ 23,405,519	\$ 25,419,806	\$ 28,521,840	\$ 30,152,194	\$ 32,896,128	\$ 35,043,555	\$ 37,654,346	\$ 39,590,828
Plan fiduciary net position									
Contributions - employer	\$ 1,125,336	\$ 1,014,468	\$ 847,375	\$ 782,365	\$ 712,659	\$ 749,482	\$ 738,814	\$ 814,059	\$ 749,793
Contributions - member	471,839	479,653	497,968	499,382	497,441	513,871	521,654	524,635	524,941
Net investment income	3,129,727	654,125	239,592	3,161,435	2,135,242	2,174,321	1,401,002	9,744,214	(5,580,799)
Benefit payments, including refunds of member contributions	(434,050)	(578,537)	(666,062)	(745,201)	(1,029,226)	(986,938)	(986,141)	(1,317,714)	(1,503,479)
Administrative expense	(46,482)	(48,122)	(48,765)	(55,881)	(60,866)	(66,780)	(69,940)	(72,138)	(77,116)
Net change in plan fiduciary net position	4,246,370	1,521,587	870,108	3,642,100	2,255,250	2,383,956	1,605,389	9,693,056	(5,886,660)
Plan fiduciary net position - beginning	18,571,126	22,817,496	24,339,083	25,209,191	28,851,291	31,106,541	33,490,497	35,095,886	44,788,942
Plan fiduciary net position - ending (b)	\$ 22,817,496	\$ 24,339,083	\$ 25,209,191	\$ 28,851,291	\$ 31,106,541	\$ 33,490,497	\$ 35,095,886	\$ 44,788,942	\$ 38,902,282
Net pension liability (asset) - ending (a) - (b)	\$ (1,360,875)	\$ (933,564)	\$ 210,615	\$ (329,451)	\$ (954,347)	\$ (594,369)	\$ (52,331)	\$ (7,134,596)	\$ 688,546
Plan fiduciary net position as a percentage of the total pension liability	106.34%	103.99%	99.17%	101.16%	103.17%	101.81%	100.15%	118.95%	98.26%
Covered employee payroll	\$ 7,938,819	\$ 8,059,981	\$ 8,247,671	\$ 8,022,574	\$ 8,236,196	\$ 8,324,901	\$ 8,610,995	\$ 8,253,752	\$ 8,397,557
Net pension liability (asset) as a percentage of covered-employee payroll	-17.14%	-11.58%	2.55%	-4.11%	-11.59%	-7.14%	-0.61%	-86.44%	8.20%

Notes to Schedule:

Only nine 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, 2023**

**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions

Last Nine Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 1,018,499	\$ 855,186	\$ 815,114	\$ 712,659	\$ 748,867	\$ 737,961	\$ 814,059	\$ 749,793	\$ 617,327
Contributions in relation to the actuarially determined contribution	1,018,499	855,186	815,114	712,659	748,867	737,961	814,059	749,793	778,014
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(160,687)
Covered employee payroll	\$ 7,986,208	\$ 8,298,332	\$ 8,643,783	\$ 8,284,562	\$ 8,564,524	\$ 8,689,322	\$ 8,743,934	\$ 8,749,037	\$ 9,078,338
Contributions as a percentage of covered-employee payroll	12.8%	10.3%	9.4%	8.6%	8.7%	8.5%	9.3%	8.6%	8.6%

Notes to Schedule:

- Only nine fiscal years are presented because 10-year data is not yet available.
- Latest Valuation Date: July 1, 2022
- Actuarially determined contribution rate is calculated as of July 1, 2014, July 1, 2015, July 1, 2016, July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, July 1, 2021 and July 1, 2022.
 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 8.5%
 FY20-21 contributions were at a rate of 9.3%
 FY21-22 contributions were at a rate of 8.6%
 FY22-23 contributions were at a rate of 8.6%
- 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 - 7.25%

**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	2021	2022	2023
Total OPEB Liability						
Service Cost	\$ 354,770	\$ 314,357	\$ 262,225	\$ 282,044	\$ 223,813	\$ 226,623
Interest	124,315	172,278	182,521	175,294	81,254	91,152
Differences between expected and actual experience	-	(11,476)	53,554	30,110	225,952	(32,021)
Changes in assumptions	(386,648)	(399,035)	(70,544)	467,105	163,581	(1,279,857)
Benefit Payments	(85,135)	(119,916)	(155,473)	(170,147)	(154,076)	(119,876)
Benefit changes due to plan amendments				(2,057,908)	-	(420,338)
Net change in total OPEB liability	\$ 7,302	\$ (43,792)	\$ 272,283	\$ (1,273,502)	\$ 540,524	\$ (1,534,317)
Balances- Beginning of Year	\$ 4,490,563	\$ 4,497,865	\$ 4,454,073	\$ 4,726,356	\$ 3,452,854	\$ 3,993,378
Balances- End of Year	\$ 4,497,865	\$ 4,454,073	\$ 4,726,356	\$ 3,452,854	\$ 3,993,378	\$ 2,459,061
Covered employee payroll	\$ 13,040,000	\$ 12,444,000	\$ 12,950,000	\$ 13,082,000	\$ 13,048,000	\$ 13,442,000
Total OPEB liability as a percentage of covered employee payroll	34.49%	35.79%	36.50%	26.39%	30.61%	18.29%

Notes to Schedule:

