



CITY OF ARDMORE, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE YEAR ENDED

JUNE 30, 2013

**THE CITY OF ARDMORE,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

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**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

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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, 2013, 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, 2013, 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, 2013, 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 and 63–65 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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 schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States 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 the schedules of expenditures of 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 July 14, 2014, 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
July 14, 2014

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2013

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, 2013. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2013, the City's total net position increased by \$1,154,042 or 1.6% from the prior year.
- During the year, the City's expenses for governmental activities were \$30.9 million and were funded by program revenues of \$4.6 million and further funded with taxes and other general revenues that totaled \$28.1 million.
- In the City's business-type activities, such as utilities, expenses exceed program revenues by \$1,876,156.
- At June 30, 2013, unassigned fund balance for the General Fund was \$3,575,123, or 20.8% of the total General Fund revenues for the year.
- For budgetary reporting purposes, the General Fund reported revenues over estimates (excluding transfers) of \$179,430 or 1.7%, while expenditures were under the final appropriations (excluding transfers) by \$607,824 or 3.4%.
- Due to the implementation of GASB 65 in the current year, the City restated beginning net position for the removal of unamortized issue costs in the amount of \$175,351 for governmental activities and \$230,010 for business-type activities.

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, and 39. 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.

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 and liabilities 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.

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 and deferred outflows and liabilities and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other 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 three 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, as discretely-presented component units, the 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.

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.

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

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2013

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 exceeded liabilities by approximately \$73.2 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	(Restated)			(Restated)			(Restated)		
	2013	2012		2013	2012		2013	2012	
Current and other assets	\$ 30,465	\$ 30,163	1%	\$ 11,984	\$ 12,654	-5%	\$ 42,449	\$ 42,817	-1%
Capital assets, net	27,691	28,906	-4%	51,057	52,893	-3%	78,748	81,799	-4%
Total assets	58,156	59,069	-2%	63,041	65,547	-4%	121,197	124,616	-3%
Current liabilities	4,089	3,529	-16%	3,533	3,683	4%	7,622	7,212	-6%
Non-current liabilities	11,534	13,816	17%	28,814	31,515	9%	40,348	45,331	11%
Total liabilities	15,623	17,345	10%	32,347	35,198	8%	47,970	52,543	9%
Net position									
Net investment in capital assets	17,433	16,070	8%	20,726	21,237	-2%	38,159	37,307	2%
Restricted	15,113	16,475	-8%	-	-	-	15,113	16,475	-8%
Unrestricted	9,987	9,179	9%	9,968	9,112	9%	19,955	18,291	9%
Total net position	\$ 42,533	\$ 41,724	2%	\$ 30,694	\$ 30,349	1%	\$ 73,227	\$ 72,073	2%

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 2013, this net investment in capital assets amounted to \$38.2 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of the City's governmental activities increased 1.9 percent to approximately \$42.5 million. However, approximately \$17.4 million of this net position either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position showed approximately \$10.0 million at the end of this year. Net position of the business-type activities stay consistent at approximately \$30.7 million. \$20.7 million of those net assets are invested in capital assets, net of related debt. Consequently, unrestricted net position showed approximately \$10.0 million at the end of the year.

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2013

Changes in Net Position

For the year ended June 30, 2013, 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.)
	2013	(Restated) 2012		2013	(Restated) 2012		2013	(Restated) 2012	
Revenues									
Charges for service	\$ 671	\$ 694	-3%	\$ 13,048	\$ 12,795	2%	\$ 13,719	\$ 13,489	2%
Operating grants and contributions	1,707	1,653	3%	-	-	-	1,707	1,653	3%
Capital grants and contributions	1,493	763	96%	49	801	-94%	1,542	1,564	-1%
Taxes	27,577	26,628	4%	-	-	-	27,577	26,628	4%
Intergovernmental revenue	358	377	-5%	-	-	-	358	377	-5%
Investment income	(31)	244	-113%	31	30	3%	-	274	-100%
Forgiveness of debt	1,040	-	100%	-	-	-	1,040	-	-100%
Miscellaneous	823	824	0%	79	119	-34%	902	943	-4%
Total revenues	33,638	31,183	8%	13,207	13,745	-4%	46,845	44,928	4%
Expenses									
General government	9,159	9,611	5%	-	-	-	9,159	9,611	5%
Public safety	9,907	9,590	-3%	-	-	-	9,907	9,590	-3%
Streets	5,266	5,091	-3%	-	-	-	5,266	5,091	-3%
Culture and recreation	3,121	3,226	3%	-	-	-	3,121	3,226	3%
Cemetery	313	331	5%	-	-	-	313	331	5%
Airport	1,504	226	-565%	-	-	-	1,504	226	-565%
Economic development	937	782	-20%	-	-	-	937	782	-20%
Interest on long-term debt	510	528	3%	-	-	-	510	528	3%
Water	-	-	-	7,122	6,410	-11%	7,122	6,410	-11%
Wastewater	-	-	-	5,174	4,702	-10%	5,174	4,702	-10%
Sanitation	-	-	-	2,160	1,987	-9%	2,160	1,987	-9%
Golf	-	-	-	518	535	3%	518	535	3%
Total expenses	30,717	29,385	-5%	14,974	13,634	10%	45,691	43,019	-6%
Excess (deficiency) before transfers	2,921	1,798	62%	(1,767)	111	-1692%	1,154	1,909	-40%
Transfers	(2,112)	211	-1101%	2,112	(211)	1101%	-	-	-
Change in net position	809	2,009	-60%	345	(100)	445%	1,154	1,909	-40%
Beginning net position, restated	41,724	39,715	5%	30,349	30,449	-	72,073	70,164	3%
Ending net position	\$ 42,533	\$ 41,724	2%	\$ 30,694	\$ 30,349	1%	\$ 73,227	\$ 72,073	2%

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

Governmental Activities:

Capital grants and contributions increased 96% and airport expenditures increased 565% due to activity of FAA grants in the current year.

In the current year, debt forgiven by the Arbuckle Master Conservancy District totaled \$1,039,909 resulting in an increase of 100% compared to the prior year.

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Economic development expenditures increased 20% in direct correlation to hotel/motel tax revenue increasing 20%.

Investment income decreased 113% due primarily to a change in the fair market value of investments of \$252,148.

Transfers decreased 1,101% due to capital asset purchases occurring in governmental funds for business-type activity assets in the current year. These transfers were primarily related to water, wastewater, and solid waste capital assets.

Business-Type Activities:

Capital grants and contributions decreased 94% due to activity of FEMA wastewater grant in the prior year.

Transfers increased 1,101% due to capital asset purchases occurring in governmental funds for business-type activity assets in the current year. These transfers primarily related to water, wastewater and solid waste capital assets.

Governmental Activities

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

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	(Restated)			(Restated)		
	2013	2012		2013	2012	
General government	\$ 9,160	\$ 9,611	5%	(\$8,898)	(\$9,305)	4%
Public safety	9,907	9,590	-3%	(8,522)	(8,359)	-2%
Street	5,266	5,091	-3%	(5,047)	(4,939)	-2%
Culture and recreation	3,121	3,226	3%	(2,539)	(2,696)	6%
Cemetery	313	331	5%	(256)	(279)	8%
Airport	1,504	226	-565%	(138)	512	-127%
Economic development	937	782	-20%	(937)	(782)	-20%
Interest on long-term debt	762	528	-44%	(762)	(528)	-44%
Total	30,970	29,385	-5%	(\$27,099)	(\$26,376)	-3%

Explanations for significant changes are listed above under Table 2.

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2013

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

	Total Expense		% Inc. Dec.	Net Revenue		% Inc. Dec.		
	of Services			(Expense)			of Services	
	(Restated)			(Restated)				
	2013	2012		2013	2012			
Water	\$ 7,122	\$ 6,410	-11%	\$ (1,249)	\$ (483)	-159%		
Wastewater	5,174	4,702	-10%	(1,756)	(762)	-130%		
Sanitation	2,160	1,987	-9%	1,209	1,219	1%		
Golf	518	535	3%	(80)	(61)	-31%		
Total	\$ 14,974	\$ 13,634	-10%	\$ (1,876)	\$ (87)	-2056%		

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

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2013 fiscal year, the governmental funds reported a combined fund balance of \$26 million, which is consistent with the prior year. The enterprise funds reported combined net position of \$30.7 million, which is also consistent with the prior year.

Other fund highlights include:

- For the year ended June 30, 2013, the General Fund's total fund balance increased by \$1,006,441 or 15.2%.
- There is \$12,463 of fund balance in the General Fund that is restricted for specific purposes and \$4,015,920 that is assigned for specific purposes.

General Fund Budgetary Highlights

For the year ended June 30, 2013, the General Fund reported actual budgetary basis revenues above final estimates by \$179,430 or 1.7%, while expenditures were under final appropriations by \$607,824 or 3.4%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2013, the City had \$79 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 \$3 million from last year.

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Management's Discussion and Analysis
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TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 4,241	\$ 4,241	\$ 502	\$ 502	\$ 4,743	\$ 4,743
Buildings	9,234	9,560	38,346	39,315	47,580	48,875
Computers	1,029	1,237	26	18	1,055	1,255
Furniture and fixtures	151	157	11	10	162	167
Vehicles	711	512	806	724	1,517	1,236
Machinery and equipment	1,111	847	1,054	387	2,165	1,234
Infrastructure	11,214	12,352	10,312	11,937	21,526	24,289
Totals	<u>\$ 27,691</u>	<u>\$ 28,906</u>	<u>\$ 51,057</u>	<u>\$ 52,893</u>	<u>\$ 78,748</u>	<u>\$ 81,799</u>

This year's more significant capital asset additions included:

Golf Course Renovation	\$133,064
(2) Mack Front Loaders	496,078
Wheel Loader with Refuse Loader	152,330
Flusher Truck	113,686
Tractor with Hydraulics	111,549
Sewer Line Improvements	307,181
Water Line Improvements	1,384,668
Motor Grader	202,750
Playground and Pavilion	157,046
Signals and Systems Improvements	173,503
Street Improvements	1,965,313

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 \$44.8 million in long-term debt outstanding which represents a \$5,287,937 or 10.6% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

CITY OF ARDMORE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2013

TABLE 6
Long-Term Debt
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ -	\$ 1,186	\$ -	\$ -	\$ -	\$ 1,186
Notes payable	-	-	30,861	33,677	30,861	33,677
Capital lease obligations	709	901	95	345	804	1,246
Revenue bonds payable	9,550	10,750	-	-	9,550	10,750
Deposits subject to refund	-	-	201	195	201	195
Claims payable	817	1,009	-	-	817	1,009
Accrued compensated absences	883	751	226	195	1,109	946
Other post-employment benefits	1,129	832	354	273	1,483	1,105
Totals	\$ 13,088	\$ 15,429	\$ 31,737	\$ 34,685	\$ 44,825	\$ 50,114

The City retired \$1,185,791 in general obligation bonds through the Arbuckle Master Conservancy District, of which \$1,039,909 was considered forgiveness of debt.

