

**THE CITY OF ARDMORE,
OKLAHOMA**

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

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

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

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CITY OF ARDMORE, OKLAHOMA
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INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

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

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

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Aggregate Discretely Presented Component Units the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Ardmore, Oklahoma as of June 30, 2016, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedules, footnotes to budgetary comparison schedules, pension plan information and other post-employment benefit plan information on pages 8-16, 73-74, 75, 77-80 and 76 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ardmore, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, and the schedule of expenditures of state awards and federal awards, pages 82 – 100 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the City of Ardmore, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ardmore, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma

March 13, 2017

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

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, 2016. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2016, the City's total net position increased by \$6,209,903 or 7.7% from the prior year.
- During the year, the City's expenses for governmental activities were \$30.2 million and were funded by program revenues of \$3.9 million and further funded with taxes and other general revenues that totaled \$30.6 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$1.3 million.
- At June 30, 2016, unassigned fund balance for the General Fund was \$620,079 or 3.5% of the total General Fund revenues for the year.
- For budgetary reporting purposes, the General Fund reported revenues under estimates (excluding transfers) of \$314,190 or (2.7%), while expenditures were under the final appropriations (excluding transfers) by \$15,072 or .28%.

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, 2016

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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Management's Discussion and Analysis
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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 \$80.4 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>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>	
Current assets	\$ 27,933	\$ 28,174	-1%	\$ 29,149	\$ 19,711	48%	\$ 57,082	\$ 47,885	19%
Capital assets, net	29,850	29,512	1%	54,380	55,342	-2%	84,230	84,854	-1%
Total assets	57,783	57,686	0%	83,529	75,053	11%	141,312	132,739	6%
Deferred outflow of resources	1,542	1,553	-1%	365	362	1%	1,907	1,915	0%
Current liabilities	3,940	4,104	-4%	6,148	4,082	51%	10,088	8,186	23%
Non-current liabilities	14,286	15,090	-5%	37,290	33,911	10%	51,576	49,001	5%
Total liabilities	18,226	19,194	-5%	43,438	37,993	14%	61,664	57,187	8%
Deferred inflow of resources	1,088	2,954	-63%	112	370	-70%	1,200	3,324	-64%
Net position									
Net investment in capital assets	24,820	22,814	9%	13,850	19,064	-27%	38,670	41,878	-8%
Restricted	16,392	14,402	14%	-	-	0%	16,392	14,402	14%
Unrestricted (deficit)	(1,202)	(124)	869%	26,495	17,988	47%	25,293	17,864	42%
Total net position	\$ 40,010	\$ 37,092	8%	\$ 40,345	\$ 37,052	9%	\$ 80,355	\$ 74,144	8%

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 2016, this net investment in capital assets amounted to \$38.7 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 8% to approximately \$40 million. All of this net position is either restricted as to the purposes it can be used for, or is invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position showed a negative balance of \$1.2 million at the end of this year. Net position of the business-type activities increased 9% to approximately \$40 million. \$13.9 million of that net position is invested in capital assets, net of related debt. Consequently, unrestricted net position showed approximately \$26 million at the end of the year.

CITY OF ARDMORE, OKLAHOMA
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Changes in Net Position

For the year ended June 30, 2016, net position of the primary government changed as follows:

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2016	2015		2016	2015		2016	2015	
Revenues									
Charges for service	\$ 747	\$ 689	8%	\$ 13,957	\$ 12,718	10%	\$ 14,704	\$ 13,407	10%
Operating grants and contributions	1,548	1,420	9%	-	-	-	1,548	1,420	9%
Capital grants and contributions	1,648	334	393%	-	-	-	1,648	334	393%
Taxes	28,971	29,695	-2%	-	-	-	28,971	29,695	-2%
Intergovernmental revenue	359	362	-1%	-	-	-	359	362	-1%
Investment income	263	273	-4%	24	17	41%	287	290	-1%
Miscellaneous	1,062	892	19%	8	35	-77%	1,070	927	15%
Total revenues	34,598	33,665	3%	13,989	12,770	10%	48,587	46,435	5%
Expenses									
General government	11,108	11,858	-6%	-	-	-	11,108	11,858	-6%
Public safety	9,020	9,301	-3%	-	-	-	9,020	9,301	-3%
Streets	4,287	4,003	7%	-	-	-	4,287	4,003	7%
Culture, parks and recreation	3,211	3,194	1%	-	-	-	3,211	3,194	1%
Cemetery	312	354	-12%	-	-	-	312	354	-12%
Airport	1,223	454	169%	-	-	-	1,223	454	169%
Economic development	912	959	-5%	-	-	-	912	959	-5%
Interest on long-term debt	143	350	-59%	-	-	-	143	350	-59%
Water	-	-	-	5,787	5,582	4%	5,787	5,582	4%
Wastewater	-	-	-	3,943	3,450	14%	3,943	3,450	14%
Sanitation	-	-	-	2,283	2,218	3%	2,283	2,218	3%
Golf	-	-	-	616	619	0%	616	619	0%
Total expenses	30,216	30,473	-1%	12,629	11,869	6%	42,845	42,342	1%
Excess (deficiency) before transfers	4,382	3,192	37%	1,360	901	51%	5,742	4,093	40%
Transfers	(1,933)	(934)	107%	1,933	934	107%	-	-	0%
Forgiveness of Debt	469	-	100%	-	-	0%	469	-	100%
Change in net position	2,918	2,258	29%	3,293	1,835	79%	6,211	4,093	52%
Beginning net position, restated for 2015	37,092	34,834	6%	37,052	35,217	5%	74,144	70,051	6%
Ending net position	\$ 40,010	\$ 37,092	8%	\$ 40,345	\$ 37,052	9%	\$ 80,355	\$ 74,144	8%

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

Governmental Activities:

Capital grants and contributions increased 393% and airport expenditures increased 169% due to more FAA grant activity in the current year as compared to the prior year.

Interest on long-term debt decreased by 59% due to Sales Tax Revenue Bonds being paid off in the prior year.

Net transfers out increased 107% due primarily to transfers out to enterprise funds related to capital asset purchases.

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

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Business-Type Activities:

Net transfers in increased 107% due primarily to transfers from governmental funds related to capital asset purchases.

Governmental Activities

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

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

	<u>Total Expense of Services</u>		<u>% Inc. (Dec.)</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. (Dec.)</u>
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>	
	General government	\$ 11,108		11,858	-6%	
Public safety	9,020	9,301	-3%	(7,568)	(7,948)	-5%
Streets	4,287	4,003	7%	(4,007)	(3,766)	6%
Culture, parks and recreation	3,211	3,194	1%	(3,072)	(3,047)	1%
Cemetery	312	354	-12%	(239)	(303)	-21%
Airport	1,223	454	169%	562	7	7929%
Economic development	912	959	-5%	(912)	(960)	-5%
Interest on long-term debt	143	315	-55%	(143)	(350)	-59%
Total	<u>30,216</u>	<u>\$ 30,438</u>	-1%	<u>(\$26,273)</u>	<u>(\$28,030)</u>	-6%

Explanations for significant changes are listed above under Table 2.

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

	<u>Total Expense of Services</u>		<u>% Inc. Dec.</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. Dec.</u>
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>	
	Water	\$ 5,787		\$ 5,582	4%	
Wastewater	3,943	3,450	14%	(132)	(35)	277%
Sanitation	2,283	2,218	3%	1,290	1,214	6%
Golf	616	619	0%	(187)	(187)	0%
Total	<u>\$12,629</u>	<u>\$11,869</u>	6%	<u>\$ 1,327</u>	<u>\$ 849</u>	56%

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

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Management's Discussion and Analysis
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A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2016 fiscal year, the governmental funds reported a combined fund balance of \$23.7 million, which is a increase of approximately \$514,845 as compared with the prior year. The enterprise funds reported combined net position of \$40.3 million, which is an increase of approximately \$3.3 million compared with the prior year.

Other fund highlights include:

- For the year ended June 30, 2016, the General Fund's total fund balance decreased by \$1.2 million or 15%.
- There is \$5,868,877 of fund balance in the General Fund that is assigned for specific purposes.

General Fund Budgetary Highlights

- For the year ended June 30, 2016, the General Fund reported revenues under estimates (excluding transfers) of \$314,190 or (2.7%), while expenditures were under the final appropriations (excluding transfers) by \$15,072 or .28%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2016, the City had \$84.2 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 decrease of approximately \$624,316 from last year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 5,092	\$ 4,586	\$ 369	\$ 300	\$ 5,461	\$ 4,886
Buildings	9,110	9,182	35,551	36,412	44,661	45,594
Computers	808	775	77	78	885	853
Furniture and fixtures	246	279	7	9	253	288
Vehicles	1,025	1,005	1,107	1,139	2,132	2,144
Machinery and equipment	1,228	1,378	1,410	1,497	2,638	2,875
Infrastructure	12,341	12,307	15,859	15,906	28,200	28,213
Totals	\$ 29,850	\$ 29,512	\$ 54,380	\$ 55,341	\$ 84,230	\$ 84,853

This year's more significant capital asset additions included:

City Hall Building Restoration	\$ 108,522
Heritage Hall Building Restoration	60,715
Fire Station Land	156,618
Signals and Systems Improvements	33,703

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Sanitary Sewer Improvements	1,547,401
Chevrolet Caprice (2)	53,486
Chevrolet Tahoe (3)	105,895
Harley Davidson Motorcycle (2)	46,240
Family Entertainment Center	49,376
Lift Station Southern Hills	135,500
Mountain Lake Improvements	87,500
Airport Apron Reconstruction	795,849
Airport Improvements	59,404
Airport Runway Land	349,618
Truck with Dumpbed – Street	62,994
Golf Greens Renovation	106,706
Freightliner with Grapple Body	121,173
Main Street Improvements	98,507
Street Improvements	1,274,377
Vacuum, Trailer Mounted	79,738
City Lake Improvements	61,657
Tractor, 2WD – Water	88,106
Water Line Improvements	534,522
Dump Truck – Water	108,181
Water Meters & Settings	76,178

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 \$47.2 million in long-term debt outstanding which represents a \$5.8 million or 14% increase 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Capital lease obligations	\$ -	\$ 469	\$ -	\$ -	\$ -	\$ 469
Notes payable	-	-	40,530	36,278	40,530	36,278
Revenue bonds payable	5,030	6,230	-	-	5,030	6,230
Claims payable	471	447	-	-	471	447
Deposits subject to refund	-	-	213	213	213	213
Accrued compensated absences	926	1,155	247	254	1,173	1,409
Other post-employment benefits	2,015	1,667	583	512	2,598	2,179
Net pension liability	7,156	6,906	-	-	7,156	6,906
Totals	\$ 15,598	\$ 16,874	\$ 41,573	\$ 37,257	\$ 57,171	\$ 54,131

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 FY Year 2016-2017 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 Fiscal Year 2016-2017 budget contains \$62,305,277 in estimated revenues, \$65,967,594 in estimated expenditures and \$13,277,756 in transfers between funds and finally \$35,539,815 in beginning fund balances to balance the budget. Estimated ending fund balances in all funds are estimated to be \$31,877,498. As in the past, the City's General Fund is not keeping up with the increasing cost and demands for services. The 2016-2017 General Fund has budgeted expenses exceeding budgeted revenues by \$7,570,800 before transfers. The General Fund is not able to meet the Commission's goal of maintaining a sufficient reserve without relying on transfers-in from the utility funds.

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, 2016**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

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

Government-Wide Statement of Net Position— June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,888,790	\$ 23,519,254	\$ 39,408,044
Investments	7,183,682	3,700,385	10,884,067
Accounts receivable, net of allowance	-	1,705,908	1,705,908
Court fines receivable, net of allowance	114,473	-	114,473
Internal balances	348,005	(348,005)	-
Receivable from other governments	3,597,046	-	3,597,046
Other taxes receivable	117,760	-	117,760
Other receivables	28,485	-	28,485
Inventories	21,826	271,078	292,904
Net pension asset	632,688	300,876	933,564
Capital Assets:			
Land and construction in progress	5,091,788	369,027	5,460,815
Other capital assets, net of depreciation	24,757,842	54,010,897	78,768,739
Total Assets	<u>\$ 57,782,385</u>	<u>\$ 83,529,420</u>	<u>\$ 141,311,805</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	1,442,047	345,620	1,787,667
Deferred amount on refunding	99,680	19,702	119,382
Total Deferred Outflows of Resources	<u>1,541,727</u>	<u>365,322</u>	<u>1,907,049</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,920,314	\$ 1,614,326	\$ 3,534,640
Accrued interest payable	6,695	234,557	241,252
Due to other governments	272,631	-	272,631
Due to bondholders	11,689	-	11,689
Due to employees	12,097	-	12,097
Other payables	403,737	6,547	410,284
Long-term liabilities:			
Due within one year	1,312,593	4,292,507	5,605,100
Due in more than one year	7,129,723	37,290,341	44,420,064
Net pension liability	7,156,502	-	7,156,502
Total liabilities	<u>18,225,981</u>	<u>43,438,278</u>	<u>61,664,259</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	1,088,465	111,678	1,200,143
NET POSITION			
Net investment in capital assets	24,819,630	13,849,744	38,669,374
Restricted for:			
Community enhancement	2,100,466	-	2,100,466
Streets	2,674,762	-	2,674,762
Culture and recreation	71,914	-	71,914
Capital projects	3,024,803	-	3,024,803
Public safety	85,593	-	85,593
Grant projects	38,611	-	38,611
Cemetery	144,686	-	144,686
Library capital improvement	142,468	-	142,468
Donor provisions-library	5,335,473	-	5,335,473
Debt service	2,773,596	-	2,773,596
Unrestricted (deficit)	(1,202,336)	26,495,042	25,292,706
Total net position	<u>\$ 40,009,666</u>	<u>\$ 40,344,786</u>	<u>\$ 80,354,452</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, 2016**