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

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2023

	<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	\$ 2,464,290	\$ 5,131	\$ 18,889	\$ -	\$ 81,625	\$ 875	\$ 4,402	\$ 3,402	\$ 12,714
Investments	6,843,448	30,638	112,737	-	487,169	5,222	26,280	20,307	68,072
Receivable from other governments	2,280,715	7,531	-	-	-	-	-	-	-
Due from other funds	226,502	-	-	-	-	-	-	-	-
Court fines receivable, net	236,284	-	-	-	-	-	-	-	-
Other receivables	2,953	-	-	-	-	-	-	-	-
Leases receivable	7,819	-	-	-	-	-	-	-	-
Total assets	<u>\$ 12,062,011</u>	<u>\$ 43,300</u>	<u>\$ 131,626</u>	<u>\$ -</u>	<u>\$ 588,794</u>	<u>\$ 6,097</u>	<u>\$ 30,682</u>	<u>\$ 23,709</u>	<u>\$ 80,786</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 831,299	\$ 4,172	\$ 14,292	\$ -	\$ 15,128	\$ 496	\$ 1,287	\$ -	\$ 13,267
Due to other funds	640,259	-	-	-	-	-	-	-	-
Due to bondholders	7,636	-	-	-	-	-	-	-	-
Other payables	1,284,266	-	-	-	-	-	-	-	-
Total liabilities	<u>2,763,460</u>	<u>4,172</u>	<u>14,292</u>	<u>-</u>	<u>15,128</u>	<u>496</u>	<u>1,287</u>	<u>-</u>	<u>13,267</u>
Deferred Inflows of Resources:									
Unavailable revenue	179,049	-	-	-	-	-	-	-	-
Fund balances:									
Restricted	2,677,717	-	-	-	-	-	-	-	-
Assigned	6,441,785	39,128	117,334	-	553,666	5,601	29,395	23,709	67,519
Unassigned (deficit)	9,119,502	39,128	117,334	-	553,666	5,601	29,395	23,709	67,519
Total fund balances	<u>12,062,011</u>	<u>43,300</u>	<u>131,626</u>	<u>-</u>	<u>588,794</u>	<u>6,097</u>	<u>30,682</u>	<u>23,709</u>	<u>80,786</u>
Total liabilities, deferred inflows, and fund balances									

(Continued)

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Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2023, (Continued)

	Library Cash Account	Reserve Management Account	Emergency 911 Account	Car Seat Grant Account	Parks Cash Account	R.S.P. Account	Total General Fund Accounts
ASSETS							
Cash and cash equivalents	\$ 88,107	\$ 1,762,383	\$ -	\$ 15,125	\$ 43,261	\$ -	\$ 4,500,204
Investments	-	10,655,909	-	-	258,196	-	18,507,978
Receivable from other governments	-	610,791	-	-	-	-	2,899,037
Due from other funds	-	489	-	-	-	-	226,991
Court fines receivable, net	-	-	-	-	-	-	236,284
Other receivables	-	-	25,634	-	-	-	28,587
Leases receivable	-	-	-	-	-	-	7,819
Total assets	\$ 88,107	\$ 13,029,572	\$ 25,634	\$ 15,125	\$ 301,457	\$ -	\$ 26,406,900
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 44,884	\$ -	\$ -	\$ 262	\$ -	\$ 925,087
Due to other funds	1,459	178,267	24,395	-	-	-	844,380
Due to bondholders	-	-	-	-	-	-	7,636
Other payables	-	-	-	-	-	-	1,284,266
Total liabilities	1,459	223,151	24,395	-	262	-	3,061,369
Deferred Inflows of Resources:							
Unavailable revenue	-	-	-	-	-	-	179,049
Fund balances:							
Restricted	-	-	-	-	11,467	-	11,467
Assigned	86,648	12,806,421	1,239	15,125	289,728	-	16,713,230
Unassigned (deficit)	-	-	-	-	-	-	6,441,785
Total fund balances	86,648	12,806,421	1,239	15,125	301,195	-	23,166,482
Total liabilities, deferred inflows, and fund balances	\$ 88,107	\$ 13,029,572	\$ 25,634	\$ 15,125	\$ 301,457	\$ -	\$ 26,406,900

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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2023

	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	\$ 17,981,101	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	-
Intergovernmental	1,479,024	30,126	-	-	-	-	-	-	-
Licenses and permits	388,299	-	-	-	-	-	12,627	-	-
Charges for services	178,701	-	-	-	-	4,139	-	-	-
Fines and forfeitures	296,761	-	-	-	-	-	-	-	-
Investment earnings	24,958	51	429	-	715	18	63	70	113
Miscellaneous	128,480	-	221,926	-	577,927	-	1,050	7,680	138,317
Total revenues	20,477,324	30,177	222,355	-	578,642	4,157	13,740	7,750	138,430
EXPENDITURES									
Current:									
General government	5,739,240	-	2,654	-	-	-	-	-	-
Public Safety	11,814,520	119,913	-	-	6,696	3,273	-	3,337	-
Street	-	-	-	-	-	-	-	-	-
Culture and recreation	2,673,914	-	-	-	-	-	44,221	-	235,166
Cemetery	343,911	-	-	-	-	-	-	-	-
Capital Outlay	1,445,134	-	143,513	-	42,600	-	161	5,006	16,986
Debt service:									
Principal	130,147	-	-	-	-	-	-	-	-
Interest and other charges	1,534	-	-	-	-	-	-	-	-
Total Expenditures	22,148,400	119,913	146,167	-	49,296	3,273	44,382	8,343	252,152
Excess (deficiency) of revenues over expenditures	(1,671,076)	(89,736)	76,188	-	529,346	884	(30,642)	(593)	(113,722)
OTHER FINANCING SOURCES (USES)									
SBITA proceeds	159,035	-	-	-	-	-	-	-	-
Interaccount transfer in	300,525	111,000	-	-	-	-	40,000	-	120,000
Interaccount transfer out	(196,000)	-	-	-	-	-	-	-	-
Transfers in	7,300,000	-	-	-	-	-	-	-	-
Transfers out	(4,576,278)	-	-	-	-	-	-	-	-
Total other financing sources and uses	2,987,282	111,000	-	-	-	-	40,000	-	120,000
Net change in fund balances	1,316,206	21,264	76,188	-	529,346	884	9,358	(593)	6,278
Fund balances - beginning	7,803,296	17,864	41,146	-	24,320	4,717	20,037	24,302	61,241
Fund balances - ending	\$ 9,119,502	\$ 39,128	\$ 117,334	\$ -	\$ 553,666	\$ 5,601	\$ 29,395	\$ 23,709	\$ 67,519