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 2013-14 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 2013-14 budget contains \$48,604,534 in estimated revenues, \$51,613,816 in estimated expenditures and \$8,784,310 in transfers between funds and finally \$31,701,671 in beginning fund balances to balance the budget. Estimated ending fund balances in all funds are estimated to be \$28,692,389. As in the past the City's General Fund is not keeping up with the increasing cost and demands for services. The 2013-2014 General Fund has budgeted expenses exceeding budgeted revenues by \$5,406,259 before transfers-in. The General Fund is still 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, 2013**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Government-Wide Statement of Net Position– June 30, 2013

	Primary Government		
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 16,291,755	\$ 6,317,471	\$ 22,609,226
Investments	10,084,156	3,499,000	13,583,156
Accounts receivable, net of allowance	-	1,727,915	1,727,915
Court fines receivable, net of allowance	55,432	-	55,432
Internal balances	(180,654)	180,654	-
Receivable from other governments	3,296,865	-	3,296,865
Notes receivable	600,000	-	600,000
Other taxes receivable	93,662	-	93,662
Other receivables	197,233	68	197,301
Inventories	26,223	259,145	285,368
Capital Assets			
Land and construction in progress	4,240,983	502,495	4,743,478
Other capital assets, net of depreciation	23,450,242	50,554,295	74,004,537
	<u>58,155,897</u>	<u>63,041,043</u>	<u>121,196,940</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	35,102	35,102
	<u>-</u>	<u>35,102</u>	<u>35,102</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,083,991	350,310	2,434,301
Accrued interest payable	137,502	291,705	429,207
Due to other governments	264,127	-	264,127
Due to bondholders	790	-	790
Other payables	48,228	2,740	50,968
Long-term liabilities			
Due within one year	1,554,384	2,888,472	4,442,856
Due in more than one year	11,534,337	28,849,097	40,383,434
Total liabilities	<u>15,623,359</u>	<u>32,382,324</u>	<u>48,005,683</u>
NET POSITION			
Net investment in capital assets	17,432,586	20,725,866	38,158,452
Restricted for:			
Schools	170,465	-	170,465
Community enhancement	1,294,706	-	1,294,706
Streets	3,127,294	-	3,127,294
Culture and recreation	21,161	-	21,161
Capital projects	1,012,752	-	1,012,752
Public safety	21,612	-	21,612
Grant projects	55,830	-	55,830
Cemetery	132,716	-	132,716
Library capital improvement	514,906	-	514,906
Donor provisions-library	4,520,006	-	4,520,006
Debt Service	4,241,876	-	4,241,876
Unrestricted	9,986,628	9,967,955	19,954,583
Total net position	<u>\$ 42,532,538</u>	<u>\$ 30,693,821</u>	<u>\$ 73,226,359</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, 2013

Government-Wide Statement of Activities – Year Ended June 30, 2013

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Governmental Activities							
General government	\$ 9,159,661	\$ 175,691	\$ 86,463	\$ -	\$ (8,897,507)	\$ -	\$ (8,897,507)
Public safety	9,907,182	212,191	1,024,244	147,816	(8,522,931)	-	(8,522,931)
Street	5,266,061	310	218,348	-	(5,047,403)	-	(5,047,403)
Culture and recreation	3,121,547	204,162	378,450	-	(2,538,935)	-	(2,538,935)
Cemetery	313,387	57,615	-	-	(255,772)	-	(255,772)
Airport	1,503,886	20,649	-	1,345,295	(137,942)	-	(137,942)
Economic development	936,761	-	-	-	(936,761)	-	(936,761)
Interest on long-term debt	509,634	-	-	-	(509,634)	-	(509,634)
Total governmental activities	<u>30,718,119</u>	<u>670,618</u>	<u>1,707,505</u>	<u>1,493,111</u>	<u>(26,846,885)</u>	<u>-</u>	<u>(26,846,885)</u>
Business-type activities							
Water	7,121,438	5,872,324	-	-	-	(1,249,114)	(1,249,114)
Wastewater	5,174,380	3,368,699	-	49,202	-	(1,756,479)	(1,756,479)
Sanitation	2,160,073	3,369,746	-	-	-	1,209,673	1,209,673
Golf	518,076	437,840	-	-	-	(80,236)	(80,236)
Total business-type activities	<u>14,973,967</u>	<u>13,048,609</u>	<u>-</u>	<u>49,202</u>	<u>-</u>	<u>(1,876,156)</u>	<u>(1,876,156)</u>
Total primary government	<u>45,692,086</u>	<u>13,719,227</u>	<u>1,707,505</u>	<u>1,542,313</u>	<u>(26,846,885)</u>	<u>(1,876,156)</u>	<u>(28,723,041)</u>
General revenues:							
Taxes:							
Sales and use taxes					22,186,505	-	22,186,505
Property taxes					451,293	-	451,293
Tax apportionment revenue					1,982,858	-	1,982,858
Franchise & misc taxes					1,787,614	-	1,787,614
911 taxes					231,832	-	231,832
Hotel/motel taxes					936,761	-	936,761
Intergovernmental revenue not restricted to specific programs					359,085	-	359,085
Unrestricted investment earnings					(30,948)	30,792	(156)
Miscellaneous					822,679	78,703	901,382
Transfers					(2,111,839)	2,111,839	-
Extraordinary Item - Forgiveness of Debt					1,039,909	-	1,039,909
Total general revenues and transfers					<u>27,655,749</u>	<u>2,221,334</u>	<u>29,877,083</u>
Change in net position					808,864	345,178	1,154,042
Net position - beginning, restated (See Note 6.)					41,723,674	30,348,643	72,072,317
Net position - ending					<u>\$ 42,532,538</u>	<u>\$ 30,693,821</u>	<u>\$ 73,226,359</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, 2013**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Governmental Funds Balance Sheet - June 30, 2013

	<u>General Fund</u>	<u>Special Revenue - Community Enhancement Fund</u>	<u>Capital Project - Street Improvement Fund</u>	<u>Capital Project - GAPS Tax City Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 6,208,997	\$ 875,438	\$ 1,105,473	\$ 231,376	\$ 7,167,853	\$ 15,589,137
Investments	1,501,624	200,000	1,800,000	1,200,000	5,484,157	10,185,781
Receivable from other governments	1,741,306	340,930	340,930	170,465	703,234	3,296,865
Due from other funds	155,171	-	-	-	25,105	180,276
Other taxes receivable, net	-	-	-	-	93,662	93,662
Court fines receivable, net	55,432	-	-	-	-	55,432
Other receivables	30,065	-	-	-	-	30,065
Total assets	<u>\$ 9,692,595</u>	<u>\$ 1,416,368</u>	<u>\$ 3,246,403</u>	<u>\$ 1,601,841</u>	<u>\$ 13,474,011</u>	<u>\$ 29,431,218</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,157,902	\$ 111,966	\$ 41,867	\$ 563,305	\$ 176,988	\$ 2,052,028
Due to other funds	854,146	-	25,105	-	141,644	1,020,895
Due to bondholders	790	-	-	-	-	790
Payable to other governments	-	-	-	-	264,127	264,127
Other payables	48,168	-	60	-	-	48,228
Total liabilities	<u>2,061,006</u>	<u>111,966</u>	<u>67,032</u>	<u>563,305</u>	<u>582,759</u>	<u>3,386,068</u>
Deferred Inflows of Resources:						
Deferred revenue	28,083	-	-	-	13,538	41,621
Fund balances:						
Restricted	12,463	1,294,706	3,127,294	1,012,752	9,666,109	15,113,324
Assigned	4,015,920	9,696	52,077	25,784	3,211,605	7,315,082
Unassigned	3,575,123	-	-	-	-	3,575,123
Total fund balances	<u>7,603,506</u>	<u>1,304,402</u>	<u>3,179,371</u>	<u>1,038,536</u>	<u>12,877,714</u>	<u>26,003,529</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,692,595</u>	<u>\$ 1,416,368</u>	<u>\$ 3,246,403</u>	<u>\$ 1,601,841</u>	<u>\$ 13,474,011</u>	<u>\$ 29,431,218</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, 2013

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue - Community Enhancement Fund</u>	<u>Capital Project - Street Improvement Fund</u>	<u>Capital Project - GAPS Tax City Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 14,799,603	\$ 2,687,528	\$ 2,687,528	\$ 1,343,764	\$ 6,058,707	\$ 27,577,130
Intergovernmental	1,186,710	-	-	-	1,877,036	3,063,746
Licenses and permits	138,417	-	-	-	-	138,417
Charges for services	174,947	-	310	-	34,992	210,249
Fines and forfeitures	168,471	-	-	-	-	168,471
Investment earnings	62,467	3,914	7,857	4,175	138,509	216,922
Miscellaneous	623,119	-	-	-	840,168	1,463,287
Total revenues	<u>17,153,734</u>	<u>2,691,442</u>	<u>2,695,695</u>	<u>1,347,939</u>	<u>8,949,412</u>	<u>32,838,222</u>
EXPENDITURES						
Current:						
General government	5,074,025	691,335	-	179,438	2,359,768	8,304,566
Public safety	9,167,053	-	-	-	55,898	9,222,951
Street	1,179,482	-	26,580	-	473,839	1,679,901
Culture and recreation	2,554,433	-	-	-	141,075	2,695,508
Cemetery	288,596	-	-	-	-	288,596
Airport	-	-	-	-	1,365,452	1,365,452
Economic development	-	-	-	-	936,761	936,761
Capital outlay	830,606	-	2,363,105	2,562,172	266,437	6,022,320
Debt service:						
Principal	7,249	180,050	-	4,875	1,594,048	1,786,222
Interest and other charges	74	41,750	-	141	497,928	539,893
Total expenditures	<u>19,101,518</u>	<u>913,135</u>	<u>2,389,685</u>	<u>2,746,626</u>	<u>7,691,206</u>	<u>32,842,170</u>
Excess (deficiency) of revenues over expenditures	<u>(1,947,784)</u>	<u>1,778,307</u>	<u>306,010</u>	<u>(1,398,687)</u>	<u>1,258,206</u>	<u>(3,948)</u>
OTHER FINANCING SOURCES (USES)						
Change in fair market value of investment	-	-	-	-	(252,148)	(252,148)
Proceeds from interfund advance	-	-	-	-	178,698	178,698
Proceeds from sale of capital assets	58,297	-	-	-	-	58,297
Transfers in	5,729,726	-	-	-	1,270,079	6,999,805
Transfers out	(2,833,798)	(1,616,900)	(777,500)	-	(1,886,170)	(7,114,368)
Total other financing sources and uses	<u>2,954,225</u>	<u>(1,616,900)</u>	<u>(777,500)</u>	<u>-</u>	<u>(689,541)</u>	<u>(129,716)</u>
Net change in fund balances	1,006,441	161,407	(471,490)	(1,398,687)	568,665	(133,664)
Fund balances - beginning, restated	6,597,065	1,142,995	3,650,861	2,437,223	12,309,049	26,137,193
Fund balances - ending	<u>\$ 7,603,506</u>	<u>\$ 1,304,402</u>	<u>\$ 3,179,371</u>	<u>\$ 1,038,536</u>	<u>\$ 12,877,714</u>	<u>\$ 26,003,529</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, 2013

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	26,003,529
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.		
		(601,625)
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds, but are reported in the governmental activities of the Statement of Net Position, net of accumulated depreciation of \$65,335,789.		
		27,691,225
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Note receivable		600,000
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Grants receivable		6,387
Court fines receivable		28,083
Property taxes receivable		7,151
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		1,164,630
Certain long-term liabilities are not due and payable from current resources, and, therefore, are not reported in the funds:		
Accrued interest payable		(137,502)
Capital lease obligations payable		(708,639)
Revenue bonds payable		(9,550,000)
Accrued compensated absences		(858,166)
Other post-employment benefits		(1,112,535)
		42,532,538
Net Position of Governmental Activities in the Statement of Net Position	\$	42,532,538

See accompanying notes to the basic financial statements.