Government-Wide Statement of Activities –Year Ended June 30, 2016

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 11,108,235	\$ 162,008	\$ 52,015	\$ -	\$ (10,894,212)	\$ -	\$ (10,894,212)
Public Safety	9,019,654	248,397	1,162,372	41,333	(7,567,552)	-	(7,567,552)
Streets	4,286,798	140	263,190	16,847	(4,006,621)	-	(4,006,621)
Culture and Recreation	3,211,379	69,020	70,531	-	(3,071,828)	-	(3,071,828)
Cemetery	311,686	72,291	-	-	(239,395)	-	(239,395)
Airport	1,222,952	194,926	-	1,589,998	561,972	-	561,972
Economic Development	912,083	-	-	-	(912,083)	-	(912,083)
Interest on Long-term debt	143,494	-	-	-	(143,494)	-	(143,494)
Total governmental activities	<u>30,216,281</u>	<u>746,782</u>	<u>1,548,108</u>	<u>1,648,178</u>	<u>(26,273,213)</u>	<u>-</u>	<u>(26,273,213)</u>
Business-Type Activities							
Water	5,786,777	6,143,215	-	-	-	356,438	356,438
Wastewater	3,943,173	3,811,106	-	-	-	(132,067)	(132,067)
Sanitation	2,283,010	3,572,900	-	-	-	1,289,890	1,289,890
Golf	616,038	429,207	-	-	-	(186,831)	(186,831)
Total business-type activities	<u>12,628,998</u>	<u>13,956,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,327,430</u>	<u>1,327,430</u>
Total primary government	<u>\$ 42,845,279</u>	<u>\$ 14,703,210</u>	<u>\$ 1,548,108</u>	<u>\$ 1,648,178</u>	<u>\$ (26,273,213)</u>	<u>\$ 1,327,430</u>	<u>\$ (24,945,783)</u>
General revenues:							
Taxes:							
Sales and use taxes					\$ 23,205,647	\$ -	\$ 23,205,647
Property taxes					2,967,279	-	2,967,279
Franchise and miscellaneous taxes					1,669,021	-	1,669,021
911 taxes					216,200	-	216,200
Hotel/motel taxes					912,083	-	912,083
Forgiveness of debt					468,724	-	468,724
Intergovernmental revenue not restricted to specific programs					359,450	-	359,450
Unrestricted investment earnings					263,444	23,894	287,338
Miscellaneous					1,062,309	7,635	1,069,944
Transfers					(1,933,330)	1,933,330	-
Total general revenues and transfers					<u>29,190,827</u>	<u>1,964,859</u>	<u>31,155,686</u>
Change in net position					<u>2,917,614</u>	<u>3,292,289</u>	<u>6,209,903</u>
Net position - beginning					<u>37,092,052</u>	<u>37,052,497</u>	<u>74,144,549</u>
Net position - ending					<u>\$ 40,009,666</u>	<u>\$ 40,344,786</u>	<u>\$ 80,354,452</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, 2016**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

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

Governmental Funds Balance Sheet - June 30, 2016

	Special Revenue Funds				Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General Fund	Community Enhancement Fund	Library Trust Fund	GAPS Tax City	Street Improvement Fund	TIF 2		
ASSETS								
Cash and cash equivalents	\$ 4,980,876	\$ 1,369,171	\$ 52,176	\$ 2,695,511	\$ 2,274,174	\$ 2,751,131	\$ 1,458,104	\$ 15,581,143
Investments	1,114,018	400,000	5,283,297	-	200,000	-	-	6,997,315
Receivable from other governments	1,906,118	351,647	-	351,647	351,647	-	683,974	3,645,033
Due from other funds	635,369	-	-	-	-	-	33,226	668,595
Other taxes receivable, net	-	-	-	-	-	-	117,760	117,760
Court fines receivable, net	114,473	-	-	-	-	-	-	114,473
Other receivables	28,485	-	-	-	-	-	-	28,485
Total assets	\$ 8,779,339	\$ 2,120,818	\$ 5,335,473	\$ 3,047,158	\$ 2,825,821	\$ 2,751,131	\$ 2,293,064	\$ 27,152,804
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 1,154,735	\$ 620	\$ -	\$ 67,824	\$ 48,490	\$ -	\$ 615,940	\$ 1,887,609
Due to other funds	608,308	-	-	-	25,105	-	7,962	641,375
Due to bondholders	11,689	-	-	-	-	-	-	11,689
Payable to other governments	-	-	-	-	-	-	272,631	272,631
Other payables	402,677	-	-	-	1,060	-	-	403,737
Total liabilities	2,177,409	620	-	67,824	74,655	-	896,533	3,217,041
Deferred Inflows of Resources:								
Deferred revenue	112,974	-	-	-	-	-	95,502	208,476
Fund balances:								
Restricted	-	2,100,466	5,335,473	2,947,862	2,674,762	2,747,392	586,417	16,392,372
Assigned	5,868,877	19,732	-	31,472	76,404	3,739	840,628	6,840,852
Unassigned (deficit)	620,079	-	-	-	-	-	(126,016)	494,063
Total fund balances	6,488,956	2,120,198	5,335,473	2,979,334	2,751,166	2,751,131	1,301,029	23,727,287
Total liabilities, deferred inflows, and fund balances	\$ 8,779,339	\$ 2,120,818	\$ 5,335,473	\$ 3,047,158	\$ 2,825,821	\$ 2,751,131	\$ 2,293,064	\$ 27,152,804

See accompanying notes to the basic financial statements.

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

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

	<u>Special Revenue Funds</u>				<u>Capital Project</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Community Enhancement Fund</u>	<u>Library Trust Fund</u>	<u>GAPS Tax City</u>	<u>Street Improvement Fund</u>	<u>TIF 2</u>		
REVENUES								
Taxes	\$ 15,133,067	\$ 2,845,086	\$ -	\$ 2,845,086	\$ 2,845,086	\$ 2,788,288	\$ 2,521,259	\$ 28,977,872
Intergovernmental	1,331,550	-	-	-	-	-	1,948,260	3,279,810
Licenses and permits	137,977	-	-	-	-	-	-	137,977
Charges for services	147,269	-	-	-	140	-	229,044	376,453
Fines and forfeitures	206,649	-	-	-	-	-	-	206,649
Investment earnings	28,312	2,816	220,208	3,320	3,391	1,312	2,002	261,361
Miscellaneous	722,053	3,819	114,424	-	14,443	-	443,912	1,298,651
Total revenues	<u>17,706,877</u>	<u>2,851,721</u>	<u>334,632</u>	<u>2,848,406</u>	<u>2,863,060</u>	<u>2,789,600</u>	<u>5,144,477</u>	<u>34,538,773</u>
EXPENDITURES								
Current:								
General government	5,338,831	752,179	-	76,544	-	2,224,562	1,444,297	9,836,413
Public safety	9,458,594	-	-	-	-	-	39,564	9,498,158
Street	1,419,065	-	-	-	22,337	-	513,353	1,954,755
Culture and recreation	2,706,758	-	10,249	-	-	-	120,600	2,837,607
Cemetery	286,013	-	-	-	-	-	-	286,013
Airport	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	1,078,806	1,078,806
Capital outlay	1,303,807	9,056	-	1,051,398	1,401,345	-	912,083	4,968,067
Debt service:								
Principal	-	-	-	-	-	1,200,000	173,198	1,373,198
Interest and other charges	-	-	-	-	-	100,298	17,319	117,617
Total expenditures	<u>20,513,068</u>	<u>761,235</u>	<u>10,249</u>	<u>1,127,942</u>	<u>1,423,682</u>	<u>3,524,860</u>	<u>5,501,681</u>	<u>32,862,717</u>
Excess (deficiency) of revenues over expenditures	(2,806,191)	2,090,486	324,383	1,720,464	1,439,378	(735,260)	(357,204)	1,676,056
OTHER FINANCING SOURCES (USES)								
Transfers in	4,730,015	-	-	-	-	-	482,418	5,212,433
Transfers out	(3,092,004)	(1,675,000)	(100,000)	(386,040)	(709,500)	-	(411,100)	(6,373,644)
Total other financing sources and uses	<u>1,638,011</u>	<u>(1,675,000)</u>	<u>(100,000)</u>	<u>(386,040)</u>	<u>(709,500)</u>	<u>-</u>	<u>71,318</u>	<u>(1,161,211)</u>
Net change in fund balances	(1,168,180)	415,486	224,383	1,334,424	729,878	(735,260)	(285,886)	514,845
Fund balances - beginning	7,657,136	1,704,712	5,111,090	1,644,910	2,021,288	3,486,391	1,586,915	23,212,442
Fund balances - ending	<u>\$ 6,488,956</u>	<u>\$ 2,120,198</u>	<u>\$ 5,335,473</u>	<u>\$ 2,979,334</u>	<u>\$ 2,751,166</u>	<u>\$ 2,751,131</u>	<u>\$ 1,301,029</u>	<u>\$ 23,727,287</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, 2016

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	23,727,287
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Investments are reported at the fund level for prepayment of judgements by the General Fund. These are not reported in the Statement of Net Position, but are netted against proceeds from interfund advance and the principal retirement of such advance.		
		(113,633)
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 \$74,772,842.		
		29,849,630
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:		
Grants receivable		91,144
Court fines receivable		64,987
Property taxes receivable		4,358
Other long-term assets and deferred inflows are not current financial resources and, therefore, are not reported in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:		
Net pension asset		632,688
Deferred amount on refunding		99,680
Pension related deferred outflows		1,442,047
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		372,202
Certain long-term liabilities are not due and payable from current resources, and therefore they, along with certain deferred inflows, are not reported in the funds:		
Net pension liability		(7,156,502)
Pension related deferred inflows		(1,088,465)
Accrued interest payable		(6,695)
Revenue bonds payable		(5,030,000)
Accrued compensated absences		(901,940)
Other post-employment benefits		(1,977,122)
Net Position of Governmental Activities in the Statement of Net Position	\$	40,009,666

See accompanying notes to the basic financial statements.

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

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds:	\$	514,845
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital asset purchases capitalized		3,833,223
Depreciation expense		(3,495,862)
<p>Investments are reported at the fund level for prepayment of judgements by the General Fund. These are not reported in the Statement of Net Position, but are netted against proceeds from interfund advance and the principal retirement of such advance.</p>		
Principal retirement of interfund advances		173,198
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenue		68,142
<p>In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.</p>		
		1,054,586
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Principal payments on revenue bonds payable		1,200,000
Forgiveness of debt		468,724
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. A portion of the change in net position of the internal service funds is included in governmental activities in the Statement of Activities.</p>		
Total change in net position of the internal service funds		(756,811)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Change in accrued interest payable		(957)
Change in net OPEB obligation		(339,762)
Change in accrued compensated absences		223,208
Amortization of deferred amount on refunding		(24,920)
Change in net position of governmental activities		<u>\$ 2,917,614</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, 2016**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

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

Proprietary Funds Statement of Net Position - June 30, 2016

	<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>				
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 3,490,487	\$ 4,569,743	\$ 1,990,380	\$ 28,079	\$ 10,078,689	\$ 307,647	
Restricted cash and cash equivalents	-	-	13,440,565	-	13,440,565	-	
Investments	500,000	1,700,000	1,500,385	-	3,700,385	300,000	
Accounts receivable, net of allowance	444,794	530,881	730,233	-	1,705,908	-	
Due from other funds	-	175,824	175,824	-	351,648	329,661	
Inventories	-	-	271,078	-	271,078	21,826	
Total current assets	<u>4,435,281</u>	<u>6,976,448</u>	<u>18,108,465</u>	<u>28,079</u>	<u>29,548,273</u>	<u>959,134</u>	
Non-current assets:							
Land and construction in progress	-	283,945	85,082	-	369,027	-	
Other capital assets, net of depreciation	1,128,891	26,044,884	26,081,509	755,613	54,010,897	-	
Net pension asset	77,817	79,691	143,368	-	300,876	-	
Total non-current assets	<u>1,206,708</u>	<u>26,408,520</u>	<u>26,309,959</u>	<u>755,613</u>	<u>54,680,800</u>	<u>-</u>	
Total assets	<u>\$ 5,641,989</u>	<u>\$ 33,384,968</u>	<u>\$ 44,418,424</u>	<u>\$ 783,692</u>	<u>\$ 84,229,073</u>	<u>\$ 959,134</u>	
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount related to pensions	92,558	88,123	164,939	-	345,620	-	
Deferred amount on refunding	-	-	19,702	-	19,702	-	
Total Deferred Outflows of Resources	<u>92,558</u>	<u>88,123</u>	<u>184,641</u>	<u>-</u>	<u>365,322</u>	<u>-</u>	
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	61,970	676,369	875,377	610	1,614,326	\$ 32,705	
Accrued interest payable	-	-	234,557	-	234,557	-	
Due to other funds	15,282	622,909	61,462	-	699,653	8,876	
Other payables	-	4,365	2,182	-	6,547	-	
Due to employees	-	-	-	-	-	12,097	
Current portion of:							
Compensated absences	6,612	6,490	11,637	-	24,739	2,399	
Deposits subject to refund	-	-	42,558	-	42,558	-	
Notes payable	-	-	4,225,210	-	4,225,210	-	
Total current liabilities	<u>83,864</u>	<u>1,310,133</u>	<u>5,452,983</u>	<u>610</u>	<u>6,847,590</u>	<u>56,077</u>	
Non-current liabilities:							
Compensated absences	59,505	58,414	104,729	-	222,648	21,598	
Deposits subject to refund	-	-	170,231	-	170,231	-	
Net OPEB obligation	142,415	167,257	282,820	-	592,492	37,632	
Claims payable	-	-	-	-	-	471,625	
Notes payable	-	-	36,304,970	-	36,304,970	-	
Total non-current liabilities	<u>201,920</u>	<u>225,671</u>	<u>36,862,750</u>	<u>-</u>	<u>37,290,341</u>	<u>530,855</u>	
Total liabilities	<u>285,784</u>	<u>1,535,804</u>	<u>42,315,733</u>	<u>610</u>	<u>44,137,931</u>	<u>586,932</u>	
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to pensions	26,123	37,427	48,128	-	111,678	-	
NET POSITION							
Net investment in capital assets	1,128,891	26,328,829	(14,363,589)	755,613	13,849,744	-	
Unrestricted	4,293,749	5,571,031	16,602,793	27,469	26,495,042	372,202	
Total net position	<u>\$ 5,422,640</u>	<u>\$ 31,899,860</u>	<u>\$ 2,239,204</u>	<u>\$ 783,082</u>	<u>\$ 40,344,786</u>	<u>\$ 372,202</u>	

See accompanying notes to the basic financial statements.