(Continued)

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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2023,
(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	\$ -	\$ 4,161,584	\$ 305,603	\$ -	\$ -	\$ -	\$ 22,448,288
Intergovernmental	-	-	-	20,000	-	-	1,529,150
Licenses and permits	-	-	-	-	-	-	400,926
Charges for services	8,687	-	-	-	7,775	-	195,163
Fines and forfeitures	-	-	-	-	-	-	300,900
Investment earnings	120	169,976	-	-	817	-	197,330
Miscellaneous	6,313	150,412	-	1,005	108,500	-	1,341,610
Total revenues	15,120	4,481,972	305,603	21,005	117,092	-	26,413,367
EXPENDITURES							
Current:							
General government	-	161,260	-	7,091	-	-	5,910,245
Public Safety	-	-	-	-	-	-	11,947,739
Street	-	-	-	-	-	1,789	1,789
Culture and recreation	15,210	-	-	-	47,529	-	3,016,040
Cemetery	-	-	-	-	-	-	343,911
Capital Outlay	1,914	267,423	-	-	6,746	-	1,929,483
Debt service:							
Principal	-	-	-	-	-	-	130,147
Interest and other charges	-	-	-	-	-	-	1,534
Total Expenditures	17,124	428,683	-	7,091	54,275	1,789	23,280,888
Excess (deficiency) of revenues over expenditures	(2,004)	4,053,289	305,603	13,914	62,817	(1,789)	3,132,479
OTHER FINANCING SOURCES (USES)							
SBITA proceeds	-	-	-	-	-	-	159,035
Interaccount transfer in	-	-	-	-	-	-	571,525
Interaccount transfer out	-	(75,000)	(300,525)	-	-	-	(571,525)
Transfers in	-	8,729	-	-	-	1,789	7,310,518
Transfers out	-	(264,772)	-	-	-	-	(4,841,050)
Total other financing sources and uses	-	(331,043)	(300,525)	-	-	1,789	2,628,503
Net change in fund balances	(2,004)	3,722,246	5,078	13,914	62,817	-	5,760,982
Fund balances - beginning	88,652	9,084,175	(3,839)	1,211	238,378	-	17,405,500
Fund balances - ending	\$ 86,648	\$ 12,806,421	\$ 1,239	\$ 15,125	\$ 301,195	\$ -	\$ 23,166,482

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Combining Schedule of Net Position – APWA Water Enterprise Fund Accounts – June 30, 2023

	Water Enterprise	Utilities Account	Series 2011 Note Account	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,757,376	\$ -	\$ 76	\$ 1,757,452
Restricted cash and cash equivalents	-	421,130	4,528,943	4,950,073
Investments	10,531,441	-	453	10,531,894
Accounts receivable, net of allowance	1,175,998	-	-	1,175,998
Due from other funds	246,118	-	-	246,118
Inventories	332,389	-	-	332,389
Total current assets	<u>14,043,322</u>	<u>421,130</u>	<u>4,529,472</u>	<u>18,993,924</u>
Non-current assets:				
Land and construction in progress	163,006	-	-	163,006
Other capital assets, net of depreciation	25,278,240	-	-	25,278,240
Total non-current assets	<u>25,441,246</u>	<u>-</u>	<u>-</u>	<u>25,441,246</u>
Total assets	<u>39,484,568</u>	<u>421,130</u>	<u>4,529,472</u>	<u>44,435,170</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount related to pensions	818,008	-	-	818,008
Deferred amount related to OPEB	107,606	-	-	107,606
Total Deferred Outflows of Resources	<u>925,614</u>	<u>-</u>	<u>-</u>	<u>925,614</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	224,511	-	77,510	302,021
Accrued interest payable	-	-	68,990	68,990
Due to other funds	2,038	-	-	2,038
Other payables	15,278	-	-	15,278
Current portion of:				
Compensated absences	16,014	-	-	16,014
Deposits subject to refund	-	84,226	-	84,226
Subscriptions payable	109,344	-	-	109,344
Notes payable	-	-	4,158,078	4,158,078
Total current liabilities	<u>367,185</u>	<u>84,226</u>	<u>4,304,578</u>	<u>4,755,989</u>
Non-current liabilities:				
Compensated absences	144,124	-	-	144,124
Deposits subject to refund	-	336,904	-	336,904
Total OPEB liability	279,658	-	-	279,658
Net pension liability	116,959	-	-	116,959
Subscriptions payable	82,264	-	-	82,264
Notes payable	-	-	7,326,267	7,326,267
Total non-current liabilities	<u>623,005</u>	<u>336,904</u>	<u>7,326,267</u>	<u>8,286,176</u>
Total liabilities	<u>990,190</u>	<u>421,130</u>	<u>11,630,845</u>	<u>13,042,165</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	197,730	-	-	197,730
Deferred amounts related to OPEB	184,401	-	-	184,401
Total deferred inflows of resources	<u>382,131</u>	<u>-</u>	<u>-</u>	<u>382,131</u>
NET POSITION				
Net investment in capital assets	25,441,246	-	(11,484,345)	13,956,901
Unrestricted	13,596,615	-	4,382,972	17,979,587
Total net position	<u>\$ 39,037,861</u>	<u>\$ -</u>	<u>\$ (7,101,373)</u>	<u>\$ 31,936,488</u>