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds:	\$	(133,664)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<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		3,709,767
Capital assets disposed		(61,603)
Depreciation expense		(4,862,987)
<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>		
Proceeds from interfund advance		(178,698)
Principal retirement of interfund advance		248,166
<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		11,767
<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 general obligation bonds		1,185,791
Principal payments on capital lease obligations		192,174
Principal payments on revenue bonds payable		1,200,000
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. A portion of the change in net position of the internal service funds is included in governmental activities in the Statement of Activities.</p>		
Total change in net position of the internal service funds		(111,608)
<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		30,259
Change in OPEB obligations		(289,099)
Change in accrued compensated absences		(131,401)
Change in net position of governmental activities	\$	<u>808,864</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, 2013**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Proprietary Funds Statement of Net Position - June 30, 2013

	<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	\$ 1,631,715	\$ 2,567,517	\$ 1,283,502	\$ 31,027	\$ 5,513,761	\$ 702,618	
Restricted cash and cash equivalents	-	-	803,710	-	803,710	500,000	
Investments	1,000,000	999,000	1,500,000	-	3,499,000	-	
Accounts receivable, net of allowance	486,515	518,204	723,196	-	1,727,915	-	
Due from other funds	-	170,465	170,465	-	340,930	675,458	
Other receivables	-	-	68	-	68	167,168	
Inventories	-	-	259,145	-	259,145	26,223	
Total current assets	<u>3,118,230</u>	<u>4,255,186</u>	<u>4,740,086</u>	<u>31,027</u>	<u>12,144,529</u>	<u>2,071,467</u>	
Noncurrent assets:							
Land and other non-depreciable assets	-	180,733	61,762	260,000	502,495	-	
Other capital assets, net of depreciation	1,134,737	20,460,355	28,443,014	516,189	50,554,295	-	
Total noncurrent assets	<u>1,134,737</u>	<u>20,641,088</u>	<u>28,504,776</u>	<u>776,189</u>	<u>51,056,790</u>	<u>-</u>	
Total assets	<u>4,252,967</u>	<u>24,896,274</u>	<u>33,244,862</u>	<u>807,216</u>	<u>63,201,319</u>	<u>2,071,467</u>	
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	-	-	35,102	-	35,102	-	
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	56,323	88,033	205,071	883	350,310	31,963	
Accrued interest payable	-	114,282	177,423	-	291,705	-	
Due to other funds	32,502	46,367	81,407	-	160,276	15,493	
Other payables	-	-	2,740	-	2,740	-	
Current portion of:							
Compensated absences	6,321	5,022	11,294	-	22,637	2,516	
Deposits subject to refund	-	-	40,211	-	40,211	-	
Capital lease obligations	-	82,481	-	-	82,481	-	
Notes payable	-	781,382	1,961,761	-	2,743,143	-	
Total current liabilities	<u>95,146</u>	<u>1,117,567</u>	<u>2,479,907</u>	<u>883</u>	<u>3,693,503</u>	<u>49,972</u>	
Noncurrent liabilities:							
Compensated absences	56,890	45,195	101,648	-	203,733	22,644	
Deposits subject to refund	-	-	160,843	-	160,843	-	
Other postemployment benefit obligation	83,356	104,387	166,652	-	354,395	16,799	
Claims payable	-	-	-	-	-	817,422	
Capital lease obligations	12,529	-	-	-	12,529	-	
Notes payable	-	11,707,698	16,409,899	-	28,117,597	-	
Total non-current liabilities	<u>152,775</u>	<u>11,857,280</u>	<u>16,839,042</u>	<u>-</u>	<u>28,849,097</u>	<u>856,865</u>	
Total liabilities	<u>247,921</u>	<u>12,974,847</u>	<u>19,318,949</u>	<u>883</u>	<u>32,542,600</u>	<u>906,837</u>	
NET POSITION							
Net investment in capital assets	1,122,208	8,069,527	10,722,840	776,189	20,690,764	-	
Unrestricted	2,882,838	3,851,900	3,203,073	30,144	9,967,955	1,164,630	
Total net position	<u>\$ 4,005,046</u>	<u>\$ 11,921,427</u>	<u>\$ 13,925,913</u>	<u>\$ 806,333</u>	<u>\$ 30,658,719</u>	<u>\$ 1,164,630</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, 2013

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2013

	Ardmore Solid Waste Authority		Ardmore Public Works Authority			Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Other Enterprise Funds	Funds		
OPERATING REVENUES							
Charges for services:							
Water	\$ -	\$ -	\$ 5,825,684	\$ -	\$ 5,825,684	\$ -	-
Wastewater	-	3,337,540	-	-	3,337,540	-	-
Sanitation	3,331,741	-	-	-	3,331,741	-	-
Golf	-	-	-	437,840	437,840	-	-
Self insurance charges	-	-	-	-	-	-	4,085,832
Miscellaneous	700	10,928	72,822	14,032	98,482	-	1,661,379
Total operating revenues	<u>3,332,441</u>	<u>3,348,468</u>	<u>5,898,506</u>	<u>451,872</u>	<u>13,031,287</u>	<u>5,747,211</u>	<u>5,747,211</u>
OPERATING EXPENSES							
Water operations	-	-	3,130,441	-	3,130,441	-	-
Wastewater operations	-	2,047,586	-	-	2,047,586	-	-
Sanitation operations	1,922,408	-	-	-	1,922,408	-	-
Administration	-	-	1,718,085	-	1,718,085	-	5,863,353
Golf operations	-	-	-	497,429	497,429	-	-
Depreciation	229,199	1,819,444	2,511,260	20,647	4,580,550	-	-
Total operating expenses	<u>2,151,607</u>	<u>3,867,030</u>	<u>7,359,786</u>	<u>518,076</u>	<u>13,896,499</u>	<u>5,863,353</u>	<u>5,863,353</u>
Operating income (loss)	<u>1,180,834</u>	<u>(518,562)</u>	<u>(1,461,280)</u>	<u>(66,204)</u>	<u>(865,212)</u>	<u>(116,142)</u>	<u>(116,142)</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	7,534	11,953	11,074	231	30,792	-	4,274
Miscellaneous revenue	4,235	-	74,468	-	78,703	-	-
Gain on sale of capital assets	12,400	4,569	353	-	17,322	-	260
Interest expense	(1,998)	(404,293)	(646,920)	-	(1,053,211)	-	-
Total non-operating revenue (expenses)	<u>22,171</u>	<u>(387,771)</u>	<u>(561,025)</u>	<u>231</u>	<u>(926,394)</u>	<u>4,534</u>	<u>4,534</u>
Income (loss) before contributions and transfers	1,203,005	(906,333)	(2,022,305)	(65,973)	(1,791,606)	-	(111,608)
Capital contributions	648,408	328,366	1,047,947	-	2,024,721	-	-
Transfers in	-	1,390,297	1,406,171	279,064	3,075,532	-	-
Transfers out	(843,744)	(505,132)	(1,481,529)	(133,064)	(2,963,469)	-	-
Change in net position	1,007,669	307,198	(1,049,716)	80,027	345,178	-	(111,608)
Total net position - beginning, restated	<u>2,997,377</u>	<u>11,614,229</u>	<u>15,010,731</u>	<u>726,306</u>	<u>30,348,643</u>	<u>1,276,238</u>	<u>1,276,238</u>
Total net position - ending	<u>\$ 4,005,046</u>	<u>\$ 11,921,427</u>	<u>\$ 13,961,015</u>	<u>\$ 806,333</u>	<u>\$ 30,693,821</u>	<u>\$ 1,164,630</u>	<u>\$ 1,164,630</u>

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2013

	Ardmore Solid Waste Authority	Ardmore Public Works Authority			Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 3,221,630	\$ 3,222,366	\$ 5,850,865	\$ 451,872	\$ 12,746,733	\$ 5,747,211
Receipts (payments) from (to) other funds	(10,002)	(8,875)	(3,410)	-	(22,287)	160,872
Payments to suppliers	(971,365)	(1,005,550)	(2,705,774)	(499,423)	(5,182,112)	(701,619)
Payments to employees	(910,265)	(1,037,438)	(1,978,405)	-	(3,926,108)	(359,199)
Claims and judgments paid	-	-	-	-	-	(4,962,040)
Receipts of customer meter deposits	-	-	75,610	-	75,610	-
Refunds of customer meter deposits	-	-	(70,076)	-	(70,076)	-
Other receipts	4,235	-	74,468	-	78,703	-
Net Cash Provided by (Used in) Operating Activities	<u>1,334,233</u>	<u>1,170,503</u>	<u>1,243,278</u>	<u>(47,551)</u>	<u>3,700,463</u>	<u>(114,775)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	1,390,297	1,406,171	279,064	3,075,532	-
Transfers to other funds	(843,744)	(505,132)	(1,481,529)	(133,064)	(2,963,469)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(843,744)</u>	<u>885,165</u>	<u>(75,358)</u>	<u>146,000</u>	<u>112,063</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on capital debt	(71,687)	(936,082)	(2,058,353)	-	(3,066,122)	-
Interest paid on capital debt	(1,998)	(411,359)	(650,173)	-	(1,063,530)	-
Purchase of capital assets	(18,478)	(104,587)	(464,500)	(133,064)	(720,629)	-
Proceeds from sale of capital assets	12,400	5,058	724	-	18,182	260
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(79,763)</u>	<u>(1,446,970)</u>	<u>(3,172,302)</u>	<u>(133,064)</u>	<u>(4,832,099)</u>	<u>260</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (Purchase) of investments	-	-	(400,000)	-	(400,000)	-
Interest and dividends	7,534	11,953	11,074	231	30,792	4,274
Net Cash Provided by (Used in) Investing Activities	<u>7,534</u>	<u>11,953</u>	<u>(388,926)</u>	<u>231</u>	<u>(369,208)</u>	<u>4,274</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>418,260</u>	<u>620,651</u>	<u>(2,393,308)</u>	<u>(34,384)</u>	<u>(1,388,781)</u>	<u>(110,241)</u>
Balances - beginning of the year	<u>1,213,455</u>	<u>1,946,866</u>	<u>4,480,520</u>	<u>65,411</u>	<u>7,706,252</u>	<u>812,859</u>
Balances - end of the year	<u>\$ 1,631,715</u>	<u>\$ 2,567,517</u>	<u>\$ 2,087,212</u>	<u>\$ 31,027</u>	<u>\$ 6,317,471</u>	<u>\$ 702,618</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 1,631,715	\$ 2,567,517	\$ 1,283,502	\$ 31,027	\$ 5,513,761	\$ 702,618
Restricted cash and cash equivalents	-	-	803,710	-	803,710	-
	<u>\$ 1,631,715</u>	<u>\$ 2,567,517</u>	<u>\$ 2,087,212</u>	<u>\$ 31,027</u>	<u>\$ 6,317,471</u>	<u>\$ 702,618</u>

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2013, (Continued)

	Ardmore Solid Waste Authority	Ardmore Public Works Authority			Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Other Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 1,180,834	\$ (518,562)	\$ (1,461,280)	\$ (66,204)	\$ (865,212)	\$ (116,142)
Adjustments to reconcile operating income (loss) to net cash provided (used in) by operating activities:						
Depreciation expense	229,199	1,819,444	2,511,260	20,647	4,580,550	-
Other non-operating revenues (expenses)	4,235	-	74,468	-	78,703	-
Change in assets and liabilities:						
Receivables, net	(110,811)	(126,102)	(47,641)	-	(284,554)	-
Inventory	-	-	(12,333)	-	(12,333)	7,317
Due from other funds	-	1,470	1,470	-	2,940	172,659
Other receivables	-	-	-	-	-	(7,811)
Accounts payable and accrued liabilities	13,127	(24,986)	119,742	(1,994)	105,889	15,995
Customer meter deposits payable	-	-	5,534	-	5,534	-
Due to other funds	(10,002)	(10,345)	(4,880)	-	(25,227)	(3,976)
Other payables	-	-	1,340	-	1,340	-
Claims payable	-	-	-	-	-	(191,719)
Other post-employment benefit obligation	20,385	21,084	40,139	-	81,608	8,103
Accrued compensated absences	7,266	8,500	15,459	-	31,225	799
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,334,233</u>	<u>\$ 1,170,503</u>	<u>\$ 1,243,278</u>	<u>\$ (47,551)</u>	<u>\$ 3,700,463</u>	<u>\$ (114,775)</u>
Noncash activities:						
Contributed capital assets	\$ 648,408	\$ 328,366	\$ 1,047,947	\$ -	\$ 2,024,721	\$ -
Total Noncash Activities	<u>\$ 648,408</u>	<u>\$ 328,366</u>	<u>\$ 1,047,947</u>	<u>\$ -</u>	<u>\$ 2,024,721</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 provides 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 Units:

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

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- **Hardy Murphy Coliseum Authority** - operates the activities of the Hardy Murphy Coliseum. The City provides significant funding for capital improvements and operations. The component unit's financial activity is not included due to reporting on a different 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 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 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 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.
- Airport – rental fees and capital grants.
- Streets – Commercial vehicle and gasoline excise tax shared by the State and other miscellaneous fees.