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

	Ardmore Solid Waste Authority	Ardmore Public Works Authority			Other Enterprise Funds	Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise				
REVENUES							
Water	-	-	6,135,690	-	\$ 6,135,690	-	-
Wastewater	-	3,806,438	-	-	3,806,438	-	-
Sanitation	3,568,524	-	-	-	3,568,524	-	-
Golf	-	-	-	429,207	429,207	-	-
Self insurance charges	-	-	-	-	-	4,409,141	-
Miscellaneous	-	-	-	10,680	10,680	-	-
Total operating revenues	<u>3,568,524</u>	<u>3,806,438</u>	<u>6,135,690</u>	<u>439,887</u>	<u>13,950,539</u>	<u>4,409,141</u>	<u>4,409,141</u>
OPERATING EXPENSES							
Water	-	-	2,909,429	-	2,909,429	-	-
Wastewater	-	2,081,138	-	-	2,081,138	-	-
Sanitation	1,973,735	-	-	-	1,973,735	-	-
Administration	-	-	132,113	-	132,113	5,168,035	-
Golf operations	-	-	-	558,363	558,363	-	-
Depreciation	309,275	1,795,980	1,963,513	57,675	4,126,443	-	-
Total Operating Expenses	<u>2,283,010</u>	<u>3,877,118</u>	<u>5,005,055</u>	<u>616,038</u>	<u>11,781,221</u>	<u>5,168,035</u>	<u>5,168,035</u>
Operating income (loss)	<u>1,285,514</u>	<u>(70,680)</u>	<u>1,130,635</u>	<u>(176,151)</u>	<u>2,169,318</u>	<u>(758,894)</u>	<u>(758,894)</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	6,495	10,046	7,305	48	23,894	2,083	-
Miscellaneous revenue	-	2,435	5,200	-	7,635	-	-
Gain on sale of capital assets	4,441	-	1,448	-	5,889	-	-
Interest expense	-	-	(847,777)	-	(847,777)	-	-
Total non-operating revenue (expenses)	<u>10,936</u>	<u>12,481</u>	<u>(833,824)</u>	<u>48</u>	<u>(810,359)</u>	<u>2,083</u>	<u>2,083</u>
Income (loss) before contributions and transfers	1,296,450	(58,199)	296,811	(176,103)	1,358,959	(756,811)	-
Capital contributions	-	176,381	489,032	106,706	772,119	-	-
Transfers in	-	2,370,335	3,475,328	124,000	5,969,663	-	-
Transfers out	(843,744)	(2,106,970)	(1,857,738)	-	(4,808,452)	-	-
Change in net position	<u>452,706</u>	<u>381,547</u>	<u>2,403,433</u>	<u>54,603</u>	<u>3,292,289</u>	<u>(756,811)</u>	<u>(756,811)</u>
Total net position - beginning	4,969,934	31,518,313	(164,229)	728,479	37,052,497	1,129,013	-
Total net position - ending	<u>\$ 5,422,640</u>	<u>\$ 31,899,860</u>	<u>\$ 2,239,204</u>	<u>\$ 783,082</u>	<u>\$ 40,344,786</u>	<u>\$ 372,202</u>	<u>\$ 372,202</u>

See accompanying notes to the basic financial statements.

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

	Ardmore Solid Waste Authority		Ardmore Public Works Authority			Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 3,546,182	\$ 3,733,645	\$ 5,967,894	\$ 439,887	\$ 13,687,608	\$ 4,409,141
Receipts (payments) from (to) other funds	1,309	4,830	7,210	-	13,349	(23,515)
Payments to suppliers	(1,006,095)	(527,524)	(721,071)	(557,753)	(2,812,443)	(374,771)
Payments to employees	(982,506)	(1,038,525)	(1,842,806)	-	(3,863,837)	(361,027)
Claims and judgements paid	-	-	-	-	-	(4,401,219)
Receipts of customer meter deposits	-	-	75,080	-	75,080	-
Refunds of customer meter deposits	-	-	(74,866)	-	(74,866)	-
Other receipts	-	-	-	-	-	-
Net cash provided by (used in) operating activities	1,558,890	2,172,426	3,411,441	(117,866)	7,024,891	(751,391)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	2,370,335	3,475,328	124,000	5,969,663	-
Transfers to other funds	(843,744)	(2,106,970)	(1,857,738)	-	(4,808,452)	-
Net cash provided by (used in) noncapital financing activities	(843,744)	263,365	1,617,590	124,000	1,161,211	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	-	7,403,273	-	7,403,273	-
Principal paid on debt	-	-	(3,150,685)	-	(3,150,685)	-
Interest and fiscal agent fees paid on debt	-	-	(771,436)	-	(771,436)	-
Purchase of capital assets	(123,173)	(1,726,582)	(542,892)	-	(2,392,647)	-
Proceeds from sale of capital assets	4,441	-	1,448	-	5,889	-
Net cash provided by (used in) capital and related financing activities	(118,732)	(1,726,582)	2,939,708	-	1,094,394	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale of investments	-	621	117	-	738	200,157
Interest and dividends	6,495	10,046	7,305	48	23,894	2,083
Net cash provided by investing activities	6,495	10,667	7,422	48	24,632	202,240
Net increase (decrease) in cash and cash equivalents	602,909	719,876	7,976,161	6,182	9,305,128	(549,151)
Balances - beginning of year	2,887,578	3,849,867	7,454,784	21,897	14,214,126	856,798
Balances - end of year	\$ 3,490,487	\$ 4,569,743	\$ 15,430,945	\$ 28,079	\$ 23,519,254	\$ 307,647
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 3,490,487	\$ 4,569,743	\$ 1,990,380	\$ 28,079	\$ 10,078,689	\$ 307,647
Restricted cash and cash equivalents - current	-	-	13,440,565	-	13,440,565	-
Total cash and cash equivalents, end of year	\$ 3,490,487	\$ 4,569,743	\$ 15,430,945	\$ 28,079	\$ 23,519,254	\$ 307,647

See accompanying notes to the basic financial statements.

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

	<u>Ardmore Solid</u>		<u>Ardmore Public Works Authority</u>		<u>Total</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
	<u>Waste</u> <u>Authority</u>	<u>Sanitation</u> <u>Enterprise</u>	<u>Wastewater</u> <u>Enterprise</u>	<u>Water</u> <u>Enterprise</u>		
Reconciliation of operating income (loss) to net cash provided by (used in)						
Operating Activities:						
Operating income (loss)	\$ 1,285,514	\$ (70,680)	\$ 1,130,635	\$ (176,151)	\$ 2,169,318	\$ (758,894)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities:						
Depreciation expense	309,275	1,795,980	1,963,513	57,675	4,126,443	-
Other non-operating revenues	-	2,435	5,200	-	7,635	-
Change in assets and liabilities:						
Receivables, net	(22,342)	(75,228)	(172,996)	-	(270,566)	-
Inventory	-	-	(15,725)	-	(15,725)	(1,023)
Due from other funds	-	4,830	4,830	-	9,660	(24,002)
Other receivables	-	-	-	-	-	-
Accounts payable and accrued liabilities	(3,048)	527,075	528,142	610	1,052,779	6,201
Customer meter deposits payable	-	-	214	-	214	-
Due to other funds	1,309	4,365	2,380	-	8,054	487
Other payable	-	-	(630)	-	(630)	-
Claims payable	-	-	-	-	-	24,002
OPEB	21,155	20,446	38,468	-	80,069	7,869
Accrued compensated absences	989	1,225	(8,975)	-	(6,761)	(6,031)
Net pension asset	43,763	22,129	73,317	-	139,209	-
Deferred amounts related to pensions	(77,725)	(60,151)	(136,932)	-	(274,808)	-
Net cash provided by (used in) operating activities	<u>\$ 1,558,890</u>	<u>\$ 2,172,426</u>	<u>\$ 3,411,441</u>	<u>\$ (117,866)</u>	<u>\$ 7,024,891</u>	<u>\$ (751,391)</u>
Noncash activities:						
Contributed capital assets	\$ -	\$ 176,381	\$ 489,032	\$ 106,706	\$ 772,119	\$ -
	<u>\$ -</u>	<u>\$ 176,381</u>	<u>\$ 489,032</u>	<u>\$ 106,706</u>	<u>\$ 772,119</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

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

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

Blended Component Units:

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

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

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

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

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

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

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

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

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

Governmental Funds:

The City’s governmental funds include:

Major Funds:

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

Special Revenue Fund:

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

Capital Project Fund:

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

Debt Service Funds:

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

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

Special Revenue Funds:

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

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- Library State Grant Fund – accounts for revenues received from the State to be used for library activities.
- Historical Grant Fund – accounts for grant revenues to be used for preservation, development, protection and maintenance of historical districts and structures.
- Pass Thru Grants Fund – accounts for activities of various pass thru or small grants.
- FAA Grant Fund – accounts for grant funds received from FAA for airport operations and capital projects.
- 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.
- CDBG Fund – account for ODOC grant revenues 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.
- 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

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

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

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

Proprietary Funds:

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

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

Ardmore Solid Waste Authority:

- Sanitation Enterprise Fund – that operates the sanitation services.

Ardmore Public Works Authority:

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

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

The City's internal service funds include the following:

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

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

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

Cash and Investments

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

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

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

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

Receivables

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

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

Inventories

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

Capital Assets

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

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Government-Wide Statements

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

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

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

Fund Financial Statements

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

Restricted Assets

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

Long-Term Debt

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

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

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

Compensated Absences

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

Equity Classifications

Net Position:

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

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

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

Fund Statements:

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

- a. **Nonspendable** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. **Restricted** – consists of fund balance with constraints place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance. The City currently reports no committed fund balance.
- d. **Assigned** – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city 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.
- ¼ cent recorded in the GAPS Tax Schools Fund for educational facilities and equipment. This tax expired September 30, 2014. However, this portion of taxes was approved to continue and now goes to the City for capital expenditures and public safety operations.
- ¼ cent recorded in the GAPS Tax City Fund for construction and rehabilitation of streets, facilities, water and wastewater infrastructure, police and fire capital needs. This tax expired September 30, 2014. However, this portion of taxes was approved to continue and now goes to the City for capital expenditures and public safety operations.

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

The ¼ cent for the Ardmore Development Authority Fund expired on September 30, 2013. However, the City failed to notify the Oklahoma Tax Commission this tax was expiring. Therefore, the City continued to receive these taxes from October 2013 thru December 2013 in error. The City deposited these taxes into a separate bank account and will issue sales tax refunds to any citizen that provides receipts over the next three years. At June 30, 2016, The City has recorded a sales tax payable in the amount of \$350,980.

Property Tax

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

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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, 2016, the City's net assessed valuation of taxable property was \$165,287,144. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2016, was \$2.63.

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.

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

Government-Wide Financial Statements:

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

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

G. Use of Estimates

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

2. Cash, Cash Equivalents, and Investments

At June 30, 2016, the reporting entity held the following deposits and investments:

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Primary Government:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 24,288,664
Cash on hand			1,700
Time deposit	12/6/2016		200,000
Time deposit	12/6/2016		200,000
Time deposit	12/6/2016		200,000
Time deposit	12/6/2016		500,000
Time deposit	8/2/2016		100,000
Time deposit	10/4/2016		300,000
Time deposit	10/4/2016		400,000
Time deposit	10/4/2016		400,000
Time deposit	12/6/2016		250,000
Time deposit	12/6/2016		250,000
Time deposit	8/2/2016		300,385
Time deposit	10/4/2016		400,000
Time deposit	10/4/2016		300,000
Time deposit	12/6/2016		250,000
Time deposit	12/6/2016		250,000
Time deposit	8/2/2016		300,385
Time deposit	10/4/2016		500,000
Time deposit	12/6/2016		200,000
Time deposit	10/4/2016		300,000
			<u>29,891,134</u>
Investments:			
Trustee accounts money market fund		AAA	15,955,765
FFCB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	763,232
FFCB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	1,441,198
FHLB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	1,330,964
FHLB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	909,818
			<u>20,400,977</u>
Total deposits and investments			<u>\$ 50,292,111</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 39,408,044
Investments			<u>10,884,067</u>
			<u>\$ 50,292,111</u>

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

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The City’s policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. At June 30, 2016 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, 2016 are as follows:

	Current
	Cash and cash equivalents
Series 2009 Debt Service Account	\$ 15,380
Series 2011 Cash Landmark Bank	264
Series 2011 Reserve Account	83,504
Series 2012 Reserve Account	60,384
Series 2014 Note Revenue Account	754,738
Series 2015 Note Revenue Account	85,047
Series 2015 Construction Account	5,323,571
Series 2016 Construction Account	6,900,888
Series 2016 Note Proceeds Account	4,000
Meter deposits	212,789
Total	\$ 13,440,565

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3. Accounts and Notes Receivable

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

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
<i>Governmental Activities:</i>			
Court fines	\$ 143,092	\$ (28,619)	\$ 114,473
 <i>Business-Type Activities:</i>			
Utilities	\$ 2,014,431	\$ (308,523)	\$ 1,705,908

4. Capital Assets and Depreciation

Capital Assets:

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

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

	Balance at July 1, 2015	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2016
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 4,585,553	\$ 506,235	\$ -	\$ 5,091,788
Total capital assets not being depreciated	4,585,553	506,235	-	5,091,788
Other capital assets:				
Buildings	13,747,990	272,764	-	14,020,754
Computers	7,589,907	214,506	57,892	7,746,521
Furniture and fixtures	1,022,862	19,380	-	1,042,242
Vehicles	4,390,643	328,821	-	4,719,464
Machinery and equipment	4,974,062	213,825	59,196	5,128,691
Infrastructure	64,557,442	2,315,569	-	66,873,011
Total other capital assets at historical cost	96,282,906	3,364,865	117,088	99,530,683
Less accumulated depreciation for:				
Buildings	4,566,196	345,214	-	4,911,410
Computers	6,814,580	178,923	55,248	6,938,255
Furniture and fixtures	743,380	52,686	-	796,066
Vehicles	3,385,511	308,523	-	3,694,034
Machinery and equipment	3,596,453	328,453	23,963	3,900,943
Infrastructure	52,250,070	2,282,063	-	54,532,133
Total accumulated depreciation	71,356,190	3,495,862	79,211	74,772,841
Other capital assets, net	24,926,716	(130,997)	37,877	24,757,842
Governmental activities capital assets, net	\$ 29,512,269	\$ 375,238	\$ 37,877	\$ 29,849,630

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Business-type activities:

Capital assets not being depreciated:

Land	\$ 299,681	\$ 69,346	\$ -	\$ 369,027
Total capital assets not being depreciated	<u>299,681</u>	<u>69,346</u>	<u>-</u>	<u>369,027</u>
Other capital assets:				
Buildings	48,731,544	106,706	-	48,838,250
Computers	294,051	14,218	2,266	306,003
Furniture and fixtures	68,459	-	-	68,459
Vehicles	3,744,007	250,949	137,470	3,857,486
Machinery and equipment	4,891,964	245,763	189,813	4,947,914
Infrastructure	103,734,281	2,477,784	-	106,212,065
Total other capital assets at historical cost	<u>161,464,306</u>	<u>3,095,420</u>	<u>329,549</u>	<u>164,230,177</u>
Less accumulated depreciation for:				
Buildings	12,319,470	968,669	-	13,288,139
Computers	216,171	14,615	2,266	228,520
Furniture and fixtures	59,195	1,835	-	61,030
Vehicles	2,605,047	282,444	137,470	2,750,021
Machinery and equipment	3,394,513	333,158	189,813	3,537,858
Infrastructure	87,827,990	2,525,722	-	90,353,712
Total accumulated depreciation	<u>106,422,386</u>	<u>4,126,443</u>	<u>329,549</u>	<u>110,219,280</u>
Other capital assets, net	<u>55,041,920</u>	<u>(1,031,023)</u>	<u>-</u>	<u>54,010,897</u>
Business-type activities capital assets, net	<u>\$ 55,341,601</u>	<u>\$ (961,677)</u>	<u>\$ -</u>	<u>\$ 54,379,924</u>