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Combining Schedule of Revenues, Expenses, and Changes in Net Position – APWA Water Enterprise Fund Accounts – Year Ended June 30, 2023

	<u>Water Enterprise</u>	<u>Utilities Account</u>	<u>Series 2011 Note Account</u>	<u>Total</u>
REVENUES				
Water	\$ 8,797,611	\$ -	\$ -	\$ 8,797,611
Total operating revenues	<u>8,804,021</u>	<u>-</u>	<u>-</u>	<u>8,804,021</u>
OPERATING EXPENSES				
Water operations	4,041,156	-	-	4,041,156
Administration	-	-	8,789	8,789
Depreciation and amortization	2,093,092	-	-	2,093,092
Total Operating Expenses	<u>6,134,248</u>	<u>-</u>	<u>8,789</u>	<u>6,143,037</u>
Operating income (loss)	<u>2,669,773</u>	<u>-</u>	<u>(8,789)</u>	<u>2,660,984</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	35,685	-	136,984	172,669
Miscellaneous revenue	323	-	-	323
Gain (loss) on sale of capital assets	14,098	-	-	14,098
Interest expense	(282)	-	(265,542)	(265,824)
Total non-operating revenue (expenses)	<u>49,824</u>	<u>-</u>	<u>(128,558)</u>	<u>(78,734)</u>
Income (loss) before contributions and transfers	2,719,597	-	(137,347)	2,582,250
Capital contributions	918,754	-	-	918,754
Interaccount transfer in	594,885	-	1,084,701	1,679,586
Interaccount transfer out	(1,084,701)	-	(594,885)	(1,679,586)
Transfers in	1,970,702	-	3,522,272	5,492,974
Transfers out	(2,350,000)	-	(16,627)	(2,366,627)
Change in net position	<u>2,769,237</u>	<u>-</u>	<u>3,858,114</u>	<u>6,627,351</u>
Total net position - beginning	<u>36,268,624</u>	<u>-</u>	<u>(10,959,487)</u>	<u>25,309,137</u>
Total net position - ending	<u>\$ 39,037,861</u>	<u>\$ -</u>	<u>\$ (7,101,373)</u>	<u>\$ 31,936,488</u>

**CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023

	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	\$ -	\$ 498	\$ 8,345	\$ 5,725	\$ -	\$ 78,619	\$ 975	\$ -	\$ -	
Investments	-	-	-	-	-	469,223	-	-	-	
Receivable from other governments	7,654	24,802	-	1,082	-	-	-	-	253,353	
Due from other funds	-	-	-	-	-	-	-	-	-	
Other taxes receivable, net	-	-	-	-	-	-	-	-	-	
Prepaid expenses	-	-	-	-	-	-	-	-	-	
Inventories	-	-	-	-	-	-	-	-	-	
Lease receivable	-	-	-	-	-	-	-	-	-	
Total assets	\$ 7,654	\$ 25,300	\$ 8,345	\$ 6,807	\$ -	\$ 547,842	\$ 975	\$ -	\$ 253,353	
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 1,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Due to other funds	-	-	-	-	-	-	-	-	-	
Due to component unit	-	-	-	-	-	-	-	-	-	216,107
Due to other	-	-	-	-	-	-	-	-	-	
Total liabilities	-	-	1,811	-	-	-	-	-	-	216,107
Deferred Inflows of Resources:										
Unavailable revenue	1,079	-	-	-	-	-	-	-	-	
Deferred inflows related to leases	-	-	-	-	-	-	-	-	-	
Total deferred inflows	1,079	-	-	-	-	-	-	-	-	
Fund balances:										
Restricted	6,575	25,300	-	5,921	-	528,418	-	-	-	37,246
Assigned	-	-	6,534	886	-	19,424	975	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-
Total fund balances	6,575	25,300	6,534	6,807	-	547,842	975	-	-	37,246
Total liabilities, deferred inflows, and fund balances	\$ 7,654	\$ 25,300	\$ 8,345	\$ 6,807	\$ -	\$ 547,842	\$ 975	\$ -	\$ 253,353	

(Continued)

CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023, (Continued)