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- 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.

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.

Capital Project Funds:

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

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

Special Revenue Funds:

- GAPS Tax Schools Fund – accounts for a .25 cent sales tax to be used for the capital needs of Ardmore Schools and Plainview Schools.
- Street and Alley Fund - accounts for state shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes.
- Library State Grant Fund – accounts for revenues received from the State to be used for library activities.
- Historical Grant Fund – accounts for grant revenues to be used for preservation, development, protection and maintenance of historical districts and structures.
- 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.

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- 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.
- Tree Grant Fund – accounts for the activities of various Department of Agriculture grants.
- Library Trust Fund – accounts for the activities of the bequests found in the wills of two Ardmore citizens.
- 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.
- Tobacco Settlement Fund – accounts for the activities of a Healthy Communities Incentive grant.

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.
- Greenbriar Street Assessment Fund – accounts for activities of a special assessment district.
- Main Street Streetscape Fund – accounts for activities of a special assessment district.
- Timber Grove Street Assessment Fund – accounts for activities of a special assessment district.
- Champion Station Street Assessment Fund – accounts for activities of a special assessment district.
- Streetscape II Assessment Fund – accounts for activities of a special assessment district.
- Valley Ranch Road Assessment Fund – accounts for activities of a special assessment district.

Debt Service Funds:

- 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.
- Ardmore Community Facilities Authority – Accounts for the revenue bonds issued for the use of various capital projects at the Ardmore Schools.
- TIF 2 Fund – accounts for the tax increment revenues used to pay debt service TIF revenue notes.

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

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

The General Fund, Community Enhancement Fund, Street Improvement Fund, and the GAPS Tax City 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:

- Sanitation Enterprise Fund – that operates the sanitation services of the City.
- Wastewater Enterprise Fund – that operates the wastewater services of the City.
- Water Enterprise Fund – that operates the water services of the City.

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

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and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

New Accounting Pronouncements

The City implemented the following accounting standards during the fiscal year ended June 30, 2013:

Governmental Accounting Standards Board Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangements – This had no impact on the city’s financial report.

Governmental Accounting Standards Board Statement No. 61 – The Financial Reporting Entity: Omnibus – This had no impact on the city’s financial report.

Governmental Accounting Standards Board Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements – A few sentences were removed from “Section B – Proprietary Funds” note disclosure to eliminate references to FASB pronouncements and APB opinions issued on or before November 30, 1989.

Governmental Accounting Standards Board Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position – The only change required from implementation of this statement was the creation of a new Statement of Net Position and the removal of the Statement of Net Assets.

Governmental Accounting Standards Board Statement No. 65 – Items Previously Reported as Assets and Liabilities – This was early implemented, and required the reporting of deferred inflows and deferred outflows.

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

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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 Inflows, and Equity

Cash and Investments

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

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

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

Receivables

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

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

Inventories

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

Capital Assets

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

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	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. There is no liability for unpaid accumulated sick leave since the government buys back accumulations of over 720 hours at a discounted rate before the end of the fiscal 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.

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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:

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- 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 recorded in 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.
- 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.

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.

Property Tax

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

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

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

For the year ended June 30, 2013, the City's net assessed valuation of taxable property was \$156,117,369. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2013, was \$2.89.

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.

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

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

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

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

G. Use of Estimates

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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, 2013, the reporting entity held the following deposits and investments:

Primary Government:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 18,053,951
Cash on hand			1,500
Time deposit	8/6/2013		100,000
Time deposit	8/6/2013		200,000
Time deposit	8/6/2013		250,000
Time deposit	8/6/2013		300,000
Time deposit	8/6/2013		99,000
Time deposit	9/3/2013		250,000
Time deposit	9/3/2013		300,000
Time deposit	10/8/2013		100,000
Time deposit	10/8/2013		300,000
Time deposit	10/8/2013		300,000
Time deposit	10/8/2013		500,000
Time deposit	10/8/2013		500,000
Time deposit	11/5/2013		200,000
Time deposit	11/5/2013		200,000
Time deposit	11/5/2013		200,000
Time deposit	11/5/2013		500,000
Time deposit	11/5/2013		250,000
Time deposit	11/5/2013		250,000
Time deposit	11/5/2013		250,000
Time deposit	11/5/2013		250,000
Time deposit	11/5/2013		200,000
Time deposit	11/5/2013		200,000
Time deposit	11/5/2013		200,000
Time deposit	12/3/2013		300,000
Time deposit	12/3/2013		400,000
Time deposit	12/3/2013		300,000
Time deposit	12/3/2013		300,000
Time deposit	12/3/2013		500,000
Time deposit	12/3/2013		400,000
Time deposit	12/3/2013		400,000
			<u>26,354,451</u>
Investments:			
Trustee accounts money market fund		AAA	5,518,007
Mineral interests		N/A	125
FFCB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	2,519,399
FHLB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	1,515,266
FHLB U.S. Government Securities	Maturity (10 Yrs and up)	AA+	93,852
FHLB Deb U.S. Government Securities	Maturity (5-10 Yrs)	AA+	191,282
			<u>9,837,931</u>
Total deposits and investments			<u><u>\$ 36,192,382</u></u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 22,609,226
Investments			<u>13,583,156</u>
			<u><u>\$ 36,192,382</u></u>

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

The City’s policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. At June 30, 2013 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, 2013 are as follows:

	Current
	Cash and cash equivalents
Series 2011 Note Revenue Account	\$ 307,691
Series 2011 Note Construction Account	278,942
Series 2011 Debt Service Account	15,374
APWA Water Loan Account	21
Meter deposits	201,054
Other water deposits payable	628
Total	\$ 803,710

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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
Governmental Activities:			
Court fines	\$ 69,290	\$ (13,858)	\$ 55,432
	\$ 2,118,896	\$ (390,981)	\$ 1,727,915
Business-Type Activities:			
Utilities	\$ 2,118,896	\$ (390,981)	\$ 1,727,915

Notes Receivable – The City loaned money to the Ardmore Development Authority in the amount of \$600,000. The Authority is to repay this loan using proceeds received from a future debt issuance by Tax Increment District #1, in accordance with the Amended Plan approved by the City and the Authority. The City will not receive interest on the loan, nor will the loan be collateralized in any way. There have been no payments received to date on this loan.

The activity on the notes receivable at June 30, 2013 is as follows:

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013	Due Within One Year
Governmental Activities:					
Ardmore Development Authority-TIF	\$ 600,000	\$ -	\$ -	\$ 600,000	\$ -
Total Governmental Activities, net	\$ 600,000	\$ -	\$ -	\$ 600,000	\$ -

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, 2013, capital assets balances changed as follows:

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	Balance at July 1, 2012	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,240,983	\$ -	\$ -	\$ 4,240,983
Total capital assets not being depreciated	<u>4,240,983</u>	<u>-</u>	<u>-</u>	<u>4,240,983</u>
Other capital assets:				
Buildings	13,106,940	15,600	-	13,122,540
Computers	7,927,159	324,865	409,848	7,842,176
Furniture and fixtures	799,708	23,413	-	823,121
Vehicles	3,787,204	374,917	441,618	3,720,503
Machinery and equipment	3,658,237	521,365	179,140	4,000,462
Infrastructure	56,823,904	2,449,607	-	59,273,511
Total other capital assets at historical cost	<u>86,103,152</u>	<u>3,709,767</u>	<u>1,030,606</u>	<u>88,782,313</u>
Less accumulated depreciation for:				
Buildings	3,546,506	341,478	-	3,887,984
Computers	6,689,675	487,103	363,642	6,813,136
Furniture and fixtures	642,699	29,419	-	672,118
Vehicles	3,275,489	163,363	429,798	3,009,054
Machinery and equipment	2,811,445	253,419	175,563	2,889,301
Infrastructure	44,472,273	3,588,205	-	48,060,478
Total accumulated depreciation	<u>61,447,307</u>	<u>4,862,987</u>	<u>969,003</u>	<u>65,332,071</u>
Other capital assets, net	24,665,065	(1,153,220)	61,603	23,450,242
Governmental activities capital assets, net	<u>\$ 28,906,048</u>	<u>\$ (1,153,220)</u>	<u>\$ 61,603</u>	<u>\$ 27,691,225</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 502,495	\$ -	\$ -	\$ 502,495
Total capital assets not being depreciated	<u>502,495</u>	<u>-</u>	<u>-</u>	<u>502,495</u>
Other capital assets:				
Buildings	48,727,994	-	-	48,727,994
Computers	237,265	12,873	9,957	240,181
Furniture and fixtures	60,438	5,877	1,781	64,534
Vehicles	3,413,791	299,057	474,165	3,238,683
Machinery and equipment	3,288,114	835,296	-	4,123,410
Infrastructure	92,758,394	1,592,247	-	94,350,641
Total other capital assets at historical cost	<u>148,485,996</u>	<u>2,745,350</u>	<u>485,903</u>	<u>150,745,443</u>
Less accumulated depreciation for:				
Buildings	9,412,985	969,059	-	10,382,044
Computers	218,699	5,280	9,585	214,394
Furniture and fixtures	51,419	3,362	1,293	53,488
Vehicles	2,690,376	216,499	474,165	2,432,710
Machinery and equipment	2,901,037	168,008	-	3,069,045
Infrastructure	80,821,126	3,218,341	-	84,039,467
Total accumulated depreciation	<u>96,095,642</u>	<u>4,580,549</u>	<u>485,043</u>	<u>100,191,148</u>
Other capital assets, net	52,390,354	(1,835,199)	860	50,554,295
Business-type activities capital assets, net	<u>\$ 52,892,849</u>	<u>\$ (1,835,199)</u>	<u>\$ 860</u>	<u>\$ 51,056,790</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:

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Depreciation expense charged to governmental activities:

General government	\$ 682,571
Public safety	260,740
Street	3,558,985
Culture and recreation	230,735
Cemetery	13,512
Airport	116,444
Depreciation expense	<u>\$ 4,862,987</u>

Depreciation expense charged to business-type activities:

Water	\$ 2,511,259
Wastewater	1,819,444
Sanitation	229,199
Golf	20,647
	<u>\$ 4,580,549</u>