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

Depreciation expense charged to governmental activities:

General government	\$ 441,800
Public safety	309,722
Street	2,345,459
Culture and recreation	226,633
Cemetery	28,612
Airport	143,636
	<u>\$ 3,495,862</u>

Depreciation expense charged to business-type activities:

Water	\$ 1,963,514
Wastewater	1,795,979
Sanitation	309,275
Golf	57,675
	<u>\$ 4,126,443</u>

5. Long-Term Debt and Debt Service Requirements

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

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Type of Debt	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
Capital lease obligations	\$ 468,724	\$ -	\$ 468,724	\$ -	\$ -
Revenue bonds payable	6,230,000	-	1,200,000	5,030,000	1,220,000
Claims payable	447,623	4,424,672	4,400,670	471,625	-
Accrued compensated absences	1,154,626	-	228,689	925,937	92,593
Other Post-Employment Benefits	1,667,124	347,630	-	2,014,754	-
Net pension liability	6,906,497	250,005	-	7,156,502	-
Total Governmental Activities	<u>\$ 16,874,594</u>	<u>\$ 5,022,307</u>	<u>\$ 6,298,083</u>	<u>\$ 15,598,818</u>	<u>\$ 1,312,593</u>
Business-Type Activities:					
Notes Payable	\$ 36,277,592	\$ 7,403,272	\$ 3,150,685	\$ 40,530,179	\$ 4,225,210
Deposits subject to refund	212,575	75,119	74,905	212,789	42,558
Accrued compensated absences	254,148	-	6,761	247,387	24,739
Other Post-Employment Benefits	512,423	80,070	-	592,493	-
Total Business-Type Activities	<u>\$ 37,256,738</u>	<u>\$ 7,558,461</u>	<u>\$ 3,232,351</u>	<u>\$ 41,582,848</u>	<u>\$ 4,292,507</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 1,312,593
Due in more than one year	7,129,723
Net pension liability	7,156,502
Total Governmental Activities Long-Term Liabilities	<u>\$ 15,598,818</u>

Business-Type Activities:

Due within one year	\$ 4,292,507
Due in more than one year	37,290,341
Total Business-Type Activities Long-Term Liabilities	<u>\$ 41,582,848</u>

Governmental activities long-term debt:

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

Revenue Bonds Payable:

2015 Series TIF Tax Exempt Revenue Note, original issue amount of \$6,230,000, dated June 9, 2015, issued by Ardmore Public Works Authority, secured by tax increment revenues, due in semi-annual principal installments each June and December ranging from \$600,000 to \$645,000, interest rate of 1.68%, final maturity June 1, 2020. This is a refunding of the 2010 A Series TIF Tax Exempt Revenue Note.

	\$ 5,030,000
Total Revenue Bonds Payable	<u>\$ 5,030,000</u>
Current portion	\$ 1,220,000
Noncurrent portion	3,810,000
Total Revenue Bonds Payable	<u>\$ 5,030,000</u>

Claims Payable:

Current portion	-
Noncurrent portion	471,625
Total Claims Payable	<u>\$ 471,625</u>

Accrued Compensated Absences:

Current portion	92,593
Noncurrent portion	833,344
Total Accrued Compensated Absences	<u>\$ 925,937</u>

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Other Post-Employment Benefits:

	Current portion	-
	Noncurrent portion	<u>2,014,754</u>
Total Other Post-Employment Benefits	\$	<u><u>2,014,754</u></u>

Net Pension Liability:

	Current portion	-
	Noncurrent portion	<u>7,156,502</u>
Total Net Pension Liability	\$	<u><u>7,156,502</u></u>

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

Notes Payable:

2012 CW SRF Note Payable to Oklahoma Water Resources Board dated November 19, 2012 original amount of \$8,697,000 with an annual interest rate of 1.7% due in semi-annual installments of principal and interest beginning September 15, 2015, final installment due March 15, 2035, payable from and secured by utility revenues.		\$ 7,165,896
2014 Series Utility System and Sales Tax Revenue Note through Bancfirst dated January 30, 2014, original amount of \$26,140,000 with an annual interest rate of 2.30% due in semi-annual installments of principal and interest beginning April 1, 2014, final installment due April 1, 2023, payable from and secured by utility revenues and 1/2 cent sales tax.		20,335,000
2015 Series Utility System and Sales Tax Revenue Note through Bancfirst dated June 24, 2015, original amount of \$5,430,000 with an annual interest rate of 1.89% due in semi-annual installments of principal and interest beginning October 1, 2015, final installment due April 1, 2024, payable from and secured by utility revenues and 1/2 cent sales tax.		5,300,000
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.		529,283
2011 Series Utility System and Sales Tax Revenue Note through Bancfirst dated October 25, 2011, original amount of \$4,640,000 with an annual interest rate of 1.85% due in semi-annual installments of principal and interest beginning April 1, 2012, final installment due October 1, 2016, payable from and secured by utility revenues and 1/2 cent sales tax.		165,000
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.		7,035,000
Total Notes Payable	\$	<u><u>40,530,179</u></u>
	Current portion	\$ 4,225,210
	Noncurrent portion	<u>36,304,969</u>
Total Notes Payable	\$	<u><u>40,530,179</u></u>

Deposits Subject to Refund:

	Current portion	42,558
	Noncurrent portion	<u>170,231</u>
Total Deposits Subject to Refund	\$	<u><u>212,789</u></u>

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Accrued Compensated Absences:

	Current portion	24,739
	Noncurrent portion	222,648
Total Accrued Compensated Absences	\$	247,387

Other Post-Employment Benefits:

	Current portion	-
	Noncurrent portion	592,493
Total Other Post-Employment Benefits	\$	592,493

Debt Service Requirements to Maturity:

		Governmental Activities	
<u>Year Ending June 30,</u>	Revenue		
	Bonds Payable		
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 1,220,000	\$ 79,380	
2018	1,245,000	58,758	
2019	1,270,000	37,758	
2020	1,295,000	16,296	
Totals	\$ 5,030,000	\$ 192,192	

		Business Type Activities	
<u>Year Ending June 30,</u>	Notes Payable		
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 4,225,210	\$ 832,447	
2018	4,232,356	749,608	
2019	4,320,572	658,056	
2020	4,418,944	564,561	
2021	4,522,568	468,797	
2022-2026	15,048,738	1,017,062	
2027-2031	2,273,946	318,980	
2032-2036	1,487,846	72,170	
Totals	\$ 40,530,180	\$ 4,681,681	

6. Fund Balances

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

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	General Fund	Community Enhancement Fund	Library Trust Fund	GAPS Tax City Fund	Street Improvement Fund	TIF 2 Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances:								
Restricted for:								
Community enhancement	\$ -	\$ 2,100,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,100,466
Street improvements	-	-	-	-	2,674,762	-	-	2,674,762
Library grants	-	-	-	-	-	-	29,451	29,451
Grant programs	-	-	-	-	-	-	81,074	81,074
Public safety	-	-	-	-	-	-	162,534	162,534
Library	-	-	5,335,473	-	-	-	142,468	5,477,941
Cemetery	-	-	-	-	-	-	144,686	144,686
Capital projects	-	-	-	2,947,862	-	-	-	2,947,862
Debt service	-	-	-	-	-	2,747,392	26,204	2,773,596
Sub-total Restricted	-	2,100,466	5,335,473	2,947,862	2,674,762	2,747,392	586,417	16,392,372
Assigned for:								
Community enhancement	-	19,732	-	-	-	-	-	19,732
Street improvements	-	-	-	-	76,404	-	71,627	148,031
Library grants	-	-	-	-	-	-	1,301	1,301
Capital projects	-	-	-	31,472	-	-	599,502	630,974
Public safety capital projects	-	-	-	-	-	-	34,367	34,367
Airport	-	-	-	-	-	-	128,430	128,430
Debt service	-	-	-	-	-	3,739	-	3,739
Insurance recovery	67,793	-	-	-	-	-	-	67,793
Drug enforcement	6,307	-	-	-	-	-	-	6,307
Public safety	23,622	-	-	-	-	-	1,182	24,804
Reserve management	3,975,818	-	-	-	-	-	-	3,975,818
Grant programs	7,386	-	-	-	-	-	1,861	9,247
OHP building maintenance	36,270	-	-	-	-	-	-	36,270
Recreation	271,279	-	-	-	-	-	-	271,279
Library	69,790	-	-	-	-	-	8,726	78,516
Next year's budget	1,410,612	-	-	-	-	-	-	1,410,612
Sub-total Assigned	5,868,877	19,732	-	31,472	76,404	3,739	846,996	6,847,220
Unassigned (deficit):	620,079	-	-	-	-	-	(132,384)	487,695
TOTAL FUND BALANCES	\$ 6,488,956	\$ 2,120,198	\$ 5,335,473	\$ 2,979,334	\$ 2,751,166	\$ 2,751,131	\$ 1,301,029	\$ 23,727,287

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7. Internal and Interfund Balances and Transfers

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

Transfers:

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>	
General Fund	Lakeview Golf Course	124,000	Operating transfer	
General Fund	Wastewater Enterprise Fund	1,422,543	Sales tax transfer	
General Fund	Water Enterprise Fund	1,422,543	Sales tax transfer	
Reserve Management Fund	Downtown Executive Airport	122,918	Reimbursement of expenses incurred	
Community Enhancement Fund	General Fund	1,675,000	Operating transfer	
Street Improvement Fund	General Fund	450,000	Operating transfer	
Street Improvement Fund	Street and Alley Fund	259,500	Operating transfer	
Street and Alley	General Fund-RSP	13,354	Operating transfer	
Mayor's Anti Crime	General Fund	135,000	Operating transfer for police	
Capital Improvement	General Fund	250,000	Operating transfer/capital purchases	
CDBG Fund	Parks Cash Fund	12,746	Reimbursement of expenses incurred	
Library Trust Fund	Library Capital Improvement	100,000	Reimbursement of expenses incurred	
GAPS Tax Fund	Water Enterprise	386,040	Debt payments	
Sanitation Enterprise	General Fund	843,744	Operating transfer	
Wastewater Enterprise	General Fund	440,225	Operating transfer	
Wastewater Enterprise	Water Enterprise	1,666,745	Debt payments	
Water Enterprise	General Fund	909,946	Operating transfer	
Water Enterprise	Wastewater Enterprise	359,295	Capital assets	
Water Enterprise	Wastewater Enterprise	588,497	Capital assets	
Total		<u>\$ 11,182,096</u>		
Reconciliation to Fund Financial Statements:			GW Capital Asset/Grant	
	Transfers In	Transfers Out	Purchases/Transfers	Net Transfers
Governmental Funds	\$ 5,212,433	\$ (6,373,644)	\$ (772,119)	\$ (1,933,330)
Proprietary Funds	5,969,663	(4,808,452)	772,119	1,933,330
	<u>\$ 11,182,096</u>	<u>\$ (11,182,096)</u>	<u>\$ -</u>	<u>\$ -</u>

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Balances:

Interfund receivable and payables at June 30, 2016 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Wastewater Enterprise Fund	175,824	Portion of sales tax accrual
General Fund	Water Enterprise Fund	175,824	Portion of sales tax accrual
General Fund	Employee Benefit Internal Service Fund	199,926	Portion of self-insurance claims payable
General Fund	Garage Cash Fund	19,060	Reimburse for deposit recorded incorrectly
General Fund	Parks Cash Fund	34,235	Reimburse for deposit recorded incorrectly
General Fund	Municipal Court Fund	645	Court fines not yet transferred
Street Improvement Fund	Hazard Mitigation Fund	25,105	Reimburse expenses
Recreation Fund	Employee Benefit Internal Service Fund	1,216	Portion of self-insurance claims payable
Emergency Management Fund	Employee Benefit Internal Service Fund	119	Portion of self-insurance claims payable
Library Capital Improvement	Employee Benefit Internal Service Fund	631	Portion of self-insurance claims payable
Library State Grant Fund	Employee Benefit Internal Service Fund	180	Portion of self-insurance claims payable
Sanitation Enterprise Fund	Employee Benefit Internal Service Fund	15,282	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Employee Benefit Internal Service Fund	22,909	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Reserve Management Fund	600,000	Reimburse for deposit recorded incorrectly
Water Enterprise Fund	Employee Benefit Internal Service Fund	61,462	Portion of self-insurance claims payable
Library Cash Fund	Literacy Grant Fund	1,459	Reimburse for deposit recorded incorrectly
Garage Cash Fund	Employee Benefit Internal Service Fund	8,876	Portion of self-insurance claims payable
JAG Grant Fund	Mayor's Anti Crime Fund	270	Reimburse revenues
Other Police Grants Fund	Mayor's Anti Crime Fund	6,392	Reimburse revenues
FAA Grant Fund	Reserve Management Fund	489	Reimburse revenues
Total		<u>\$ 1,349,904</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Internal Service Fund Activity</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 668,595	\$ (641,375)	\$ 320,785	\$ 348,005
Proprietary Funds	351,648	(699,653)	-	(348,005)
Internal Service Funds	329,661	(8,876)	(320,785)	-
Total	<u>\$ 1,349,904</u>	<u>\$ (1,349,904)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge – The City has pledged ½ cents of future sales tax revenues and net water and wastewater utility revenues to repay the following notes payable: \$1,090,000 of 2009 OWRB Notes Payable, \$4,640,000 of 2011 Series Utility System and Sales Tax Revenue Notes, \$8,697,000 of 2012 OWRB Notes Payable, \$26,140,000 of 2014 Series Utility System and Sales Tax Revenue Notes, \$5,430,000 of 2015 Series Utility System and Sales Tax Revenue Notes, and \$7,035,000 of 2016 Series Utility System and Sales Tax Revenue Notes. Proceeds from the bonds provided for the purchase or construction of water and utility systems. The notes are payable from pledged sales tax and net water and sewer utility revenues through 2030, 2016, 2035, 2023, 2024 and 2024 respectively. The total principal and interest payable for the remainder of the life of these notes is \$45,211,861. Pledged net water and sewer utility revenues in the current fiscal year were \$7,664,534. Maximum annual debt service on all parity debt totaled \$5,644,922 which was 136% of total pledged revenues for these notes.