	Capital Project Funds									
	Convention Tourism	Literacy Grant	FEMA DR. 4222	Hazard Mitigation	Fire Capital	Downtown Executive Airport	Capital Improvement	CDBG Fund	Cemetery Care	
ASSETS										
Cash and cash equivalents	\$ 67	\$ 396,914	\$ 624,717	\$ -	\$ 2,715	\$ 959,964	\$ 66,095	\$ -	\$ 14,925	
Investments	-	-	3,734,323	-	16,202	-	394,480	-	89,076	
Receivable from other governments	-	-	-	-	-	-	-	2,800	-	
Due from other funds	-	-	-	-	-	-	-	-	-	
Other taxes receivable, net	-	1,459	-	25,105	-	178,267	-	-	-	
Prepaid expenses	-	-	-	-	-	-	-	-	-	
Inventories	-	-	100,125	-	-	-	-	-	-	
Leases receivable	-	-	-	-	-	-	-	-	-	
Total assets	\$ 163,612	\$ 398,373	\$ 4,459,165	\$ 25,105	\$ 18,917	\$ 1,952,298	\$ 460,575	\$ 2,800	\$ 104,001	
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ 20,470	\$ -	\$ -	\$ 60	\$ 140,643	\$ -	\$ 5,600	\$ -	
Due to other funds	-	-	-	-	-	-	-	-	-	
Due to component unit	-	-	-	-	-	-	-	-	-	
Due to other	-	-	-	-	-	-	-	-	-	
Total liabilities	78,907	20,470	-	-	60	140,643	-	5,600	-	
Deferred Inflows of Resources:										
Unavailable revenue	-	-	-	-	-	-	-	-	-	
Deferred inflows related to leases	-	-	-	-	-	972,633	-	2,800	-	
Total deferred inflows	-	-	-	-	-	972,633	-	2,800	-	
Fund balances:										
Restricted	84,705	377,903	4,459,165	25,105	18,857	839,022	460,575	-	104,001	
Assigned	-	-	-	-	-	-	-	-	-	
Unassigned (deficit)	-	-	-	-	-	-	-	(5,600)	-	
Total fund balances	84,705	377,903	4,459,165	25,105	18,857	839,022	460,575	(5,600)	104,001	
Total liabilities, deferred inflows, and fund balances	\$ 163,612	\$ 398,373	\$ 4,459,165	\$ 25,105	\$ 18,917	\$ 1,952,298	\$ 460,575	\$ 2,800	\$ 104,001	

(Continued)

CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023, (Continued)

	Capital Project Funds				Valley Ranch Road Assessment	Debt Service Fund		Total Other Governmental Funds
	Library Capital Improvement	Clubhouse	SW Park Project			Debt Service Fund		
ASSETS								
Cash and cash equivalents	\$ 40,776	\$ 54,465	\$ 106,910	\$ 2,327	\$ 86,322	\$ 2,450,359		
Investments	243,366	271,349	-	13,888	838	5,231,907		
Receivable from other governments	-	-	-	-	-	290,529		
Due from other funds	-	-	-	-	-	204,831		
Other taxes receivable, net	-	3,191	-	-	-	166,736		
Prepaid expenses	-	-	-	-	-	100,125		
Inventories	-	33,436	-	-	-	33,436		
Leases receivable	-	-	-	-	-	814,067		
Total assets	<u>\$ 284,142</u>	<u>\$ 362,441</u>	<u>\$ 106,910</u>	<u>\$ 16,215</u>	<u>\$ 87,160</u>	<u>\$ 9,291,990</u>		
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 20,681	\$ 36,365	\$ -	\$ -	\$ -	\$ 225,630		
Due to other funds	-	4,434	-	-	211,929	216,363		
Due to component unit	-	-	-	-	-	295,014		
Due to other	-	12,133	-	-	-	12,133		
Total liabilities	<u>20,681</u>	<u>52,932</u>	<u>-</u>	<u>-</u>	<u>211,929</u>	<u>749,140</u>		
Deferred Inflows of Resources:								
Unavailable revenue	-	-	-	-	-	1,079		
Deferred inflows related to leases	-	-	-	-	-	975,433		
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>976,512</u>		
Fund balances:								
Restricted	231,583	-	97,441	-	-	5,983,363		
Assigned	31,878	309,509	9,469	16,215	-	1,713,344		
Unassigned (deficit)	-	-	-	-	(124,769)	(130,369)		
Total fund balances	<u>263,461</u>	<u>309,509</u>	<u>106,910</u>	<u>16,215</u>	<u>(124,769)</u>	<u>7,566,338</u>		
Total liabilities, deferred inflows, and fund balances	<u>\$ 284,142</u>	<u>\$ 362,441</u>	<u>\$ 106,910</u>	<u>\$ 16,215</u>	<u>\$ 87,160</u>	<u>\$ 9,291,990</u>		

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2023

	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	-	\$ -	-	\$ -	-	\$ -	-	-	\$ -	1,970,702
Intergovernmental	11,642	223,520	33,826	3,578	-	-	-	17,192	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	34	14	-	-	1,295	-	-	-	-
Miscellaneous	-	-	-	-	-	194,070	-	-	-	-
Total revenues	<u>11,642</u>	<u>223,554</u>	<u>33,840</u>	<u>3,578</u>	<u>-</u>	<u>195,365</u>	<u>-</u>	<u>17,192</u>	<u>-</u>	<u>1,970,702</u>
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	1,970,702
Public Safety	746	-	-	-	-	15,000	-	15,824	-	-
Street	-	573,641	-	-	-	-	-	-	-	-
Culture and recreation	-	-	24,547	1,106	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Capital Outlay	8,862	-	13,990	-	-	-	-	8,596	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>9,608</u>	<u>573,641</u>	<u>38,537</u>	<u>1,106</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>24,420</u>	<u>-</u>	<u>1,970,702</u>
Excess (deficiency) of revenues over expenditures	<u>2,034</u>	<u>(350,087)</u>	<u>(4,697)</u>	<u>2,472</u>	<u>-</u>	<u>180,365</u>	<u>-</u>	<u>(7,228)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from long-term debt, net	-	-	-	-	-	-	-	-	-	-
Transfers in	2,272	327,277	-	-	-	-	-	-	-	-
Transfers out	(1,500)	(1,789)	-	-	-	-	-	(7,229)	-	-
Total other financing sources and uses	<u>772</u>	<u>325,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,229)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,806	(24,599)	(4,697)	2,472	-	180,365	-	(14,457)	-	-
Fund balances - beginning	3,769	49,899	11,231	4,335	-	367,477	975	14,457	-	37,246
Fund balances - ending	<u>\$ 6,575</u>	<u>\$ 25,300</u>	<u>\$ 6,534</u>	<u>\$ 6,807</u>	<u>\$ -</u>	<u>\$ 547,842</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,246</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2023, (Continued)