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2013, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General obligation bonds	\$ 1,185,791	\$ -	\$ 1,185,791	\$ -	\$ -
Capital lease obligations	900,813	-	192,174	708,639	191,051
Revenue bonds payable	10,750,000	-	1,200,000	9,550,000	1,275,000
Claims payable	1,009,141	5,151,695	5,343,414	817,422	-
Accrued compensated absences	751,126	282,425	150,225	883,326	88,333
Other Post-Employment Benefits	832,132	297,202	-	1,129,334	-
Total Governmental Activities	<u>\$ 15,429,003</u>	<u>\$ 5,731,322</u>	<u>\$ 8,071,604</u>	<u>\$ 13,088,721</u>	<u>\$ 1,554,384</u>
Business-Type Activities:					
Notes Payable	\$ 33,676,603	\$ -	\$ 2,815,863	\$ 30,860,740	\$ 2,743,143
Capital lease obligations	345,268	-	250,258	95,010	82,481
Deposits subject to refund	195,520	75,610	70,076	201,054	40,211
Accrued compensated absences	195,145	70,254	39,029	226,370	22,637
Other Post-Employment Benefits	272,787	81,608	-	354,395	-
Total Business-Type Activities	<u>\$ 34,685,323</u>	<u>\$ 227,472</u>	<u>\$ 3,175,226</u>	<u>\$ 31,737,569</u>	<u>\$ 2,888,472</u>

Reconciliation to Statement of Net Assets:

Governmental Activities:

Due within one year	\$ 1,554,384
Due in more than one year	11,534,337
Total Governmental Activities Long-Term Liabilities	<u>\$ 13,088,721</u>

Business-Type Activities:

Due within one year	\$ 2,888,472
Due in more than one year	28,849,097
Total Business-Type Activities Long-Term Liabilities	<u>\$ 31,737,569</u>

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Governmental activities long-term debt:

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

Capital Lease Obligations:

\$1,723,000 lease obligation for with De Lage Landen Public Finance for the purchase of broadband wireless, payable in quarterly installments of \$55,450 with an annual interest rate of 5.09%, final payment due January 2017. 706,979

\$13,958 lease obligation with First National Bank for the purchase of a Ford Ranger truck, payable in monthly installments of \$418 with an annual interest rate of 3.3%, final payment due 1,660

Total Capital Leases Payable	\$ 708,639
Current portion	\$ 191,051
Noncurrent portion	517,588
Total Capital Leases Payable	\$ 708,639

Revenue Bonds Payable:

2010A Series TIF Tax Exempt Revenue Note, original issue amount of \$6,960,000, dated May 27, 2010, issued by Ardmore Development Authority, secured by tax increment revenues, due in semi-annual principal installments each March and September ranging from \$230,000 to \$370,000, interest rate of 4.0%, final maturity March 1, 2025. \$ 6,960,000

2010B Series TIF Tax Exempt Revenue Note, original issue amount of \$1,595,000, dated May 27, 2010, issued by Ardmore Development Authority, secured by tax increment revenues, due in semi-annual principal installments each March and September ranging from \$200,000 to \$255,000, interest rate of 4.0%, final maturity September 1, 2013. 255,000

2005 Sales Tax Revenue Bonds, original issue amount of \$7,000,000, dated February 1, 2005, issued by Ardmore Community Facilities Authority, secured by a pledged of 71% of a 1/4 cent sales tax, due in annual principal installments each January ranging from \$210,000 to \$1,545,000, interest paid semi-annually with rates from 3.0% to 4.0%, final maturity January 1, 2015. 2,335,000

Total Revenue Bonds Payable	\$ 9,550,000
Current portion	\$ 1,275,000
Noncurrent portion	8,275,000
Total Revenue Bonds Payable	\$ 9,550,000

Accrued Compensated Absences:

Current portion	88,333
Noncurrent portion	794,993
Total Accrued Compensated Absences	\$ 883,326

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Claims Payable:

	Current portion	-
	Noncurrent portion	817,422
	Total Claims Payable	<u><u>\$ 817,422</u></u>

Other Post-Employment Benefits:

	Current portion	-
	Noncurrent portion	1,129,334
	Total Other Post-Employment Benefits	<u><u>\$ 1,129,334</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:

Capital Lease Obligations:

\$335,663 lease obligation with Landmark Bank for the purchase of a sanitation front & rear loader, payable in monthly installments of \$6,140 with an annual interest rate of 3.79%, final payment due September 2013.	\$	12,529
\$570,186 lease obligation with First National Bank for the purchase of sanitary sewer line, payable in monthly installments of \$10,232 with an annual interest rate of 2.95%, final payment due February 2014.		70,927
\$159,045 lease obligation with First National Bank for the purchase of wastewater main line, payable in monthly installments of \$2,918 with an annual interest rate of 3.85%, final payment due October 2013.		11,554
Total Capital Leases Payable	\$	<u><u>95,010</u></u>
	Current portion	\$ 95,010
	Noncurrent portion	-
	Total Capital Leases Payable	<u><u>\$ 95,010</u></u>

Notes Payable:

2004 DW SRF Note Payable to Oklahoma Water Resources Board dated December 15, 2004, original amount of \$2,042,000 with an annual interest rate of 3.5% due in semi-annual installments of principal and interest beginning September 15, 2007, final installment due March 15, 2027, payable from and secured by utility revenues.	\$	1,464,183
2005 CW SRF Note Payable to Oklahoma Water Resources Board dated February 8, 2005, original amount of \$17,000,000 with an annual interest rate of 3.1% due in semi-annual installments of principal and interest beginning September 15, 2007, final installment due March 15, 2026, payable from and secured by utility revenues.		11,870,084

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2006 DW SRF Note Payable to Oklahoma Water Resources Board dated December 22, 2006, original amount of \$18,490,500 with an annual interest rate of 3.55% due in semi-annual installments of principal and interest beginning September 15, 2008, final installment due March 15, 2028, payable from and secured by utility revenues. 14,207,477

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. 618,996

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. 2,700,000

Total Notes Payable	\$ 30,860,740
Current portion	\$ 2,743,143
Noncurrent portion	28,117,597
Total Notes Payable	\$ 30,860,740

Accrued Compensated Absences:

Current portion	22,637
Noncurrent portion	203,733
Total Accrued Compensated Absences	\$ 226,370

Deposits Subject to Refund:

Current portion	40,211
Noncurrent portion	160,943
Total Deposits Subject to Refund	\$ 201,154

Other Post-Employment Benefits:

Current portion	-
Noncurrent portion	354,395
Total Other Post-Employment Benefits	\$ 354,395

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Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	Governmental Activities			
	Capital Lease Obligations		Revenue Bonds Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 191,051	\$ 32,400	\$ 1,275,000	\$ 368,144
2015	199,217	22,563	2,045,000	326,000
2016	209,552	12,228	520,000	244,000
2017	108,819	2,082	540,000	223,000
2018	-	-	560,000	201,200
2019-2023	-	-	3,160,000	647,800
2024-2025	-	-	1,450,000	73,100
Totals	\$ 708,639	\$ 69,273	\$ 9,550,000	\$ 2,083,244

<u>Year Ending June 30,</u>	Business Type Activities			
	Notes Payable		Capital Lease Obligations	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 2,743,143	\$ 984,545	\$ 95,010	\$ 861
2014	2,707,204	909,671	-	-
2015	2,025,875	839,906	-	-
2016	1,925,846	758,089	-	-
2017	1,820,629	712,566	-	-
2018-2022	10,072,070	2,593,908	-	-
2023-2027	9,477,625	815,603	-	-
2028-2030	88,348	3,015	-	-
Totals	\$ 30,860,740	\$ 7,617,303	\$ 95,010	\$ 861

Defeased Debt Outstanding:

The Ardmore Public Works Authority has defeased an outstanding debt issue by placing deposits in irrevocable trusts and escrow accounts for the purchase of U.S. government securities to pay the principal and interest on the defeased debt as they are due and payable. For financial reporting purposes, both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. At year-end, the remaining outstanding defeased bonds were as follows:

<u>Defeased Debt Outstanding:</u>	<u>Outstanding at June 30, 2013</u>
2007 Capital Lease Obligation to Siemens	
Total Defeased Debt Outstanding	<u>\$1,221,962</u>

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6. Net Position and Fund Balances

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

	General Fund	Community Enhancement Fund	Street Improvement Fund	GAPS Tax City Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances:						
Restricted for:						
Car seat grant activities	\$ 12,463	\$ -	\$ -	\$ -	\$ -	\$ 12,463
Community enhancement	-	1,294,706	-	-	-	1,294,706
Street improvements	-	-	3,127,294	-	-	3,127,294
Schools	-	-	-	-	170,465	170,465
Library grants	-	-	-	-	21,161	21,161
Grant programs	-	-	-	-	43,367	43,367
Public safety	-	-	-	-	21,612	21,612
Library	-	-	-	-	5,034,912	5,034,912
Cemetery	-	-	-	-	132,716	132,716
Capital projects	-	-	-	1,012,752	-	1,012,752
Debt service	-	-	-	-	4,241,876	4,241,876
Sub-total Restricted	12,463	1,294,706	3,127,294	1,012,752	9,666,109	15,113,324
Assigned for:						
Capital asset replacement	207,250	-	-	-	-	207,250
Community enhancements	-	9,696	-	-	-	9,696
Street improvements	-	-	52,077	-	88,702	140,779
Streets and alleys	-	-	-	-	40,083	40,083
Library grants	-	-	-	-	752	752
Capital projects	-	-	-	25,784	950,862	976,646
Public safety capital projects	-	-	-	-	33,282	33,282
Airport	-	-	-	-	28,422	28,422
Debt service	-	-	-	-	584	584
Community facilities	-	-	-	-	2,048,019	2,048,019
Insurance recovery	59,371	-	-	-	-	59,371
Industrial development projects	193,839	-	-	-	-	193,839
Drug enforcement	14,416	-	-	-	-	14,416
Public safety	23,222	-	-	-	938	24,160
Reserve management	3,180,975	-	-	-	-	3,180,975
Grant programs	8,007	-	-	-	12,469	20,476
OHP building maintenance	28,580	-	-	-	-	28,580
Recreation	237,377	-	-	-	-	237,377
Library	62,883	-	-	-	7,492	70,375
Sub-total Assigned	4,015,920	9,696	52,077	25,784	3,211,605	7,315,082
Unassigned:	3,575,123	-	-	-	-	3,575,123
TOTAL FUND BALANCES	\$ 7,603,506	\$ 1,304,402	\$ 3,179,371	\$ 1,038,536	\$ 12,877,714	\$ 26,003,529

Beginning fund balances/net position were restated as of July 1, 2012 as follows:

	Other Governmental Funds				
	Wastewater Enterprise	Water Enterprise	Ardmore Community Facilities Authority	Governmental Activities	Business-type Activities
Beginning net position/fund balance, as previously reported	\$11,696,418	\$15,158,552	\$ 1,878,209	\$ 41,899,025	\$ 30,578,653
Removal of unamortized issue costs GW level (GASB 65)	-	-	-	(175,351)	-
Overstatement of interest payable	-	-	35,523	-	-
Removal of unamortized issue costs proprietary fund (GASB 65)	(82,189)	(147,821)	-	-	(230,010)
Beginning net position/fund balance, restated	<u>\$11,614,229</u>	<u>\$15,010,731</u>	<u>\$ 1,913,732</u>	<u>\$ 41,723,674</u>	<u>\$ 30,348,643</u>

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Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. At June 30, 2013, the City reported no fund balance deficits.