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Gross Revenue Available for Debt Service:	
Charges for services	\$9,942,128
Sales tax pledged (1/2 cents)	2,845,086
Total Gross Revenues Available	<u>12,787,214</u>
Operating Expenses:	
Operations	5,122,680
Total Operating Expenses	<u>5,122,680</u>
Net Revenues Available for Debt Service	<u><u>\$7,664,534</u></u>
Debt Service Requirements:	
Maximum annual debt service on all APWA parity debt	<u><u>\$5,644,922</u></u>
Computed Coverage	<u>136%</u>
Coverage Requirement	<u>125%</u>

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

9. Risk Management

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

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

Internal Service

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

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

The following represents the changes in approximate aggregate health care liabilities for the City from July 1, 2013 to June 30, 2016:

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	Employee Health
Claims liability, July 1, 2013	\$ 817,422
Claims incurred and changes in estimates	3,562,155
Claims paid	(4,055,316)
Claims liability, June 30, 2014	324,261
Claims incurred and changes in estimates	3,744,921
Claims paid	(3,621,559)
Claims liability, June 30, 2015	447,623
Claims incurred and changes in estimates	4,424,672
Claims paid	(4,400,670)
Claims liability, June 30, 2016	471,625
Assets available to pay claims at June 30, 2016	\$910,703

10. Commitments and Contingencies

Litigation:

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year 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 2016, the City's involvement in federal and state award programs was material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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

11. Pension Plan Participation

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

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

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Firefighters' Plan:

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

The State made on-behalf payments to the Oklahoma Firefighter's Pension and Retirement System of \$614,241 (or 34.5% of covered payroll).

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a net pension liability of \$7,121,176 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was 0.6709177%.

For the year ended June 30, 2016, the City recognized pension expense of \$602,956. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 140,692	\$ -
Net difference between projected and actual earnings on pension plan investments	-	530,832
Changes in proportion and differences between City contributions and proportionate share of contributions	-	6,756
City contributions during measurement date	-	3,526
City contributions subsequent to the measurement date	249,258	-
Total	<u>\$ 389,950</u>	<u>\$ 541,114</u>

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\$249,258 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, 2017. 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:	
2017	\$ (166,661)
2018	(166,661)
2019	(166,661)
2020	94,433
2021	5,326
2022	(198)
	\$ (400,422)

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

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

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

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

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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	\$ 9,246,101	\$ 7,121,176	\$ 5,338,993

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).

The State made on-behalf payments to the Oklahoma Police Pension and Retirement System of \$312,669 (or 12.1% of covered payroll).

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a net pension liability of \$35,326 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total

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contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was 0.8663842%.

For the year ended June 30, 2016, the City recognized pension expense of \$134,427. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 195,340
Net difference between projected and actual earnings on pension plan investments	-	135,933
Changes in proportion and differences between contributions and proportionate share of contributions	13,996	-
Contributions during measurement date	-	3,689
City contributions subsequent to the measurement date	337,314	-
Total	<u>\$ 351,310</u>	<u>\$ 334,962</u>

\$337,314 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. 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:	
2017	\$ (142,201)
2018	(142,201)
2019	(142,201)
2020	118,732
2021	(13,095)
	<u>\$ (320,966)</u>

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

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

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Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

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

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

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

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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 (asset)	\$ 2,122,729	\$ 35,326	\$ (1,724,434)

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

Summary of Contributions – Cost Sharing Plans:

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2014	\$ 308,922	100%	2014	\$ 250,994	100%
2015	\$ 318,361	100%	2015	\$ 256,635	100%
2016	\$ 337,314	100%	2016	\$ 249,258	100%

Employee Plan:

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

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

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Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>OkMRF Plan</u>
a. Eligible to Participate	Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	10.21% of covered payroll
- Employee Rate	6.0% of covered payroll
c. Period Required to Vest	5 years of credited service; July 2011-new hires 7 years of credited service.
d. Eligibility for Distribution	- Normal retirement at age 65 with 5 years of service - Early retirement at age 55 with 5 years of service - Disability retirement upon disability with 5 years of service - 50% death benefit with 5 years of service for married employees
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
- Normal Retirement	3.0% of final average salary multiplied by credited years of service
- Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
- Disability Retirement	Benefit computed as for normal retirement based upon age and service at termination
- Death Benefit	50% of employee’s accrued benefit, but terminates upon spouse re-marriage
- Prior to 5 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	175
Deferred Vested Former Employees	25
Retirees or Retiree Beneficiaries	<u>36</u>
Total	<u>236</u>

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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 10.21% of covered payroll as of 7-1-15. For the year ended June 30, 2016, the City recognized \$1,100,594 of employer contributions to the plan which is more than the actuarially determined amount based on covered payroll of \$8,298,332.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2015										
a. Actuarial cost method	Entry age normal										
b. Rate of Return on Investments and Discount Rate	7.75%										
c. Projected Salary Increase	Varies between 7.42% and 4% based on age										
d. Post Retirement Cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 st based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%.										
e. Inflation Rate	3%										
f. Mortality Table	UP 1994, with projected mortality improvement										
g. Percent of married employees	100%										
h. Spouse age difference	3 years (female spouses younger)										
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: <table border="0" style="margin-left: 40px;"> <tr><td>Year 1:</td><td>215</td></tr> <tr><td>Year 2:</td><td>140</td></tr> <tr><td>Year 3:</td><td>95</td></tr> <tr><td>Year 4:</td><td>65</td></tr> <tr><td>Year 5:</td><td>40</td></tr> </table>	Year 1:	215	Year 2:	140	Year 3:	95	Year 4:	65	Year 5:	40
Year 1:	215										
Year 2:	140										
Year 3:	95										
Year 4:	65										
Year 5:	40										
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011										

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2015 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.40%	1.35%
Small/mid cap stocks Russell 2500	10%	7.50%	0.75%
Long/short equity MSCI ACWI	10%	6.10%	0.61%
International stocks MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate NCREIF	5%	4.80%	0.24%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	100%		4.75%

Changes in Net Pension (Asset) Liability– The total pension liability was determined based on an actuarial valuation performed as of July 1, 2015 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension

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liability. There were also no changes between the measurement date of July 1, 2015 and the City's report ending date of June 30, 2016, that would have had a significant impact on the net pension (asset) liability. The following table reports the components of changes in net pension (asset) liability:

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances Beginning of Year	\$ 21,456,621	\$22,817,496	\$ (1,360,875)
Changes for the Year:			
Service cost	1,258,516	-	1,258,516
Interest expense	1,640,888	-	1,640,888
Experience losses (gains) (amortized over avg remain svc period of actives & inactives)	(371,969)		(371,969)
Contributions--City	-	1,014,468	(1,014,468)
Contributions--members	-	479,653	(479,653)
Net investment income	-	654,125	(654,125)
Benefits paid	(578,537)	(578,537)	-
Plan administrative expenses	-	(48,122)	48,122
Net Changes	<u>1,948,898</u>	<u>1,521,587</u>	<u>427,311</u>
Balances End of Year	<u>\$ 23,405,519</u>	<u>\$24,339,083</u>	<u>\$ (933,564)</u>

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability (Asset)	\$2,512,274	\$ (933,564)	\$(3,780,151)

The City reported \$433,149 in pension expense for the year ended June 30, 2016. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 313,391
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	177,150	-
Changes in proportion and differences between contributions and proportionate share of contributions	14,072	10,675
City contributions subsequent to the measurement date	855,186	-
Total	<u>\$ 1,046,408</u>	<u>\$ 324,066</u>

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

Year ended June 30:	
2017	\$ (85,211)
2018	(85,211)
2019	(85,209)
2020	201,007
2021	(57,943)
Thereafter	<u>(20,277)</u>
	<u>\$ (132,844)</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, 2016, 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, 2016 were \$137,309.

Annual OPEB Cost and Net OPEB Obligation

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

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

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

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

Annual required contribution	\$ 597,330
Interest on net OPEB obligation	100,396
Amortization of NOO	<u>(159,695)</u>
Annual OPEB cost (expense)	538,031
Contributions made	<u>(110,331)</u>
Increase in net OPEB obligation	427,700
Net OPEB obligation—beginning of year	<u>2,179,547</u>
Net OPEB obligation—end of year	<u><u>\$ 2,607,247</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2016 was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Unfunded OPEB Obligation</u>
6/30/10	\$541,101	33.43%	\$360,229
6/30/11	\$557,311	33.17%	\$726,110
6/30/12	\$528,305	30.30%	\$1,104,919
6/30/13	\$528,305	28.29%	\$1,483,729
6/30/14	\$439,667	20.87%	\$1,831,638
6/30/15	\$347,909	26.37%	\$2,179,547
6/30/16	\$427,700	25.79%	\$2,607,244

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

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs

between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 3.8 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.12 percent initially, reduced by decrements to an ultimate rate of 4.87 percent in 2060, based upon dependent rates. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over 30 years as level payments. The remaining amortization period at June 30, 2016, was twenty-four years.

12. New Accounting Pronouncements

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the City's consideration of the impact of these pronouncements are described below:

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – GASB No. 73 was issued in June 2016 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2016. The requirements of this Statement is for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 73 will have on its net position.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - GASB No. 74 was issued in June 2016, and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 74 will have on its net position.

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Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – GASB No. 75 was issued in June 2016, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* – GASB No. 76 was issued in June 2016, and was issued to identify the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 76 will have on its net position.

GASB Statement No. 77, *Tax Abatement Disclosures* - GASB 77 was issued in August 2016, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The City has not yet determined the impact that implementation of GASB 77 will have on its net position.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* – GASB 78 was issued in December 2016, and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The City has not yet determined the impact that implementation of GASB 78 will have on its net position.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* – GASB 79 was issued in December 2016, and establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the criteria. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. The requirements of this Statement are effective for financial statements for periods beginning after

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June 15, 2016, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2016. The City has not yet determined the impact that implementation of GASB 79 will have on its net position.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* – GASB 80 was issued January 2016, and amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – GASB 81 was issued in March 2016, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City does not believe that GASB No. 81 will have significant impact on its financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the ion to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2016

GENERAL FUND				
Budget and Actual (with Variances) - Budgetary Basis				
Year Ended June 30, 2016				
	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 10,627,500	\$ 10,627,500	\$ 10,258,323	\$ (369,177)
Licenses and permits	139,000	139,000	132,559	(6,441)
Intergovernmental	350,000	350,000	361,615	11,615
Charges for services	205,000	205,000	182,483	(22,517)
Fines and Forfeitures	181,000	181,000	185,167	4,167
Investment earnings	3,500	3,500	4,302	802
Miscellaneous	180,000	180,000	247,361	67,361
Total revenues	<u>11,686,000</u>	<u>11,686,000</u>	<u>11,371,810</u>	<u>(314,190)</u>
EXPENDITURES				
Department:				
<i>General Government:</i>				
Legislative	231,774	181,744	161,051	20,693
Municipal court	89,107	89,107	79,756	9,351
City manager	515,446	518,446	517,516	930
Human resources	310,900	310,900	288,309	22,591
Information tech	1,043,139	993,139	978,344	14,795
Legal	291,215	261,215	242,211	19,004
Finance	571,087	571,087	566,983	4,104
Purchasing	145,396	145,396	132,532	12,864
Engineering	493,903	473,903	425,704	48,199
Development services	631,309	571,309	517,874	53,435
GIS	97,515	101,715	101,697	18
Technical services	613,321	613,321	607,728	5,593
Pension benefits & insurance	707,000	682,800	604,741	78,059
Total General Government	<u>5,741,112</u>	<u>5,514,082</u>	<u>5,224,446</u>	<u>289,636</u>
<i>Public Safety:</i>				
Fire	3,005,983	2,855,983	2,764,643	91,340
Police	4,691,048	4,691,048	4,637,128	53,920
Police jail	135,000	142,000	141,700	300
Animal Control	128,181	128,181	124,554	3,627
Forensic lab	141,200	141,200	131,338	9,862
Emergency dispatch	679,645	679,645	535,820	143,825
Total Public Safety	<u>8,781,057</u>	<u>8,638,057</u>	<u>8,335,183</u>	<u>302,874</u>
<i>Street:</i>				
Street maintenance	1,107,781	1,317,781	1,314,126	3,655
Total Street	<u>1,107,781</u>	<u>1,317,781</u>	<u>1,314,126</u>	<u>3,655</u>
<i>Culture and Recreation:</i>				
Community center	247,199	247,199	219,372	27,827
Community pool	129,360	129,360	101,246	28,114
Parks & recreation	1,034,770	1,034,770	972,678	62,092
R.O.W. maintenance	433,823	433,823	414,228	19,595
Library	869,736	869,736	852,762	16,974
Total Culture and Recreation	<u>2,714,888</u>	<u>2,714,888</u>	<u>2,560,286</u>	<u>154,602</u>
<i>Cemetery:</i>				
Cemetery	321,683	321,683	286,198	35,485
Total Cemetery	<u>321,683</u>	<u>321,683</u>	<u>286,198</u>	<u>35,485</u>
Total Expenditures	<u>18,666,521</u>	<u>18,506,491</u>	<u>17,720,239</u>	<u>786,252</u>
Excess (deficiency) of revenues over expenditures	<u>(6,980,521)</u>	<u>(6,820,491)</u>	<u>(6,348,429)</u>	<u>472,062</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,274,571	5,893,915	5,811,343	(82,572)
Transfers out	(368,500)	(528,500)	(461,000)	67,500
Total other financing sources and uses	<u>5,906,071</u>	<u>5,365,415</u>	<u>5,350,343</u>	<u>(15,072)</u>
Net change in fund balances	(1,074,450)	(1,455,076)	(998,086)	456,990
Fund balances - beginning	2,911,727	2,911,727	3,252,760	341,033
Fund balances - ending	<u>\$ 1,837,277</u>	<u>\$ 1,456,651</u>	<u>\$ 2,254,674</u>	<u>\$ 798,023</u>

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**COMMUNITY ENHANCEMENT FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2016**

	<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	\$ 2,937,600	\$ 2,937,600	\$ 2,854,746	\$ (82,854)
Investment earnings	11,000	11,000	2,816	(8,184)
Miscellaneous	-	-	3,819	3,819
Total revenues	<u>2,948,600</u>	<u>2,948,600</u>	<u>2,861,381</u>	<u>(87,219)</u>
EXPENDITURES				
Departmental:				
General government	<u>887,000</u>	<u>887,000</u>	<u>761,234</u>	<u>125,766</u>
Total General government	<u>887,000</u>	<u>887,000</u>	<u>761,234</u>	<u>125,766</u>
Total Expenditures	<u>887,000</u>	<u>887,000</u>	<u>761,234</u>	<u>125,766</u>
Excess (deficiency) of revenues over expenditures	<u>2,061,600</u>	<u>2,061,600</u>	<u>2,100,147</u>	<u>38,547</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,675,000)</u>	<u>(1,675,000)</u>	<u>(1,675,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(1,675,000)</u>	<u>(1,675,000)</u>	<u>(1,675,000)</u>	<u>-</u>
Net change in fund balances	386,600	386,600	425,147	38,547
Fund balances - beginning	<u>1,332,471</u>	<u>1,332,471</u>	<u>1,704,712</u>	<u>372,241</u>
Fund balances - ending	<u>\$ 1,719,071</u>	<u>\$ 1,719,071</u>	<u>\$ 2,129,859</u>	<u>\$ 410,788</u>