	Capital Project Funds									
	Convention Tourism	Literacy Grant	FEMA DR 4222	Hazard Mitigation	Fire Capital	Downtown Executive Airport	Capital Improvement	CDBG Fund	Cemetery Care	
REVENUES										
Taxes	\$ 1,700,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,177,266	-	1,106	675,573	-	-	-	-
Charges for services	-	-	-	-	13,625	7,167	-	-	17,905	-
Investment earnings	-	-	-	-	48	19,376	1,155	-	349	-
Miscellaneous	-	270,913	-	-	5,929	84,173	205,861	-	300	-
Total revenues	1,700,497	270,913	2,177,266	-	20,708	786,289	207,016	-	18,554	-
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	33,375	-	9,579	-	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	15,902	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-	138	-
Airport	-	-	-	-	-	75,942	-	-	-	-
Economic development	1,703,638	-	-	-	-	1,141,639	-	-	-	-
Capital Outlay	-	68,349	-	-	6,052	-	-	5,600	32,454	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,703,638	84,251	33,375	-	15,631	1,217,581	-	5,600	32,592	-
Excess (deficiency) of revenues over expenditures	(3,141)	186,662	2,143,891	-	5,077	(431,292)	207,016	(5,600)	(14,038)	-
OTHER FINANCING SOURCES (USES)										
Proceeds from long-term debt, net	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	2,597	-	-	962,500	-	-	-	-
Transfers out	-	-	(2,597)	-	-	(962,500)	-	-	-	-
Total other financing sources and uses	-	-	2,597	-	-	962,500	-	-	-	-
Net change in fund balances	(3,141)	186,662	2,146,488	-	5,077	531,208	207,016	(5,600)	(14,038)	-
Fund balances - beginning	87,846	191,241	2,312,677	25,105	13,780	307,814	253,559	-	118,039	-
Fund balances - ending	\$ 84,705	\$ 377,903	\$ 4,459,165	\$ 25,105	\$ 18,857	\$ 839,022	\$ 460,575	\$ (5,600)	\$ 104,001	\$ -

(Continued)

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2023, (Continued)

	Capital Project Funds				Debt Service Fund	Total Other Governmental Funds
	Library Capital Improvement	Clubhouse	SW Park Project	Valley Ranch Road Assessment		
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	82,274	\$ 3,753,473
Intergovernmental	-	-	-	-	-	3,143,703
Charges for services	-	856,738	-	-	-	895,435
Investment earnings	587	1,173	187	50	-	24,268
Miscellaneous	414	1,502	-	-	-	763,162
Total revenues	1,001	859,413	187	50	82,274	8,580,041
EXPENDITURES						
Current:						
General government	-	-	-	-	63,198	2,033,900
Public Safety	-	-	-	-	-	74,524
Highways and roads	-	-	-	-	-	573,641
Culture and recreation	142,563	891,768	-	-	-	1,075,906
Cemetery	-	-	-	-	-	138
Airport	-	-	-	-	-	75,942
Economic development	-	-	-	-	-	1,703,638
Capital Outlay	55,026	2,545	-	-	-	1,343,113
Debt Service:						
Principal	-	-	-	-	62,148	62,148
Interest and other charges	-	-	-	-	-	-
Total Expenditures	197,609	894,313	-	-	125,346	6,942,950
Excess (deficiency) of revenues over expenditures	(196,608)	(34,900)	187	50	(43,072)	1,637,091
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt, net	-	-	-	-	62,148	62,148
Transfers in	300,000	-	-	-	-	1,594,646
Transfers out	-	-	-	-	-	(10,519)
Total other financing sources and uses	300,000	-	-	-	62,148	1,646,276
Net change in fund balances	103,392	(34,900)	187	50	19,076	3,283,367
Fund balances - beginning	160,069	344,409	106,723	16,165	(143,845)	4,282,971
Fund balances - ending	\$ 263,461	\$ 309,509	\$ 106,910	\$ 16,215	\$ (124,769)	\$ 7,566,338

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Net Position – Nonmajor Enterprise Funds – June 30, 2023

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 65,957	\$ 8,312	\$ 74,269
Investments	393,666	49,606	443,272
Total current assets	<u>459,623</u>	<u>57,918</u>	<u>517,541</u>
Non-current assets:			
Capital assets:			
Other capital assets, net of accumulated depreciation	612,979	-	612,979
Total non-current assets	<u>612,979</u>	<u>-</u>	<u>612,979</u>
Total assets	<u>1,072,602</u>	<u>57,918</u>	<u>1,130,520</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	879	-	879
Total liabilities	<u>879</u>	<u>-</u>	<u>879</u>
NET POSITION			
Net investment in capital assets	614,578	-	614,578
Unrestricted	457,145	57,918	515,063
Total net position	<u>\$ 1,071,723</u>	<u>\$ 57,918</u>	<u>\$ 1,129,641</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds – Year Ended June 30, 2023