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, 2013 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>		
General Fund	Lakeview Golf Course	41,000	Operating transfer		
General Fund	Wastewater Enterprise Fund	1,343,764	Sales Tax transfer		
General Fund	Water Enterprise Fund	1,343,764	Sales Tax transfer		
Community Enhancement Fund	General Fund	1,616,900	Operating transfer		
Street Improvement Fund	General Fund	487,500	Operating transfer		
Street Improvement Fund	Street and Alley Fund	290,000	Street Lighting/Sidewalk Program		
Reserve Management Fund	Historical Grant Fund	270	Grant matching funds		
Reserve Management Fund	Golf Building Fund	105,000	Operating transfer		
GAPS Tax Schools	Ardmore Community Facilities Authority	953,616	Ardmore School portion of sales tax		
Street and Alley	General Fund-Commercial Sidewalk	32,211	Transfer for Commercial sidewalk program		
Street and Alley	General Fund-RSP	2,250	Operating transfer		
Mayor's Anti Crime	General Fund	155,630	Operating transfer for Police		
Mayor's Anti Crime	LLEBG Fund	1,112	Grant matching funds		
Debt Service Fund	General Fund	491,318	Debt payments		
Capital Improvement	General Fund	250,000	Operating transfer/capital purchases		
LLEBG Fund	General Fund	2	Grant matching funds		
LLEBG Fund	Mayor's Anti Crime Fund	31	Grant matching funds		
Lakeview Golf Course Enterprise	Golf Building Fund	133,064			
Sanitation Enterprise	General Fund	843,744	Operating transfer		
Wastewater Enterprise	General Fund	440,225	Operating transfer		
Wastewater Enterprise	Water Enterprise Fund	62,407	Debt payments		
Water Enterprise	General Fund	1,409,946	Operating transfer		
Water Enterprise	CDBG Fund	25,050	Grant matching funds		
Water Enterprise	Wastewater Enterprise Fund	46,533	Debt payments		
Water Enterprise	Governmental Capital Assets	2,500	Governmental capital asset purchase		
Total		<u>\$ 10,077,837</u>			
Reconciliation to Fund Financial Statements:					
	Transfers In	Transfers Out	GW Capital Asset/Grant Purchases/Transfers	Internal Service Activity	Net Transfers
Governmental Funds	\$ 6,999,805	\$ (7,114,368)	\$ (1,970,459)	\$ (26,817)	\$ (2,111,839)
Proprietary Funds	3,075,532	(2,963,469)	1,972,959	26,817	2,111,839
Governmental Capital Assets	2,500	-	(2,500)	-	-
	<u>\$ 10,077,837</u>	<u>\$ (10,077,837)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Balances:

Interfund receivable and payables at June 30, 2013 were comprised of the following:

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<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Wastewater Enterprise Fund	170,465	Portion of sales tax accrual
General Fund	Water Enterprise Fund	170,465	Portion of sales tax accrual
General Fund	Employee Benefit Internal Service Fund	491,649	Portion of self-insurance claims payable
General Fund	Garage Cash Fund	19,060	Reimburse for deposit recorded incorrectly
Street Improvement Fund	Hazard Mitigation Fund	25,105	Reimburse expenses
Hazard Mitigation Fund	Reserve Management Fund	127,392	Reimburse expenses
JAG Fund	Reserve Management Fund	12,964	Reimburse expenses
Recreation Fund	Employee Benefit Internal Service Fund	2,488	Portion of self-insurance claims payable
Emergency Management Fund	Employee Benefit Internal Service Fund	19	Portion of self-insurance claims payable
Library Capital Improvement	Employee Benefit Internal Service Fund	1,288	Portion of self-insurance claims payable
Sanitation Enterprise Fund	Employee Benefit Internal Service Fund	32,502	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Employee Benefit Internal Service Fund	46,367	Portion of self-insurance claims payable
Water Enterprise Fund	Employee Benefit Internal Service Fund	66,592	Portion of self-insurance claims payable
Water Enterprise Fund	Parks Cash Fund	14,815	Reimburse for deposit recorded incorrectly
Garage Cash Fund	Employee Benefit Internal Service Fund	15,493	Portion of self-insurance claims payable
Total		<u>\$ 1,196,664</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	\$ 180,276	\$ (1,020,895)	\$ 659,965	\$ (180,654)
Proprietary Funds	340,930	(160,276)	-	180,654
Internal Service Funds	675,458	(15,493)	(659,965)	-
Total	<u>\$ 1,196,664</u>	<u>\$ (1,196,664)</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: \$2,042,000 of 2004 OWRB, \$17,000,000 of 2005 OWRB, \$18,490,500 of 2006 OWRB, \$1,090,000 of 2009 OWRB Notes Payable, and \$4,640,000 of 2011 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 2027, 2026, 2028, 2030, and 2016, respectively. The total principal and interest payable for the remainder of the life of these bonds is \$38,478,042. Pledged net water and sewer utility revenues in the current fiscal year were \$5,038,390. Maximum annual debt service on all parity debt totaled \$3,727,688 which was 135% of total pledged revenues for these notes.

Gross Revenue Available for Debt Service:	
Charges for services	\$9,246,974
Sales tax pledged (1/2 cents)	2,687,528
Total Gross Revenues Available	<u>11,934,502</u>
Operating Expenses:	
Operations	6,896,112
Total Operating Expenses	<u>6,896,112</u>
Net Revenues Available for Debt Service	<u>\$5,038,390</u>
Debt Service Requirements:	
Maximum annual debt service on all APWA parity debt	<u>\$3,727,688</u>
Computed Coverage	<u>135%</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.

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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, 2010, to June 30, 2013:

	Employee Health
Claims liability, July 1, 2010	\$416,255
Claims incurred and changes in estimates	2,772,888
Claims paid	(2,987,671)
Claims liability, July 1, 2011	201,472
Claims incurred and changes in estimates	3,258,479
Claims paid	(2,450,810)
Claims liability, July 1, 2012	1,009,141
Claims incurred and changes in estimates	5,151,695
Claims paid	(5,343,414)
Claims liability, June 30, 2013	817,422
Assets available to pay claims at June 30, 2013	\$2,024,348

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 2013, 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.

Firefighters' Plan:

Pursuant to the requirements of Title 11, section 49-102, the City of Ardmore participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid firefighter to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

A copy of the Firefighters Statewide Pension Plan financial statements can be obtained from the Oklahoma Firefighters Pension System, 4545 Lincoln Blvd. Suite 263, Oklahoma City, OK, 73105-3707.

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Police Plan:

Pursuant to the requirements of Title 11, section 50-102, 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 paid police person contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid police person to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

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.

Summary of Contributions – Cost Sharing Plans:

<u>Oklahoma Police Pension and Retirement System</u>			<u>Oklahoma Firefighter's Pension and Retirement System</u>		
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 272,387	100%	2011	\$ 220,933	100%
2012	\$ 277,843	100%	2012	\$ 226,976	100%
2013	\$ 305,200	100%	2013	\$ 225,538	100%

The state made on-behalf payments of \$277,027 for the police pension system and \$520,472 for the fire pension during the current fiscal year.

Employee Plan:

The City provides a pension benefit for all of its full-time employees with the exception of the police and fire departments, through the Oklahoma Municipal Retirement Fund (OMRF).

A. Plan Description

Effective May 2004, the City began contributing to the City of Ardmore Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan. Administration of the City's individual plan rests with the City Commission. The overall operations of OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase Bank of Oklahoma City acts as administrator and securities custodian. OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1200 N.W. 63rd, 4th Floor, Oklahoma City, Oklahoma 73116.

B. Eligibility Factors, Contribution Methods and Benefit Provisions

Provision

OMRF Plan

a. Eligible to Participate

Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.

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- b. Contribution Requirements:
- Authorization By City ordinance
 - Actuarially Determined Yes
 - Employer Rate 6.0% of covered payroll
 - Employee Rate 20.5% 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.

C. Annual Pension Costs

1. Current Year Contribution Information

For the year ended June 30, 2013, the City’s annual pension cost and required contributions of \$1,263,986 were made.

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2. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2013
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments	7.5%
c. Projected Salary Increase	Rates by age
d. Post Retirement cost-of-Living Increase	None
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Amortization Method of Unfunded Actuarial Accrued Liability	Level percentage of projected payroll
g. Remaining Amortization Period	None
h. Asset Valuation Method	Actuarial method

D. Funded Status and Funding Progress

As of January 1, 2013, the funded status of the OMRF defined benefit plan is as follows:

Actuarial accrued liability (AAL)	\$18,265,454
Actuarial value of plan assets	<u>16,957,821</u>
Overfunded (Unfunded) actuarial accrued liability (UAAL)	(\$1,307,633)
Funded ratio (actuarial value of plan assets/AAL)	92.8%
Annual covered payroll (active plan members)	\$7,393,751
UAAL as a percentage of covered payroll	17.7%

Period Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 1,655,190	100%	-
June 30, 2012	\$ 1,476,381	100%	-
June 30, 2013	\$ 1,263,986	100%	-

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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E. City Manager Retirement Plan

The City of Ardmore participates in the Oklahoma Municipal Retirement Funds City Manager Retirement Plan. The City is required to contribute the maximum annual amount for the year ended June 30, 2013. The City Manager is not required to contribute.

F. Oklahoma Municipal Retirement Fund 457 Plan

The OMRF 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 Oklahoma Municipal Retirement Fund 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, 2013 were \$125,300.

G. Annual OPEB Cost and Net OPEB Obligation.

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

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

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2013:

Annual required contribution	\$ 563,749
Interest on net OPEB obligation	33,150
Amortization of NOO	(68,594)
Annual OPEB cost (expense)	528,305
Contributions made	(149,495)
Increase in net OPEB obligation	378,810
Net OPEB obligation—beginning of year	1,104,919
Net OPEB obligation—end of year	\$ 1,483,729

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2013 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

Funded Status and Funding Progress. As of July 1, 2012, 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 \$4,869,519, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,869,519. The covered payroll (annual payroll of active employees covered by the plan) was \$10.8 million, and the ratio of the UAAL to the covered payroll was 45.2 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, 2012, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2014, 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, 2013, was twenty-seven years.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2013