**LIBRARY TRUST FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 93,000	\$ 93,000	\$ 127,595	\$ 34,595
Miscellaneous	<u>290,000</u>	<u>290,000</u>	<u>114,424</u>	<u>(175,576)</u>
Total revenues	<u>383,000</u>	<u>383,000</u>	<u>242,019</u>	<u>(140,981)</u>
EXPENDITURES				
Departmental:				
Culture and recreation	<u>18,877</u>	<u>18,877</u>	<u>10,249</u>	<u>8,628</u>
Total Culture and recreation	<u>18,877</u>	<u>18,877</u>	<u>10,249</u>	<u>8,628</u>
Total Expenditures	<u>18,877</u>	<u>18,877</u>	<u>10,249</u>	<u>8,628</u>
Excess (deficiency) of revenues over expenditures	<u>364,123</u>	<u>364,123</u>	<u>231,770</u>	<u>(132,353)</u>
OTHER FINANCING SOURCES				
Transfers out	<u>(300,000)</u>	<u>(150,000)</u>	<u>(100,000)</u>	<u>50,000</u>
Total other financing sources	<u>(300,000)</u>	<u>(150,000)</u>	<u>(100,000)</u>	<u>50,000</u>
Net change in fund balances	64,123	214,123	131,770	(82,353)
Fund balances - beginning	<u>5,197,319</u>	<u>5,197,319</u>	<u>5,111,090</u>	<u>(86,229)</u>
Fund balances - ending	<u>\$ 5,261,442</u>	<u>\$ 5,411,442</u>	<u>\$ 5,242,860</u>	<u>\$ (168,582)</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 and certain expenditures related to on-behalf payments for police and fire and sales tax revenue transfers. For budgetary purposes, expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Commission. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund	Community Enhancement Fund	Library Trust Fund	GAPS Tax City Fund
Total revenue - budgetary basis	\$ 17,183,153	\$ 2,861,381	\$ 242,019	\$ 2,858,068
Total expenses - budgetary basis	(18,181,239)	(2,436,234)	(110,249)	(1,513,983)
Change in fund balance - budgetary basis	(998,086)	425,147	131,770	1,344,085
Revenue accruals	3,620,426	(9,661)	92,613	(9,661)
Expenditure accruals	(3,843,749)	-	-	-
Change in fund balance - GAAP basis	\$ (1,221,409)	\$ 415,486	\$ 224,383	\$ 1,334,424

**CITY OF ARDMORE, OKLAHOMA
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Schedule of Funding Progress – OPEB Liability

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

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Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability	0.6716109%	0.6709177%
City's proportionate share of the net pension liability	\$ 6,906,497	\$ 7,121,176
City's covered-employee payroll	\$ 1,833,106	\$ 1,780,408
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	377%	400%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%

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

Notes to Schedule:

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

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years**

	<u>2015</u>	<u>2016</u>
Statutorily required contribution	\$ 256,635	\$ 249,258
Contributions in relation to the statutorily required contribution	<u>256,635</u>	<u>249,258</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,833,106	\$ 1,780,408
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Notes to Schedule:

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

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Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.8494%	0.8664%
City's proportionate share of the net pension liability (asset)	\$ (285,990)	\$ 35,326
City's covered-employee payroll	\$ 2,448,435	\$ 2,594,725
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.68%	1.36%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%

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

Notes to Schedule:

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

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years**

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

Notes to Schedule:

Only two 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 and Related Ratios

Last Two Fiscal Years

	2015	2016
Total pension liability		
Service cost	\$ 1,128,774	\$ 1,258,516
Interest	1,559,184	1,640,888
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(371,969)
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(434,050)	(578,537)
Net change in total pension liability	2,253,908	1,948,898
Total pension liability - beginning	19,202,713	21,456,621
Total pension liability - ending (a)	\$ 21,456,621	\$ 23,405,519
Plan fiduciary net position		
Contributions - employer	\$ 1,125,336	\$ 1,014,468
Contributions - member	471,839	479,653
Net investment income	3,129,727	654,125
Benefit payments, including refunds of member contributions	(434,050)	(578,537)
Administrative expense	(46,482)	(48,122)
Net change in plan fiduciary net position	4,246,370	1,521,587
Plan fiduciary net position - beginning	18,571,126	22,817,496
Plan fiduciary net position - ending (b)	\$ 22,817,496	\$ 24,339,083
Net pension liability (asset) - ending (a) - (b)	\$ (1,360,875)	\$ (933,564)
Plan fiduciary net position as a percentage of the total pension liability	106.34%	103.99%
Covered employee payroll	\$ 7,938,819	\$ 8,298,332
Net pension liability (asset) as a percentage of covered-employee payroll	17.14%	11.25%

Notes to Schedule:

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

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**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions	Last Two Fiscal Years	
	2015	2016
Actuarially determined contribution	\$ 1,018,499	\$ 855,186
Contributions in relation to the actuarially determined contribution	1,018,499	855,186
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 7,986,208	\$ 8,298,332
Contributions as a percentage of covered-employee payroll	13%	10%

Notes to Schedule:

1. Only two fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2016
3. Actuarially determined contribution rate is calculated as of July 1, 2014 and July 1, 2015
 FY14-15 contributions were at a rate of 10.2%
 FY15-16 contributions were at a rate of 9.4%
4. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 28 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.00% to 7.42% (varies by attained age)
 - Investment rate of return - 7.50%

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OTHER SUPPLEMENTARY INFORMATION

CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2016

	<u>General Fund</u>	<u>Emergency Management Account</u>	<u>Insurance Recovery Account</u>	<u>Drug Enforcement Account</u>	<u>City Lakes Account</u>	<u>OHP Account</u>	<u>Recreation Account</u>
ASSETS							
Cash and cash equivalents	\$ 2,199,261	\$ 4,796	\$ 68,697	\$ 6,307	\$ 2,160	\$ 36,443	\$ 9,656
Investments	113,633	-	-	-	-	-	-
Receivable from other governments	1,666,774	-	-	-	-	-	-
Due from other funds	645	-	-	-	-	-	-
Court fines receivable, net	114,473	-	-	-	-	-	-
Other receivables	2,953	7,532	-	-	-	-	-
Total assets	<u>\$ 4,097,739</u>	<u>\$ 12,328</u>	<u>\$ 68,697</u>	<u>\$ 6,307</u>	<u>\$ 2,160</u>	<u>\$ 36,443</u>	<u>\$ 9,656</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 933,534	\$ 6,587	\$ 904	\$ -	\$ 1,209	\$ 173	\$ 7,523
Due to other funds	605,514	119	-	-	-	-	1,216
Due to bondholders	11,689	-	-	-	-	-	-
Other payables	402,677	-	-	-	-	-	-
Total liabilities	<u>1,953,414</u>	<u>6,706</u>	<u>904</u>	<u>-</u>	<u>1,209</u>	<u>173</u>	<u>8,739</u>
Deferred Inflows of Resources:							
Deferred revenue	112,974	-	-	-	-	-	-
Fund balances:							
Assigned	1,410,612	5,622	67,793	6,307	951	36,270	917
Unassigned (deficit)	620,739	-	-	-	-	-	-
Total fund balances	<u>2,031,351</u>	<u>5,622</u>	<u>67,793</u>	<u>6,307</u>	<u>951</u>	<u>36,270</u>	<u>917</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,097,739</u>	<u>\$ 12,328</u>	<u>\$ 68,697</u>	<u>\$ 6,307</u>	<u>\$ 2,160</u>	<u>\$ 36,443</u>	<u>\$ 9,656</u>

CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2016, (Continued)

	<u>Library Cash Account</u>	<u>Reserve Management Account</u>	<u>Emergency 911 Account</u>	<u>Car Seat Grant Account</u>	<u>Parks Cash Account</u>	<u>R.S.P. Account</u>	<u>Total General Fund Accounts</u>
ASSETS							
Cash and cash equivalents	\$ 71,249	\$ 2,337,675	\$ -	\$ 7,386	\$ 237,246	\$ -	\$ 4,980,876
Investments	-	1,000,385	-	-	-	-	1,114,018
Receivable from other governments	-	239,344	-	-	-	-	1,906,118
Due from other funds	-	600,489	-	-	34,235	-	635,369
Court fines receivable, net	-	-	-	-	-	-	114,473
Other receivables	-	-	18,000	-	-	-	28,485
Total assets	<u>\$ 71,249</u>	<u>\$ 4,177,893</u>	<u>\$ 18,000</u>	<u>\$ 7,386</u>	<u>\$ 271,481</u>	<u>\$ -</u>	<u>\$ 8,779,339</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 202,075	\$ -	\$ -	\$ 2,070	\$ 660	\$ 1,154,735
Due to other funds	1,459	-	-	-	-	-	608,308
Due to bondholders	-	-	-	-	-	-	11,689
Other payables	-	-	-	-	-	-	402,677
Total liabilities	<u>1,459</u>	<u>202,075</u>	<u>-</u>	<u>-</u>	<u>2,070</u>	<u>660</u>	<u>2,177,409</u>
Deferred Inflows of Resources:							
Deferred revenue	-	-	-	-	-	-	112,974
Fund balances:							
Assigned	69,790	3,975,818	18,000	7,386	269,411	-	5,868,877
Unassigned (deficit)	-	-	-	-	-	(660)	620,079
Total fund balances	<u>69,790</u>	<u>3,975,818</u>	<u>18,000</u>	<u>7,386</u>	<u>269,411</u>	<u>(660)</u>	<u>6,488,956</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 71,249</u>	<u>\$ 4,177,893</u>	<u>\$ 18,000</u>	<u>\$ 7,386</u>	<u>\$ 271,481</u>	<u>\$ -</u>	<u>\$ 8,779,339</u>

CITY OF ARDMORE, OKLAHOMA
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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2016

	General Fund	Emergency Management Account	Insurance Recovery Account	Drug Enforcement Account	City Lakes Account	OHP Account	Recreation Account
REVENUES							
Taxes	\$ 13,049,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,286,360	45,190	-	-	-	-	-
Licenses and permits	132,559	-	-	-	5,418	-	-
Charges for services	136,885	-	-	-	-	-	-
Fines and forfeitures	206,649	-	-	-	-	-	-
Investment earnings	21,634	4	176	10	2	56	4
Miscellaneous	349,312	3,730	163,851	15,843	417	7,200	61,771
Total revenues	<u>15,182,766</u>	<u>48,924</u>	<u>164,027</u>	<u>15,853</u>	<u>5,837</u>	<u>7,256</u>	<u>61,775</u>
EXPENDITURES							
Current:							
General government	4,983,146	-	61,984	-	-	-	-
Public Safety	9,348,697	96,435	-	9,573	-	3,889	-
Street	1,405,051	-	-	-	-	-	-
Culture and recreation	2,522,973	-	-	-	28,689	-	108,085
Cemetery	286,013	-	-	-	-	-	-
Capital Outlay	379,035	259	89,943	9,015	555	3,135	-
Total Expenditures	<u>18,924,915</u>	<u>96,694</u>	<u>151,927</u>	<u>18,588</u>	<u>29,244</u>	<u>7,024</u>	<u>108,085</u>
Excess (deficiency) of revenues over expenditures	<u>(3,742,149)</u>	<u>(47,770)</u>	<u>12,100</u>	<u>(2,735)</u>	<u>(23,407)</u>	<u>232</u>	<u>(46,310)</u>
OTHER FINANCING SOURCES (USES)							
Interaccount transfer in	916,911	56,000	-	-	23,000	-	52,000
Interaccount transfer out	(131,000)	-	-	-	-	-	-
Transfers in	4,703,915	-	-	-	-	-	-
Transfers out	(2,969,086)	-	-	-	-	-	-
Total other financing sources and uses	<u>2,520,740</u>	<u>56,000</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>-</u>	<u>52,000</u>
Net change in fund balances	(1,221,409)	8,230	12,100	(2,735)	(407)	232	5,690
Fund balances - beginning	3,252,760	(2,608)	55,693	9,042	1,358	36,038	(4,773)
Fund balances - ending	<u>\$ 2,031,351</u>	<u>\$ 5,622</u>	<u>\$ 67,793</u>	<u>\$ 6,307</u>	<u>\$ 951</u>	<u>\$ 36,270</u>	<u>\$ 917</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2016,
(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	\$ -	\$ 1,867,500	\$ 216,200	-	\$ -	-	\$ 15,133,067
Intergovernmental	-	-	-	-	-	-	1,331,550
Licenses and permits	-	-	-	-	-	-	137,977
Charges for services	10,384	-	-	-	-	-	147,269
Fines and forfeitures	-	-	-	-	-	-	206,649
Investment earnings	-	6,103	-	-	323	-	28,312
Miscellaneous	7,454	-	-	11,706	100,769	-	722,053
Total revenues	<u>17,838</u>	<u>1,873,603</u>	<u>216,200</u>	<u>11,706</u>	<u>101,092</u>	<u>-</u>	<u>17,706,877</u>
EXPENDITURES							
Current:							
General government	-	285,834	-	7,867	-	-	5,338,831
Public Safety	-	-	-	-	-	-	9,458,594
Street	-	-	-	-	-	14,014	1,419,065
Culture and recreation	12,229	-	-	-	34,782	-	2,706,758
Cemetery	-	-	-	-	-	-	286,013
Capital Outlay	330	781,093	-	-	40,442	-	1,303,807
Total Expenditures	<u>12,559</u>	<u>1,066,927</u>	<u>-</u>	<u>7,867</u>	<u>75,224</u>	<u>14,014</u>	<u>20,513,068</u>
Excess (deficiency) of revenues over expenditures	<u>5,279</u>	<u>806,676</u>	<u>216,200</u>	<u>3,839</u>	<u>25,868</u>	<u>(14,014)</u>	<u>(2,806,191)</u>
OTHER FINANCING SOURCES (USES)							
Interaccount transfer in	-	-	-	-	-	-	1,047,911
Interaccount transfer out	-	(700,000)	(216,911)	-	-	-	(1,047,911)
Transfers in	-	-	-	-	12,746	13,354	4,730,015
Transfers out	-	(122,918)	-	-	-	-	(3,092,004)
Total other financing sources and uses	<u>-</u>	<u>(822,918)</u>	<u>(216,911)</u>	<u>-</u>	<u>12,746</u>	<u>13,354</u>	<u>1,638,011</u>
Net change in fund balances	5,279	(16,242)	(711)	3,839	38,614	(660)	(1,168,180)
Fund balances - beginning	64,511	3,992,060	18,711	3,547	230,797	-	7,657,136
Fund balances - ending	<u>\$ 69,790</u>	<u>\$ 3,975,818</u>	<u>\$ 18,000</u>	<u>\$ 7,386</u>	<u>\$ 269,411</u>	<u>\$ (660)</u>	<u>\$ 6,488,956</u>