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
REVENUES			
Charges for services - Golf	\$ 660,050	\$ 15,219	\$ 675,269
Miscellaneous	14,316	-	14,316
Total operating revenues	<u>674,366</u>	<u>15,219</u>	<u>689,585</u>
OPERATING EXPENSES			
Golf operations	601,872	2,213	604,085
Depreciation	55,560	-	55,560
Total operating expenses	<u>657,432</u>	<u>2,213</u>	<u>659,645</u>
Operating income (loss)	<u>16,934</u>	<u>13,006</u>	<u>29,940</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	1,006	161	1,167
Total non-operating revenue (expenses)	<u>1,006</u>	<u>161</u>	<u>1,167</u>
Income (loss) before transfers	<u>17,940</u>	<u>13,167</u>	<u>31,107</u>
Transfers in	130,000	-	130,000
Transfers out	-	-	-
Change in net position	147,940	13,167	161,107
Total net position - beginning	923,783	44,751	968,534
Total net position - ending	<u>\$ 1,071,723</u>	<u>\$ 57,918</u>	<u>\$ 1,129,641</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Year Ended June 30, 2023

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 674,366	\$ 15,219	\$ 689,585
Payments to suppliers and employees	<u>(601,457)</u>	<u>(2,213)</u>	<u>(603,670)</u>
Net cash provided by (used in) operating activities	<u>72,909</u>	<u>13,006</u>	<u>85,915</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Net cash provided by noncapital financing activities	<u>130,000</u>	<u>-</u>	<u>130,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	(393,666)	(49,606)	(443,272)
Interest and dividends	<u>1,006</u>	<u>161</u>	<u>1,167</u>
Net cash provided by (used in) investing activities	<u>(392,660)</u>	<u>(49,445)</u>	<u>(442,105)</u>
Net increase (decrease) in cash and cash equivalents	(189,751)	(36,439)	(226,190)
Balances - beginning of year	<u>255,708</u>	<u>44,751</u>	<u>300,459</u>
Balances - end of year	<u>\$ 65,957</u>	<u>\$ 8,312</u>	<u>\$ 74,269</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	<u>\$ 65,957</u>	<u>\$ 8,312</u>	<u>\$ 74,269</u>
Total cash and cash equivalents, end of year	<u>\$ 65,957</u>	<u>\$ 8,312</u>	<u>\$ 74,269</u>
Reconciliation of operating income (loss) to net cash provided by (used in)			
Operating Activities:			
Operating income (loss)	\$ 16,934	\$ 13,006	\$ 29,940
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	55,560	-	55,560
Change in assets and liabilities:			
Accounts payable	<u>415</u>	<u>-</u>	<u>415</u>
Net cash provided by (used in) operating activities	<u>\$ 72,909</u>	<u>\$ 13,006</u>	<u>\$ 85,915</u>

CITY OF ARDMORE, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Combining Statement of Net Position – Internal Service Funds – June 30, 2023

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 51,658	\$ 273,375	\$ 325,033
Investments	308,576	179,023	487,599
Due from other funds	42,072	203,601	245,673
Other receivables	-	89,997	89,997
Inventories	<u>22,601</u>	<u>-</u>	<u>22,601</u>
Total assets	<u>424,907</u>	<u>745,996</u>	<u>1,170,903</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to OPEB	<u>25,249</u>	<u>-</u>	<u>25,249</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	43,272	-	43,272
Due to other funds	26,170	90,561	116,731
Due to employees	-	41,211	41,211
Compensated absences	<u>3,252</u>	<u>-</u>	<u>3,252</u>
Total current liabilities	<u>72,694</u>	<u>131,772</u>	<u>204,466</u>
Non-current liabilities:			
Compensated absences	29,272	-	29,272
Total OPEB liability	48,217	-	48,217
Claims payable	-	274,760	274,760
Total non-current liabilities	<u>77,489</u>	<u>274,760</u>	<u>352,249</u>
Total liabilities	<u>150,183</u>	<u>406,532</u>	<u>556,715</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to OPEB	<u>42,888</u>	<u>-</u>	<u>42,888</u>
NET POSITION			
Unrestricted	257,085	339,464	596,549
Total net position	<u>\$ 257,085</u>	<u>\$ 339,464</u>	<u>\$ 596,549</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2023

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 1,128,999	\$ 4,556,381	\$ 5,685,380
Total operating revenues	<u>1,128,999</u>	<u>4,556,381</u>	<u>5,685,380</u>
OPERATING EXPENSES			
General government	<u>1,031,301</u>	<u>5,256,388</u>	<u>6,287,689</u>
Total operating expenses	<u>1,031,301</u>	<u>5,256,388</u>	<u>6,287,689</u>
Operating income (loss)	<u>97,698</u>	<u>(700,007)</u>	<u>(602,309)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	541	2,870	3,411
Total non-operating revenue (expenses)	<u>541</u>	<u>2,870</u>	<u>3,411</u>
Change in net position	98,239	(697,137)	(598,898)
Total net position - beginning	<u>158,846</u>	<u>1,036,601</u>	<u>1,195,447</u>
Total net position - ending	<u>\$ 257,085</u>	<u>\$ 339,464</u>	<u>\$ 596,549</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2023