GENERAL FUND				
Budget and Actual (with Variances) - Budgetary Basis				
Year Ended June 30, 2013				
	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 9,807,200	\$ 9,807,200	\$ 9,894,756	\$ 87,556
Licenses and permits	125,500	125,500	124,324	(1,176)
Intergovernmental	370,000	370,000	360,269	(9,731)
Charges for services	140,500	140,500	163,685	23,185
Fines and Forfeitures	199,750	199,750	177,096	(22,654)
Investment earnings	15,000	15,000	17,070	2,070
Miscellaneous	215,500	215,500	315,680	100,180
Total revenues	<u>10,873,450</u>	<u>10,873,450</u>	<u>11,052,880</u>	<u>179,430</u>
EXPENDITURES				
Department:				
<i>General Government:</i>				
Legislative	234,980	234,980	182,978	52,002
Municipal court	82,924	82,924	78,655	4,269
City manager	325,090	325,090	317,528	7,562
Human resources	318,823	318,823	318,782	41
Information tech	799,589	799,589	787,879	11,710
Legal	120,057	208,057	206,924	1,133
Finance	502,095	547,095	546,924	171
Purchasing	136,006	140,006	139,080	926
Engineering	454,257	454,257	421,651	32,606
Development services	595,571	595,571	583,740	11,831
GIS	90,876	93,126	92,970	156
Technical services	689,672	689,672	649,966	39,706
Pension benefits & insurance	951,500	951,500	868,739	82,761
<i>Total General Government</i>	<u>5,301,440</u>	<u>5,440,690</u>	<u>5,195,816</u>	<u>244,874</u>
<i>Public Safety:</i>				
Fire	2,885,782	2,869,782	2,805,039	64,743
Police	4,543,736	4,503,736	4,460,600	43,136
Police jail	121,200	176,200	175,716	484
Animal Control	120,803	135,803	135,509	294
Forensic lab	129,119	129,119	124,328	4,791
Emergency dispatch	590,181	540,181	521,892	18,289
<i>Total Public Safety</i>	<u>8,390,821</u>	<u>8,354,821</u>	<u>8,223,084</u>	<u>131,737</u>
<i>Street:</i>				
Street maintenance	1,268,996	1,174,746	1,088,690	86,056
<i>Total Street</i>	<u>1,268,996</u>	<u>1,174,746</u>	<u>1,088,690</u>	<u>86,056</u>
<i>Culture and Recreation:</i>				
Community center	223,075	223,075	219,568	3,507
Community pool	111,004	112,004	111,713	291
Parks & recreation	951,293	951,293	934,638	16,655
R.O.W. maintenance	453,602	443,602	389,995	53,607
Library	830,768	830,768	759,671	71,097
<i>Total Culture and Recreation</i>	<u>2,569,742</u>	<u>2,560,742</u>	<u>2,415,585</u>	<u>145,157</u>
<i>Cemetery:</i>				
Cemetery	342,198	342,198	291,693	50,505
<i>Total Cemetery</i>	<u>342,198</u>	<u>342,198</u>	<u>291,693</u>	<u>50,505</u>
Total Expenditures	<u>17,873,197</u>	<u>17,873,197</u>	<u>17,214,868</u>	<u>658,329</u>
Excess (deficiency) of revenues over expenditures	<u>(6,999,747)</u>	<u>(6,999,747)</u>	<u>(6,161,988)</u>	<u>837,759</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,283,315	6,283,315	6,906,798	623,483
Transfers out	(410,500)	(410,500)	(384,500)	26,000
Total other financing sources and uses	<u>5,872,815</u>	<u>5,872,815</u>	<u>6,522,298</u>	<u>649,483</u>
Net change in fund balances	(1,126,932)	(1,126,932)	360,310	1,487,242
Fund balances - beginning	2,035,561	2,035,561	3,246,631	1,211,070
Fund balances - ending	<u>\$ 908,629</u>	<u>\$ 908,629</u>	<u>\$ 3,606,941</u>	<u>\$ 2,698,312</u>

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COMMUNITY ENHANCEMENT FUND
Budget and Actual (with Variances) - Budgetary Basis
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 2,600,000	\$ 2,690,468	\$ 2,690,468	\$ -
Investment earnings	2,300	3,913	3,914	1
Total revenues	<u>2,602,300</u>	<u>2,694,381</u>	<u>2,694,382</u>	<u>1</u>
EXPENDITURES				
Departmental:				
General government	809,600	1,022,135	1,022,135	-
<i>Total General government</i>	<u>809,600</u>	<u>1,022,135</u>	<u>1,022,135</u>	<u>-</u>
Total Expenditures	809,600	1,022,135	1,022,135	-
Excess (deficiency) of revenues over expenditures	<u>1,792,700</u>	<u>1,672,246</u>	<u>1,672,247</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,654,400)	(1,616,900)	(1,616,900)	-
Total other financing sources and uses	<u>(1,654,400)</u>	<u>(1,616,900)</u>	<u>(1,616,900)</u>	<u>-</u>
Net change in fund balances	138,300	55,346	55,347	1
Fund balances - beginning	761,025	761,025	1,142,995	381,970
Fund balances - ending	<u>\$ 899,325</u>	<u>\$ 816,371</u>	<u>\$ 1,198,342</u>	<u>\$ 381,971</u>

Footnotes to Budgetary Comparison Schedules:

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

	General Fund	Community Enhancement Fund
Total revenue - budgetary basis	\$ 17,959,678	\$ 2,694,382
Total expenses - budgetary basis	(17,599,368)	(2,639,035)
Change in fund balance - budgetary basis	360,310	55,347
Revenue accruals	(321,595)	(2,940)
Expenditure accruals	291,399	109,000
Change in fund balance - GAAP basis	<u>\$ 330,114</u>	<u>\$ 161,407</u>

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Schedule of Pension Plan Funding Progress – OMRF Defined Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry Age	Unfunded Liability AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
1/1/05	\$3,005,892	\$3,986,858	\$980,965	75.4%	\$5,798,942	16.9%
1/1/06	\$4,079,324	\$4,918,406	\$839,082	82.9%	\$5,975,213	14.0%
1/1/07	\$5,417,663	\$6,212,718	\$795,055	87.2%	\$6,434,428	12.4%
1/1/08	\$6,971,159	\$10,503,727	\$3,532,568	66.4%	\$7,032,998	50.2%
1/1/09	\$8,440,628	\$12,499,353	\$4,058,725	67.5%	\$7,274,284	55.8%
1/1/10	\$10,264,324	\$15,209,309	\$4,944,985	67.5%	\$7,343,669	67.1%
1/1/11	\$12,484,073	\$17,589,213	\$5,105,140	71.0%	\$7,526,857	67.8%
1/1/12	\$14,624,030	\$17,781,946	\$3,157,916	82.2%	\$7,116,155	44.4%
1/1/13	\$16,957,821	\$18,265,454	\$1,307,633	92.8%	\$7,393,751	17.7%

Schedule of Funding Progress – OPEB Liability

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- PUC Method	Unfunded Liability AAL	Funded Ratio	(est) Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
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	\$4,099,507	\$4,099,507	0%	\$10,780,000	38%

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2013

	Special Revenue Funds									
	<u>GAPS Tax Schools</u>	<u>Street and Alley</u>	<u>Library State Grant</u>	<u>Historical Grant</u>	<u>Pass Thru Grants</u>	<u>FAA Grant</u>	<u>Mavor's Anti Crime</u>	<u>Homeland Security Grant</u>	<u>JAG LLEB Grant</u>	<u>ADA Industrial</u>
ASSETS										
Cash and cash equivalents	\$ -	\$ 4,989	\$ 25,711	\$ 5,153	\$ 683	\$ 4,740	\$ 23,800	\$ 975	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-
Receivable from other governments	170,465	35,094	-	3,500	-	162,818	-	-	12,964	170,465
Due from other funds	-	-	-	-	-	-	-	-	-	-
Other taxes receivable, net	-	-	-	-	-	-	-	-	-	-
Court fines receivable, net	-	-	-	-	-	-	-	-	-	-
Ambulance receivable, net	-	-	-	-	-	-	-	-	-	-
Utilities receivable, net	-	-	-	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 170,465</u>	<u>\$ 40,083</u>	<u>\$ 25,711</u>	<u>\$ 8,653</u>	<u>\$ 683</u>	<u>\$ 167,558</u>	<u>\$ 23,800</u>	<u>\$ 975</u>	<u>\$ 12,964</u>	<u>\$ 170,465</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3,798	\$ 2,233	\$ -	\$ 157,798	\$ 1,250	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	12,964	-
Due to component unit	-	-	-	-	-	-	-	-	-	170,465
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,798</u>	<u>2,233</u>	<u>-</u>	<u>157,798</u>	<u>1,250</u>	<u>-</u>	<u>12,964</u>	<u>170,465</u>
Deferred Inflows of Resources:										
Deferred revenue	-	-	-	-	-	6,387	-	-	-	-
Fund balances:										
Restricted	170,465	-	21,161	5,872	683	-	21,612	-	-	-
Assigned	-	40,083	752	548	-	3,373	938	975	-	-
Total fund balances	<u>170,465</u>	<u>40,083</u>	<u>21,913</u>	<u>6,420</u>	<u>683</u>	<u>3,373</u>	<u>22,550</u>	<u>975</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 170,465</u>	<u>\$ 40,083</u>	<u>\$ 25,711</u>	<u>\$ 8,653</u>	<u>\$ 683</u>	<u>\$ 167,558</u>	<u>\$ 23,800</u>	<u>\$ 975</u>	<u>\$ 12,964</u>	<u>\$ 170,465</u>

(Continued)

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2013, (Continued)

	Special Revenue Funds				Capital Project Funds						
	<u>Tree Grant</u>	<u>Library Trust</u>	<u>Convention Tourism</u>	<u>Tobacco Settlement</u>	<u>Hazard Mitigation</u>	<u>Fire Capital</u>	<u>Downtown Executive Airport</u>	<u>Capital Improvement</u>	<u>CDBG Fund</u>	<u>Cemetery Care</u>	<u>Library Capital Improvement</u>
ASSETS											
Cash and cash equivalents	\$ -	\$ 39,306	\$ -	\$ 1,969	\$ -	\$ 33,657	\$ 25,049	\$ 950,862	\$ 10,946	\$ 132,716	\$ 334,849
Investments	-	4,480,700	-	-	-	-	-	-	-	-	200,000
Interest receivable	-	-	-	-	-	-	-	-	-	-	-
Receivable from other governments	-	-	-	-	137,486	-	15	-	-	-	-
Due from other funds	-	-	-	-	25,105	-	-	-	-	-	-
Other taxes receivable, net	-	-	93,662	-	-	-	-	-	-	-	-
Court fines receivable, net	-	-	-	-	-	-	-	-	-	-	-
Ambulance receivable, net	-	-	-	-	-	-	-	-	-	-	-
Utilities receivable, net	-	-	-	-	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 4,520,006</u>	<u>\$ 93,662</u>	<u>\$ 1,969</u>	<u>\$ 162,591</u>	<u>\$ 33,657</u>	<u>\$ 25,064</u>	<u>\$ 950,862</u>	<u>\$ 10,946</u>	<u>\$ 132,716</u>	<u>\$ 534,849</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 356	\$ -	\$ 375	\$ 15	\$ -	\$ -	\$ -	\$ 11,163
Due to other funds	-	-	-	-	127,392	-	-	-	-	-	1,288
Due to component unit	-	-	93,662	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>93,662</u>	<u>356</u>	<u>127,392</u>	<u>375</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,451</u>
Deferred Inflows of Resources:											
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Fund balances:											
Restricted	-	4,520,006	-	1,613	35,199	-	-	-	-	132,716	514,906
Assigned	-	-	-	-	-	33,282	25,049	950,862	10,946	-	7,492
Total fund balances	<u>-</u>	<u>4,520,006</u>	<u>-</u>	<u>1,613</u>	<u>35,199</u>	<u>33,282</u>	<u>25,049</u>	<u>950,862</u>	<u>10,946</u>	<u>132,716</u>	<u>522,398</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 4,520,006</u>	<u>\$ 93,662</u>	<u>\$ 1,969</u>	<u>\$ 162,591</u>	<u>\$ 33,657</u>	<u>\$ 25,064</u>	<u>\$ 950,862</u>	<u>\$ 10,946</u>	<u>\$ 132,716</u>	<u>\$ 534,849</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2013, (Continued)