CITY OF ARDMORE, OKLAHOMA
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Combining Schedule of Net Position – APWA Water Enterprise Fund Accounts – June 30, 2016

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,990,380	\$ -	\$ -	\$ -	\$ 1,990,380
Restricted cash and cash equivalents	-	212,789	13,227,776	-	13,440,565
Investments	1,500,385	-	-	-	1,500,385
Accounts receivable, net of allowance	730,233	-	-	-	730,233
Due from other funds	175,824	-	-	-	175,824
Inventories	271,078	-	-	-	271,078
Total current assets	<u>4,667,900</u>	<u>212,789</u>	<u>13,227,776</u>	<u>-</u>	<u>18,108,465</u>
Non-current assets:					
Land and construction in progress	85,082	-	-	-	85,082
Other capital assets, net of depreciation	26,081,509	-	-	-	26,081,509
Net pension asset	143,368	-	-	-	143,368
Total non-current assets	<u>26,309,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,309,959</u>
Total assets	<u>30,977,859</u>	<u>212,789</u>	<u>13,227,776</u>	<u>-</u>	<u>44,418,424</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount related to pensions	164,939	-	-	-	164,939
Deferred amount on refunding	-	-	19,702	-	19,702
Total Deferred Outflows of Resources	<u>164,939</u>	<u>-</u>	<u>19,702</u>	<u>-</u>	<u>184,641</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	875,377	-	-	-	875,377
Accrued interest payable	-	-	234,557	-	234,557
Due to other funds	61,462	-	-	-	61,462
Other payables	2,182	-	-	-	2,182
Current portion of:					
Compensated absences	11,637	-	-	-	11,637
Deposits subject to refund	-	42,558	-	-	42,558
Notes payable	-	-	4,225,210	-	4,225,210
Total current liabilities	<u>950,658</u>	<u>42,558</u>	<u>4,459,767</u>	<u>-</u>	<u>5,452,983</u>
Non-current liabilities:					
Compensated absences	104,729	-	-	-	104,729
Deposits subject to refund	-	170,231	-	-	170,231
Net OPEB obligation	282,820	-	-	-	282,820
Notes payable	-	-	36,304,970	-	36,304,970
Total non-current liabilities	<u>387,549</u>	<u>170,231</u>	<u>36,304,970</u>	<u>-</u>	<u>36,862,750</u>
Total liabilities	<u>1,338,207</u>	<u>212,789</u>	<u>40,764,737</u>	<u>-</u>	<u>42,315,733</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	48,128	-	-	-	48,128
NET POSITION					
Net investment in capital assets	26,166,591	-	(40,530,180)	-	(14,363,589)
Unrestricted	3,589,872	-	13,012,921	-	16,602,793
Total net position	<u>\$ 29,756,463</u>	<u>\$ -</u>	<u>\$ (27,517,259)</u>	<u>\$ -</u>	<u>\$ 2,239,204</u>

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

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
REVENUES					
Water	\$ 6,135,690	\$ -	\$ -	\$ -	\$ 6,135,690
Total operating revenues	<u>6,135,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,135,690</u>
OPERATING EXPENSES					
Water operations	2,909,429	-	-	-	2,909,429
Administration	-	-	132,113	-	132,113
Depreciation	1,963,513	-	-	-	1,963,513
Total Operating Expenses	<u>4,872,942</u>	<u>-</u>	<u>132,113</u>	<u>-</u>	<u>5,005,055</u>
Operating income	<u>1,262,748</u>	<u>-</u>	<u>(132,113)</u>	<u>-</u>	<u>1,130,635</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	6,608	-	697	-	7,305
Miscellaneous revenue	5,200	-	-	-	5,200
Gain on sale of capital assets	1,448	-	-	-	1,448
Interest expense	-	-	(847,777)	-	(847,777)
Total non-operating revenue (expenses)	<u>13,256</u>	<u>-</u>	<u>(847,080)</u>	<u>-</u>	<u>(833,824)</u>
Income (loss) before contributions and transfers	1,276,004	-	(979,193)	-	296,811
Capital contributions	489,032	-	-	-	489,032
Interaccount transfer in	-	-	2,082,658	-	2,082,658
Interaccount transfer out	(2,082,658)	-	-	-	(2,082,658)
Transfers in	1,422,543	-	2,052,785	-	3,475,328
Transfers out	(1,498,443)	-	(359,295)	-	(1,857,738)
Change in net position	<u>(393,522)</u>	<u>-</u>	<u>2,796,955</u>	<u>-</u>	<u>2,403,433</u>
Total net position - beginning	30,149,985	-	(30,314,214)	-	(164,229)
Total net position - ending	<u>\$ 29,756,463</u>	<u>\$ -</u>	<u>\$ (27,517,259)</u>	<u>\$ -</u>	<u>\$ 2,239,204</u>

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

	Special Revenue Funds									
	Other Police Grants	Street and Alley	Library State Grant	Historical Grant	Pass Thru Grants	FAA Grant	Mayor's Anti Crime	Homeland Security Grant	JAG LLEBG Grant	ADA Industrial
ASSETS										
Cash and cash equivalents	\$ -	\$ 4,773	\$ 43,138	\$ 1,119	\$ -	\$ -	\$ 81,363	\$ 975	\$ -	\$ -
Receivable from other governments	-	20,769	-	5,697	-	374,464	-	-	-	175,824
Due from other funds	-	-	-	-	-	-	6,662	-	-	-
Other taxes receivable, net	-	-	-	-	3,121	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 25,542</u>	<u>\$ 43,138</u>	<u>\$ 6,816</u>	<u>\$ 3,121</u>	<u>\$ 374,464</u>	<u>\$ 88,025</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 175,824</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ 39,724	\$ 12,206	\$ 60	\$ -	\$ 479,147	\$ 1,250	\$ -	\$ -	\$ -
Due to other funds	6,392	-	180	-	-	489	-	270	-	-
Due to component unit	-	-	-	-	-	-	-	-	-	175,824
Total liabilities	<u>6,392</u>	<u>39,724</u>	<u>12,386</u>	<u>60</u>	<u>-</u>	<u>479,636</u>	<u>1,250</u>	<u>-</u>	<u>270</u>	<u>175,824</u>
Deferred Inflows of Resources:										
Deferred revenue	-	-	-	5,637	3,121	-	-	-	-	-
Fund balances:										
Restricted	-	-	29,451	233	-	-	85,593	-	-	-
Assigned	-	-	1,301	886	-	-	1,182	975	-	-
Unassigned (deficit)	(6,392)	(14,182)	-	-	-	(105,172)	-	-	(270)	-
Total fund balances	<u>(6,392)</u>	<u>(14,182)</u>	<u>30,752</u>	<u>1,119</u>	<u>-</u>	<u>(105,172)</u>	<u>86,775</u>	<u>975</u>	<u>(270)</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ -</u>	<u>\$ 25,542</u>	<u>\$ 43,138</u>	<u>\$ 6,816</u>	<u>\$ 3,121</u>	<u>\$ 374,464</u>	<u>\$ 88,025</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 175,824</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2016, (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	\$ -	\$ 49,889	\$ 38,611	\$ 51,836	\$ 34,367	\$ 131,445	\$ 599,502	\$ -	\$ 153,861
Receivable from other governments	-	-	6,436	-	-	94,374	-	-	-
Due from other funds	-	1,459	-	25,105	-	-	-	-	-
Other taxes receivable, net	96,807	-	-	17,832	-	-	-	-	-
Total assets	<u>\$ 96,807</u>	<u>\$ 51,348</u>	<u>\$ 45,047</u>	<u>\$ 94,773</u>	<u>\$ 34,367</u>	<u>\$ 225,819</u>	<u>\$ 599,502</u>	<u>\$ -</u>	<u>\$ 153,861</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ 9,118	\$ -	\$ 10,875	\$ -	\$ 34,764	\$ -	\$ -	\$ 9,175
Due to other funds	-	-	-	-	-	-	-	-	-
Due to component unit	96,807	-	-	-	-	-	-	-	-
Total liabilities	<u>96,807</u>	<u>9,118</u>	<u>-</u>	<u>10,875</u>	<u>-</u>	<u>34,764</u>	<u>-</u>	<u>-</u>	<u>9,175</u>
Deferred Inflows of Resources:									
Deferred revenue	-	-	6,436	6,957	-	68,993	-	-	-
Fund balances:									
Restricted	-	42,230	38,611	76,941	-	-	-	-	144,686
Assigned	-	-	-	-	34,367	122,062	599,502	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>42,230</u>	<u>38,611</u>	<u>76,941</u>	<u>34,367</u>	<u>122,062</u>	<u>599,502</u>	<u>-</u>	<u>144,686</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 96,807</u>	<u>\$ 51,348</u>	<u>\$ 45,047</u>	<u>\$ 94,773</u>	<u>\$ 34,367</u>	<u>\$ 225,819</u>	<u>\$ 599,502</u>	<u>\$ -</u>	<u>\$ 153,861</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2016, (Continued)

	<u>Capital Project Funds</u>		<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
	<u>Library Capital Improvement</u>	<u>Valley Ranch Road Assessment</u>	<u>Debt Service Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 171,446	\$ 71,627	\$ 24,152	\$ 1,458,104
Receivable from other governments	-	-	6,410	683,974
Due from other funds	-	-	-	33,226
Other taxes receivable, net	-	-	-	117,760
Total assets	<u>\$ 171,446</u>	<u>\$ 71,627</u>	<u>\$ 30,562</u>	<u>\$ 2,293,064</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 19,621	\$ -	\$ -	\$ 615,940
Due to other funds	631	-	-	7,962
Due to component unit	-	-	-	272,631
Total liabilities	<u>20,252</u>	<u>-</u>	<u>-</u>	<u>896,533</u>
Deferred Inflows of Resources:				
Deferred revenue	-	-	4,358	95,502
Fund balances:				
Restricted	142,468	-	26,204	586,417
Assigned	8,726	71,627	-	840,628
Unassigned (deficit)	-	-	-	(126,016)
Total fund balances	<u>151,194</u>	<u>71,627</u>	<u>26,204</u>	<u>1,301,029</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 171,446</u>	<u>\$ 71,627</u>	<u>\$ 30,562</u>	<u>\$ 2,293,064</u>

CITY OF ARDMORE, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2016

	Special Revenue Funds									
	Other Police Grants	Street and Alley	Library State Grant	Historical Grant	Pass Thru Grants	FAA Grant	Mayor's Anti Crime	Homeland Security Grant	JAG LLEBG Grant	ADA Industrial
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,422,543
Intergovernmental	3,000	231,339	25,271	1,331	-	804,461	-	-	38,212	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	6	53	-	-	-	113	-	-	-
Miscellaneous	-	-	17,260	12	-	39,490	177,898	-	-	-
Total revenues	<u>3,000</u>	<u>231,345</u>	<u>42,584</u>	<u>1,343</u>	<u>-</u>	<u>843,951</u>	<u>178,011</u>	<u>-</u>	<u>38,212</u>	<u>1,422,543</u>
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	1,422,543
Public Safety	3,000	-	-	-	-	-	15,000	-	15,461	-
Street	-	513,353	-	-	-	-	-	-	-	-
Culture and recreation	-	-	16,209	6,968	-	-	-	-	-	-
Airport	-	-	-	-	-	955,491	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Capital Outlay	6,392	-	17,394	-	-	-	-	-	23,021	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>9,392</u>	<u>513,353</u>	<u>33,603</u>	<u>6,968</u>	<u>-</u>	<u>955,491</u>	<u>15,000</u>	<u>-</u>	<u>38,482</u>	<u>1,422,543</u>
Excess (deficiency) of revenues over expenditures	<u>(6,392)</u>	<u>(282,008)</u>	<u>8,981</u>	<u>(5,625)</u>	<u>-</u>	<u>(111,540)</u>	<u>163,011</u>	<u>-</u>	<u>(270)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	259,500	-	-	-	-	-	-	-	-
Transfers out	-	(13,354)	-	-	-	-	(135,000)	-	-	-
Total other financing sources and uses	<u>-</u>	<u>246,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(6,392)	(35,862)	8,981	(5,625)	-	(111,540)	28,011	-	(270)	-
Fund balances - beginning	-	21,680	21,771	6,744	-	6,368	58,764	975	-	-
Fund balances - ending	<u>\$ (6,392)</u>	<u>\$ (14,182)</u>	<u>\$ 30,752</u>	<u>\$ 1,119</u>	<u>\$ -</u>	<u>\$ (105,172)</u>	<u>\$ 86,775</u>	<u>\$ 975</u>	<u>\$ (270)</u>	<u>\$ -</u>

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CITY OF ARDMORE, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2016, (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	\$ 912,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	38,611	63,491	-	742,544	-	-	-
Charges for services	-	-	-	-	16,045	194,926	-	-	18,073
Investment earnings	-	-	-	-	47	76	1,107	-	238
Miscellaneous	-	28,000	-	-	2,900	672	172,074	-	-
Total revenues	<u>912,083</u>	<u>28,000</u>	<u>38,611</u>	<u>63,491</u>	<u>18,992</u>	<u>938,218</u>	<u>173,181</u>	<u>-</u>	<u>18,311</u>
EXPENDITURES									
Current:									
General government	-	-	-	21,749	-	-	5	-	-
Public Safety	-	-	-	-	6,103	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-
Culture and recreation	-	7,522	-	-	-	-	-	-	-
Airport	-	-	-	-	-	123,315	-	-	-
Economic development	912,083	-	-	-	-	-	-	-	-
Capital Outlay	-	18,178	-	-	10,047	855,770	191,935	-	21,162
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>912,083</u>	<u>25,700</u>	<u>-</u>	<u>21,749</u>	<u>16,150</u>	<u>979,085</u>	<u>191,940</u>	<u>-</u>	<u>21,162</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,300</u>	<u>38,611</u>	<u>41,742</u>	<u>2,842</u>	<u>(40,867)</u>	<u>(18,759)</u>	<u>-</u>	<u>(2,851)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	122,918	-	-	-
Transfers out	-	-	-	-	-	-	(250,000)	(12,746)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,918</u>	<u>(250,000)</u>	<u>(12,746)</u>	<u>-</u>
Net change in fund balances	-	2,300	38,611	41,742	2,842	82,051	(268,759)	(12,746)	(2,851)
Fund balances - beginning	-	39,930	-	35,199	31,525	40,011	868,261	12,746	147,537
Fund balances - ending	<u>\$ -</u>	<u>\$ 42,230</u>	<u>\$ 38,611</u>	<u>\$ 76,941</u>	<u>\$ 34,367</u>	<u>\$ 122,062</u>	<u>\$ 599,502</u>	<u>\$ -</u>	<u>\$ 144,686</u>