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,128,999	\$ 4,567,764	\$ 5,696,763
Receipts (payments) from (to) other funds	502	(17,888)	(17,386)
Payments to suppliers	(615,052)	-	(615,052)
Payments to employees	(435,498)	-	(435,498)
Claims and judgements paid	-	(5,239,475)	(5,239,475)
Net cash provided by (used in) operating activities	<u>78,951</u>	<u>(689,599)</u>	<u>(610,648)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	(308,576)	(179,023)	(487,599)
Interest and dividends	541	2,870	3,411
Net cash provided by (used in) investing activities	<u>(308,035)</u>	<u>(176,153)</u>	<u>(484,188)</u>
Net increase (decrease) in cash and cash equivalents	(229,084)	(865,752)	(1,094,836)
Balances - beginning of year	<u>280,742</u>	<u>1,139,127</u>	<u>1,419,869</u>
Balances - end of year	<u>\$ 51,658</u>	<u>\$ 273,375</u>	<u>\$ 325,033</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 51,658	\$ 273,375	\$ 325,033
Total cash and cash equivalents, end of year	<u>\$ 51,658</u>	<u>\$ 273,375</u>	<u>\$ 325,033</u>
Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:			
Operating income (loss)	\$ 97,698	\$ (700,007)	\$ (602,309)
Change in assets, liabilities and deferrals:			
Other receivables	-	11,383	11,383
Due from other funds	-	(17,888)	(17,888)
Inventory	1,719	-	1,719
Accounts payable	(14,451)	-	(14,451)
Due to other funds	502	-	502
Due to employees	-	(975)	(975)
Claims payable	-	17,888	17,888
Total OPEB liability	(48,397)	-	(48,397)
Accrued compensated absences	534	-	534
Deferred outflows and inflows of resources	41,346	-	41,346
Net cash provided by (used in) operating activities	<u>\$ 78,951</u>	<u>\$ (689,599)</u>	<u>\$ (610,648)</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Schedule of Expenditures of State Awards

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
Oklahoma Department of Libraries:			
State Aid	N/A	\$ 16,991	\$ 16,991
Emergency Management Department:			
FEMA HS 2022 Trailer Repairs	HS-2022	1,200	1,106
TOTAL STATE AWARDS		\$ 18,191	\$ 18,097

Footnotes to the Schedules of Expenditures of State Awards:

1. The Schedules of Expenditures of 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, 2023**

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ardmore, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents, and have issued our report thereon dated February 14, 2024. 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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Ardmore, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Ardmore, Oklahoma's internal control.

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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

Oklahoma City, Oklahoma
February 14, 2024

Russell & Williams CPAs, PC

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Ardmore, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Ardmore, Oklahoma's major federal programs for the year ended June 30, 2023. 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.

In our opinion, 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Ardmore, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Ardmore, Oklahoma's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Ardmore, Oklahoma's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Ardmore, Oklahoma's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Ardmore, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Ardmore, Oklahoma’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Ardmore, Oklahoma’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Ardmore, Oklahoma’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which would be required to be reported in accordance with the Uniform Guidance.

Report on 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 a 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 Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Oklahoma City, Oklahoma
February 14, 2024

Schedule of Expenditures of Federal Awards

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal AL 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	22-613	\$ 10,500	\$ 1,106
Total U.S. Department of Interior			<u>10,500</u>	<u>1,106</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bureau of Justice Assistance - JAG Grant	16.738	15PBJA-22-GG-02677-JAGX	17,192	17,192
Sub-total CFDA 16.738			<u>17,192</u>	<u>17,192</u>
District Attorney's Council - 2022 Coverell NFSIA	16.742	NFSIA 22F001	3,208	3,208
Sub-total CFDA 16.742			<u>3,208</u>	<u>3,208</u>
Bureau of Justice Assistance - Bulletproof Vest Partnership 2022	16.607	2022 BVP	4,800	4,800
Sub-total CFDA 16.607			<u>4,800</u>	<u>4,800</u>
Total U.S. Department of Justice			<u>25,200</u>	<u>25,200</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission: Airport Improvement Program	20.106	3-40-0005-022-2021	59,000	59,000
Airport Improvement Program	20.106	3-40-0006-021-2021	1,712,580	675,573
Total U.S. Department of Transportation			<u>1,771,580</u>	<u>734,573</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce: Community Developmet Block Grant	14.228	18606 CDBG 2022	195,188	2,800
Total U.S. Department of Housing and Urban Development			<u>195,188</u>	<u>2,800</u>
<u>U.S. DEPARTMENT OF LIBRARIES:</u>				
Citizenship Grant (ODL) - 2021	45.310	N/A	14,000	2,866
Citizenship Grant (ODL) - 2022	45.310	N/A	14,000	14,000
ARPA Multifunction Printer Grant	45.310	ARPA	750	750
Continuing Education Grant	45.310	FY 22	1,500	1,500
Total U.S. Department of Libraries			<u>30,250</u>	<u>19,116</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management: Emergency Mgmt Reimb - State 20-21	97.042	EMPG 22	30,126	22,595
Emergency Mgmt Reimb - State 19-20	97.042	EMPG 21	30,126	7,532
Sub-total CFDA 97.042			<u>60,252</u>	<u>30,127</u>
Passed through Oklahoma Department of Emergency Management: FEMA DR 4587 (Fire and Dispatch Overtime-Winter Event)	97.036	4587DR-OK-(PW 22)	9,656	1,609
Sub-total CFDA 97.036			<u>9,656</u>	<u>1,609</u>
Total U.S. Department of Homeland Security			<u>69,908</u>	<u>31,736</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,102,626</u>	<u>\$ 814,531</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Ardmore, Oklahoma (the "City") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Ardmore, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2023

Summary of Auditor's Results

1. The auditor's report expresses an unmodified 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 was 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 U.S. Department of Transportation, Airport Improvement Program, 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 the Schedule.
7. The program tested as a major program was: U.S. Department of Transportation, Airport Improvement Program, Federal AL Number 20.106.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. City of Ardmore, Oklahoma qualified as a low-risk auditee.

Findings-Financial Statement Audit

None