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

	<u>Capital Project Funds</u>		<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
	<u>Library Capital Improvement</u>	<u>Valley Ranch Road Assessment</u>	<u>Debt Service Fund</u>	
REVENUES				
Taxes	\$ -	\$ -	186,633	\$ 2,521,259
Intergovernmental	-	-	-	1,948,260
Charges for services	-	-	-	229,044
Investment earnings	253	109	-	2,002
Miscellaneous	4,445	1,161	-	443,912
Total revenues	<u>4,698</u>	<u>1,270</u>	<u>186,633</u>	<u>5,144,477</u>
EXPENDITURES				
Current:				
General government	-	-	-	1,444,297
Public Safety	-	-	-	39,564
Highways and roads	-	-	-	513,353
Culture and recreation	89,901	-	-	120,600
Airport	-	-	-	1,078,806
Economic development	-	-	-	912,083
Capital Outlay	58,562	-	-	1,202,461
Debt Service:				
Principal	-	-	173,198	173,198
Interest and other charges	-	-	17,319	17,319
Total Expenditures	<u>148,463</u>	<u>-</u>	<u>190,517</u>	<u>5,501,681</u>
Excess (deficiency) of revenues over expenditures	<u>(143,765)</u>	<u>1,270</u>	<u>(3,884)</u>	<u>(357,204)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	-	-	482,418
Transfers out	-	-	-	(411,100)
Total other financing sources and uses	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>71,318</u>
Net change in fund balances	(43,765)	1,270	(3,884)	(285,886)
Fund balances - beginning	194,959	70,357	30,088	1,586,915
Fund balances - ending	<u>\$ 151,194</u>	<u>\$ 71,627</u>	<u>\$ 26,204</u>	<u>\$ 1,301,029</u>

**CITY OF ARDMORE, OKLAHOMA
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Combining Statement of Net Position – Nonmajor Enterprise Funds – June 30, 2016

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,184	\$ 24,895	\$ 28,079
Total current assets	<u>3,184</u>	<u>24,895</u>	<u>28,079</u>
Non-current assets:			
Capital assets:			
Other capital assets, net of accumulated depreciation	755,613	-	755,613
Total non-current assets	<u>755,613</u>	<u>-</u>	<u>755,613</u>
Total assets	<u>758,797</u>	<u>24,895</u>	<u>783,692</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	467	143	610
Total liabilities	<u>467</u>	<u>143</u>	<u>610</u>
NET POSITION			
Net investment in capital assets	755,613	-	755,613
Unrestricted	2,717	24,752	27,469
Total net position	<u>\$ 758,330</u>	<u>\$ 24,752</u>	<u>\$ 783,082</u>

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Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds – Year Ended June 30, 2016

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
REVENUES			
Charges for services - Golf	\$ 420,498	\$ 8,709	\$ 429,207
Miscellaneous	10,305	375	10,680
Total operating revenues	<u>430,803</u>	<u>9,084</u>	<u>439,887</u>
OPERATING EXPENSES			
Golf operations	557,792	571	558,363
Depreciation	57,675	-	57,675
Total operating expenses	<u>615,467</u>	<u>571</u>	<u>616,038</u>
Operating income (loss)	<u>(184,664)</u>	<u>8,513</u>	<u>(176,151)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	16	32	48
Total non-operating revenue (expenses)	<u>16</u>	<u>32</u>	<u>48</u>
Income (loss) before contributions and transfers	<u>(184,648)</u>	<u>8,545</u>	<u>(176,103)</u>
Capital contributions	106,706	-	106,706
Transfers in	124,000	-	124,000
Transfers out	-	-	-
Change in net position	<u>46,058</u>	<u>8,545</u>	<u>54,603</u>
Total net position - beginning	712,272	16,207	728,479
Total net position - ending	<u>\$ 758,330</u>	<u>\$ 24,752</u>	<u>\$ 783,082</u>

**CITY OF ARDMORE, OKLAHOMA
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Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Year Ended June 30, 2016

	Lakeview Golf Course	Golf Course Building	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 430,803	\$ 9,084	\$ 439,887
Payments to suppliers and employees	(557,325)	(428)	(557,753)
Net cash provided by (used in) operating activities	<u>(126,522)</u>	<u>8,656</u>	<u>(117,866)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	124,000	-	124,000
Transfers to other funds	-	-	-
Net cash provided by noncapital financing activities	<u>124,000</u>	<u>-</u>	<u>124,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	16	32	48
Net cash provided by investing activities	<u>16</u>	<u>32</u>	<u>48</u>
Net increase (decrease) in cash and cash equivalents	(2,506)	8,688	6,182
Balances - beginning of year	<u>5,690</u>	<u>16,207</u>	<u>21,897</u>
Balances - end of year	<u>\$ 3,184</u>	<u>\$ 24,895</u>	<u>\$ 28,079</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 3,184	\$ 24,895	\$ 28,079
Total cash and cash equivalents, end of year	<u>\$ 3,184</u>	<u>\$ 24,895</u>	<u>\$ 28,079</u>
Reconciliation of operating income (loss) to net cash provided by (used in)			
Operating Activities:			
Operating income (loss)	\$ (184,664)	\$ 8,513	\$ (176,151)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	57,675	-	57,675
Change in assets and liabilities:			
Accounts payable	467	143	610
Net cash provided by (used in) operating activities	<u>\$ (126,522)</u>	<u>\$ 8,656</u>	<u>\$ (117,866)</u>
Noncash activities:			
Contributed capital assets	\$ 106,706	\$ -	\$ 106,706
	<u>\$ 106,706</u>	<u>\$ -</u>	<u>\$ 106,706</u>

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

Combining Statement of Net Position – Internal Service Funds – June 30, 2016

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,545	\$ 300,102	\$ 307,647
Investments	-	300,000	300,000
Due from other funds	19,060	310,601	329,661
Inventories	21,826	-	21,826
Total assets	<u>48,431</u>	<u>910,703</u>	<u>959,134</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	32,705	-	32,705
Due to other funds	8,876	-	8,876
Due to employees	-	12,097	12,097
Compensated absences	2,399	-	2,399
Total current liabilities	<u>43,980</u>	<u>12,097</u>	<u>56,077</u>
Non-current liabilities:			
Compensated absences	21,598	-	21,598
Net OPEB obligation	37,632	-	37,632
Claims payable	-	471,625	471,625
Total non-current liabilities	<u>59,230</u>	<u>471,625</u>	<u>530,855</u>
Total liabilities	<u>103,210</u>	<u>483,722</u>	<u>586,932</u>
NET POSITION			
Unrestricted (deficit)	(54,779)	426,981	372,202
Total net position	<u>\$ (54,779)</u>	<u>\$ 426,981</u>	<u>\$ 372,202</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2016

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 741,159	\$ 3,667,982	\$ 4,409,141
Total operating revenues	<u>741,159</u>	<u>3,667,982</u>	<u>4,409,141</u>
OPERATING EXPENSES			
General government	743,363	4,424,672	5,168,035
Total operating expenses	<u>743,363</u>	<u>4,424,672</u>	<u>5,168,035</u>
Operating income (loss)	<u>(2,204)</u>	<u>(756,690)</u>	<u>(758,894)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	2	2,081	2,083
Total non-operating revenue (expenses)	<u>2</u>	<u>2,081</u>	<u>2,083</u>
Change in net position	(2,202)	(754,609)	(756,811)
Total net position - beginning	(52,577)	1,181,590	1,129,013
Total net position - ending	<u>\$ (54,779)</u>	<u>\$ 426,981</u>	<u>\$ 372,202</u>

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

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2016

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 741,159	\$ 3,667,982	\$ 4,409,141
Receipts (payments) from (to) other funds	487	(24,002)	(23,515)
Payments to suppliers	(374,771)	-	(374,771)
Payments to employees	(361,027)	-	(361,027)
Claims and judgements paid	-	(4,401,219)	(4,401,219)
Net cash provided by (used in) operating activities	<u>5,848</u>	<u>(757,239)</u>	<u>(751,391)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	-	200,157	200,157
Interest and dividends	2	2,081	2,083
Net cash provided by investing activities	<u>2</u>	<u>202,238</u>	<u>202,240</u>
Net increase (decrease) in cash and cash equivalents	5,850	(555,001)	(549,151)
Balances - beginning of year	<u>1,695</u>	<u>855,103</u>	<u>856,798</u>
Balances - end of year	<u>\$ 7,545</u>	<u>\$ 300,102</u>	<u>\$ 307,647</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 7,545	\$ 300,102	\$ 307,647
Total cash and cash equivalents, end of year	<u>\$ 7,545</u>	<u>\$ 300,102</u>	<u>\$ 307,647</u>
Reconciliation of operating income (loss) to net cash provided by (used in)			
Operating Activities:			
Operating income (loss)	\$ (2,204)	\$ (756,690)	\$ (758,894)
Change in assets and liabilities:			
Due from other funds	-	(24,002)	(24,002)
Inventory	(1,023)	-	(1,023)
Accounts payable	6,201	-	6,201
Due to other funds	487	-	487
Claims payable	-	24,002	24,002
Other post-employment benefit obligation	7,869	-	7,869
Accrued compensated absences	(5,482)	(549)	(6,031)
Net cash provided by (used in) operating activities	<u>\$ 5,848</u>	<u>\$ (757,239)</u>	<u>\$ (751,391)</u>

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

Schedule of Expenditures of Federal Awards

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Pass Thru Number	Program or Award Amount	Federal Expenditures
FEDERAL ASSISTANCE:				
<u>U.S. DEPARTMENT OF INTERIOR:</u>				
Passed through Oklahoma Historical Society: Historic Preservation Fund Grants-In-Aid	15.904	15-613	9,000	5,637
Total U.S. Department of Justice			9,000	5,637
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bureau of Justice Assistance - JAG Grant	16.738	2013-DJ-BX-0697	29,395	285
Bureau of Justice Assistance - JAG Grant	16.738	2014-DJ-BX-0324	31,942	7,072
Bureau of Justice Assistance - JAG Grant	16.738	2015-DJ-BX-0733	30,855	30,855
Sub-total CFDA 16.738			92,192	38,212
District Attorney's Council	16.742	2015CDBX0004	3,000	3,000
Sub-total CFDA 16.742			3,000	3,000
Bureau of Justice Assistance - Bulletproof Vest Partnership	16.607	2014 BVP	6,548	
Bureau of Justice Assistance - Bulletproof Vest Partnership	16.607	2015 BVP	3,121	3,121
Sub-total CFDA 16.607			9,669	3,121
Total U.S. Department of Justice			104,861	44,333
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Airport Improvement Program	20.106	3-40-0005-013-2011	272,222	24,276
Airport Improvement Program	20.106	3-40-0006-013-2013	94,680	3,565
Airport Improvement Program	20.106	3-40-0006-014-2014	822,426	713,598
Airport Improvement Program	20.106	3-40-0005-015-2015	886,428	780,185
Airport Improvement Program	20.106	3-40-0006-015-2015	198,850	49,380
Total U.S. Department of Transportation			2,274,606	1,571,004
<u>U.S. DEPARTMENT OF LIBRARIES:</u>				
Grants to States - E-book grant	45.310	CE-2016	3,367	3,367
Total U.S. Department of Libraries			3,367	3,367
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management:				
Emergency Mgmt Reimb - State 13-14	97.042	EMPG 15	30,126	7,532
Emergency Mgmt Reimb - State 14-15	97.042	EMPG 16	30,126	22,595
Sub-total CFDA 97.042			60,252	30,127
Passed through Oklahoma Department of Emergency Management:				
Hazard Mitigation Plan	97.036	FEMA-4109-DR-OK	46,838	21,750
FEMA DR 4222 (Tornadoes, Severe Storms, Winds)	97.036	PA-06-OK-4222-PW-01160(0)	19,684	19,684
FEMA DR 4222 (Tornadoes, Severe Storms, Winds)	97.036	PA-06-OK-4222-PW-01197(0)	18,927	18,927
FEMA DR 4222 (Tornadoes, Severe Storms, Winds)	97.036	PA-06-OK-4222-PW-00842(0)	27,301	27,301
FEMA DR 4222 (Tornadoes, Severe Storms, Winds)	97.036	PA-06-OK-4222-PW-00897(0)	14,441	14,441
Sub-total CFDA 97.036			127,191	102,103
Total U.S. Department of Homeland Security			187,443	132,230
TOTAL FEDERAL ASSISTANCE			\$ 2,579,277	\$ 1,756,571

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

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

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
Oklahoma Department of Libraries:			
State Aid	N/A	\$21,904	\$21,904
Emergency Management Department:			
FEMA DR 4222 - State Portion	PA-06-OK-4222-PW-01160(0)	3,281	3,281
FEMA DR 4222 - State Portion	PA-06-OK-4222-PW-01197(0)	3,155	3,155
FEMA DR 4222 - State Portion	PA-06-OK-4222-PW-00842(0)	4,550	4,550
FEMA DR 4222 - State Portion	PA-06-OK-4222-PW-00897(0)	2,407	2,407
Oklahoma Attorney General's Office:			
2014 Safe OK Grant	Safe OK 2014	61,285	19,424
Oklahoma Aeronautics Commission:			
State Portion	3-40-0005-015-2015	32,575	25,381
TOTAL STATE AWARDS		\$129,157	\$80,102

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

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

2. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION

Russell & Williams CPAs, PC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ardmore, Oklahoma, as of and for the year ended June 30, 2016, 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 March 13, 2017. The City of Ardmore, Oklahoma has chosen to omit all financial information related to its discretely presented component units, the inclusion of which is required by Generally Accepted Accounting Principles. Our opinions on the basic financial statements referred to above contains an adverse opinion related to the omission of the financial information of the discretely presented component units, and also contains a disclaimer of opinion on required supplemental information.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in cursive script that reads "Linnell & Williams CPAs P.C."

Oklahoma City, Oklahoma
March 13, 2017

Russell & Williams CPAs, PC

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the City of Ardmore, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Ardmore, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ardmore, Oklahoma's internal control over compliance.

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

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

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



Oklahoma City, Oklahoma
March 13, 2017

City of Ardmore, Oklahoma
Schedule of Findings and Questioned costs
For the Year Ending June 30, 2015

Summary of Auditor's Results

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

Findings-Financial Statements Audit

None