	Capital Project Funds					Debt Service Funds			Total Governmental Funds	
	Greenbriar Street Assessment	Main Street Streetscape	Timber Grove Street Assessment	Champion Station Street Assessment	Streetscape II Assessment	Valley Ranch Road Assessment	Debt Service Fund	Ardmore Community Facilities Authority		TIF 2
ASSETS										
Cash and cash equivalents	\$ -	\$ 3	\$ 99	\$ 1,123	\$ 12,545	\$ 74,932	\$ 148,590	\$ 1,244,562	\$ 4,090,594	\$ 7,167,853
Investments	-	-	-	-	-	-	-	803,457	-	5,484,157
Interest receivable	-	-	-	-	-	-	-	-	-	-
Receivable from other governments	-	-	-	-	-	-	10,427	-	-	703,234
Due from other funds	-	-	-	-	-	-	-	-	-	25,105
Other taxes receivable, net	-	-	-	-	-	-	-	-	-	93,662
Court fines receivable, net	-	-	-	-	-	-	-	-	-	-
Ambulance receivable, net	-	-	-	-	-	-	-	-	-	-
Utilities receivable, net	-	-	-	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 99</u>	<u>\$ 1,123</u>	<u>\$ 12,545</u>	<u>\$ 74,932</u>	<u>\$ 159,017</u>	<u>\$ 2,048,019</u>	<u>\$ 4,090,594</u>	<u>\$ 13,474,011</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,988
Due to other funds	-	-	-	-	-	-	-	-	-	141,644
Due to component unit	-	-	-	-	-	-	-	-	-	264,127
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,759</u>
Deferred Inflows of Resources:										
Deferred revenue	-	-	-	-	-	-	7,151	-	-	13,538
Fund balances:										
Restricted	-	-	-	-	-	-	151,866	-	4,090,010	9,666,109
Assigned	-	3	99	1,123	12,545	74,932	-	2,048,019	584	3,211,605
Total fund balances	<u>-</u>	<u>3</u>	<u>99</u>	<u>1,123</u>	<u>12,545</u>	<u>74,932</u>	<u>151,866</u>	<u>2,048,019</u>	<u>4,090,594</u>	<u>12,877,714</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 99</u>	<u>\$ 1,123</u>	<u>\$ 12,545</u>	<u>\$ 74,932</u>	<u>\$ 159,017</u>	<u>\$ 2,048,019</u>	<u>\$ 4,090,594</u>	<u>\$ 13,474,011</u>

CITY OF ARDMORE, OKLAHOMA
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As of and for the Year Ended June 30, 2013

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2013

	Special Revenue Funds									
	<u>GAPS Tax</u>		<u>Library State</u>		<u>Pass Thru</u>		<u>Mayor's Anti</u>	<u>Homeland</u>	<u>JAG LLEB</u>	
	<u>Schools</u>	<u>Street and Alley</u>	<u>Grant</u>	<u>Historical Grant</u>	<u>Grants</u>	<u>FAA Grant</u>	<u>Crime</u>	<u>Security Grant</u>	<u>Grant</u>	<u>ADA Industrial</u>
REVENUES										
Taxes	\$ 1,343,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,343,764
Intergovernmental	-	218,348	27,474	9,261	46,342	1,323,314	-	119,904	27,912	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	20	111	-	-	-	31	-	-	-
Miscellaneous	-	-	-	-	-	38,407	194,070	-	-	-
Total revenues	<u>1,343,764</u>	<u>218,368</u>	<u>27,585</u>	<u>9,261</u>	<u>46,342</u>	<u>1,361,721</u>	<u>194,101</u>	<u>119,904</u>	<u>27,912</u>	<u>1,343,764</u>
EXPENDITURES										
Current:										
General government	391,618	-	-	-	46,342	-	-	-	-	1,343,764
Public safety	-	-	-	-	-	-	36,256	650	13,833	-
Street	-	473,839	-	-	-	-	-	-	-	-
Culture and recreation	-	-	18,268	6,420	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	1,353,806	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	6,209	-	-	-	1,500	119,254	12,964	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>391,618</u>	<u>473,839</u>	<u>24,477</u>	<u>6,420</u>	<u>46,342</u>	<u>1,353,806</u>	<u>37,756</u>	<u>119,904</u>	<u>26,797</u>	<u>1,343,764</u>
Excess (deficiency) of revenues over expenditures	<u>952,146</u>	<u>(255,471)</u>	<u>3,108</u>	<u>2,841</u>	<u>-</u>	<u>7,915</u>	<u>156,345</u>	<u>-</u>	<u>1,115</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)										
Change in fair market value of investment	-	-	-	-	-	-	-	-	-	-
Proceeds from interfund advance	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	290,000	-	270	-	-	31	-	1,112	-
Transfers out	(953,616)	(34,461)	-	-	-	-	(156,742)	-	(33)	-
Total other financing sources and uses	<u>(953,616)</u>	<u>255,539</u>	<u>-</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>(156,711)</u>	<u>-</u>	<u>1,079</u>	<u>-</u>
Net change in fund balances	(1,470)	68	3,108	3,111	-	7,915	(366)	-	2,194	-
Fund balances (deficits) - beginning, restated	171,935	40,015	18,805	3,309	683	(4,542)	22,916	975	(2,194)	-
Fund balances - ending	<u>\$ 170,465</u>	<u>\$ 40,083</u>	<u>\$ 21,913</u>	<u>\$ 6,420</u>	<u>\$ 683</u>	<u>\$ 3,373</u>	<u>\$ 22,550</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2013, (Continued)

	Special Revenue Funds					Capital Project Funds					
	<u>Tree Grant</u>	<u>Library Trust</u>	<u>Convention Tourism</u>	<u>Tobacco Settlement</u>	<u>Hazard Mitigation</u>	<u>Fire Capital</u>	<u>Downtown Executive Airport</u>	<u>Capital Improvement</u>	<u>CDBG Fund</u>	<u>Cemetery Care</u>	<u>Library Capital Improvement</u>
REVENUES											
Taxes	\$ -	\$ -	\$ 936,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,840	-	-	10,000	51,762	-	19,879	-	-	-	-
Charges for services	-	-	-	-	-	20,588	-	-	-	14,404	-
Investment earnings	-	90,834	-	-	-	130	72	4,446	-	639	1,231
Miscellaneous	-	319,403	-	-	-	-	20,649	245,070	-	-	1,099
Total revenues	<u>22,840</u>	<u>410,237</u>	<u>936,761</u>	<u>10,000</u>	<u>51,762</u>	<u>20,718</u>	<u>40,600</u>	<u>249,516</u>	<u>-</u>	<u>15,043</u>	<u>2,330</u>
EXPENDITURES											
Current:											
General government	22,840	-	-	985	1,936	-	-	-	-	-	-
Public safety	-	-	-	-	-	5,159	-	-	-	-	-
Street	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	18,262	-	-	-	-	-	-	-	-	98,125
Cemetery	-	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	11,646	-	-	-	-
Economic development	-	-	936,761	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	7,402	14,627	4,856	21,990	-	14,104	8,812	54,719
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>22,840</u>	<u>18,262</u>	<u>936,761</u>	<u>8,387</u>	<u>16,563</u>	<u>10,015</u>	<u>33,636</u>	<u>-</u>	<u>14,104</u>	<u>8,812</u>	<u>152,844</u>
Excess (deficiency) of revenues over expenditures	-	391,975	-	1,613	35,199	10,703	6,964	249,516	(14,104)	6,231	(150,514)
OTHER FINANCING SOURCES (USES)											
Change in fair market value of investment	-	(252,148)	-	-	-	-	-	-	-	-	-
Proceeds from interfund advance	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	25,050	-	-
Transfers out	-	-	-	-	-	-	-	(250,000)	-	-	-
Total other financing sources and uses	-	(252,148)	-	-	-	-	-	(250,000)	25,050	-	-
Net change in fund balances	-	139,827	-	1,613	35,199	10,703	6,964	(484)	10,946	6,231	(150,514)
Fund balances (deficits) - beginning, restated	-	4,380,179	-	-	-	22,579	18,085	951,346	-	126,485	672,912
Fund balances - ending	<u>\$ -</u>	<u>\$ 4,520,006</u>	<u>\$ -</u>	<u>\$ 1,613</u>	<u>\$ 35,199</u>	<u>\$ 33,282</u>	<u>\$ 25,049</u>	<u>\$ 950,862</u>	<u>\$ 10,946</u>	<u>\$ 132,716</u>	<u>\$ 522,398</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2013, (Continued)

	<u>Capital Project Funds</u>						<u>Debt Service Funds</u>			<u>Total-Other Governmental Funds</u>
	<u>Greenbriar Street Assessment</u>	<u>Main Street Streetscape</u>	<u>Timber Grove Street Assessment</u>	<u>Champion Station Street Assessment</u>	<u>Streetscape II Assessment</u>	<u>Valley Ranch Road Assessment</u>	<u>Debt Service Fund</u>	<u>Ardmore Community Facilities Authority</u>	<u>TIF 2</u>	
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 451,560	\$ -	\$ 1,982,858	\$ 6,058,707
Intergovernmental	-	-	-	-	-	-	-	-	-	1,877,036
Charges for services	-	-	-	-	-	-	-	-	-	34,992
Investment earnings	-	-	1	5	46	342	-	40,294	307	138,509
Miscellaneous	-	-	-	253	5,173	16,044	-	-	-	840,168
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>258</u>	<u>5,219</u>	<u>16,386</u>	<u>451,560</u>	<u>40,294</u>	<u>1,983,165</u>	<u>8,949,412</u>
EXPENDITURES										
Current:										
General government	-	-	-	65	112	39	185,999	-	366,068	2,359,768
Public safety	-	-	-	-	-	-	-	-	-	55,898
Street	-	-	-	-	-	-	-	-	-	473,839
Culture and recreation	-	-	-	-	-	-	-	-	-	141,075
Cemetery	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	1,365,452
Economic development	-	-	-	-	-	-	-	-	-	936,761
Capital outlay	-	-	-	-	-	-	-	-	-	266,437
Debt service:										
Principal	-	-	-	-	-	-	394,048	735,000	465,000	1,594,048
Interest and other charges	-	-	-	-	-	-	67,705	124,623	305,600	497,928
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>65</u>	<u>112</u>	<u>39</u>	<u>647,752</u>	<u>859,623</u>	<u>1,136,668</u>	<u>7,691,206</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>193</u>	<u>5,107</u>	<u>16,347</u>	<u>(196,192)</u>	<u>(819,329)</u>	<u>846,497</u>	<u>1,258,206</u>
OTHER FINANCING SOURCES (USES)										
Change in fair market value of investment	-	-	-	-	-	-	-	-	-	(252,148)
Proceeds from interfund advance	-	-	-	-	-	-	178,698	-	-	178,698
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	953,616	-	1,270,079
Transfers out	-	-	-	-	-	-	(491,318)	-	-	(1,886,170)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(312,620)</u>	<u>953,616</u>	<u>-</u>	<u>(689,541)</u>
Net change in fund balances	-	-	1	193	5,107	16,347	(508,812)	134,287	846,497	568,665
Fund balances (deficits) - beginning, restated	-	3	98	930	7,438	58,585	660,678	1,913,732	3,244,097	12,309,049
Fund balances - ending	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 99</u>	<u>\$ 1,123</u>	<u>\$ 12,545</u>	<u>\$ 74,932</u>	<u>\$ 151,866</u>	<u>\$ 2,048,019</u>	<u>\$ 4,090,594</u>	<u>\$ 12,877,714</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2013

	<u>General Fund</u>	<u>C.A.R.R. Account</u>	<u>Emergency Management Account</u>	<u>Insurance Recovery Account</u>	<u>Commercial Sidewalk Account</u>	<u>Drug Enforcement Account</u>	<u>A.L.E.R.T. Account</u>	<u>City Lakes Account</u>	<u>E.C. Hall Doll Account</u>	<u>Hester K. Horn Account</u>
ASSETS										
Cash and cash equivalents	\$ 3,065,215	\$ 207,250	\$ 2,856	\$ 59,371	\$ -	\$ 14,386	\$ 3,872	\$ 2,645	\$ 659	\$ 81
Investments	601,624	-	-	-	-	-	-	-	-	-
Receivable from other governments	1,583,094	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Court fines receivable, net	55,432	-	-	-	-	-	-	-	-	-
Other receivables	3,153	-	7,532	-	-	30	-	-	-	-
Total assets	<u>\$ 5,308,518</u>	<u>\$ 207,250</u>	<u>\$ 10,388</u>	<u>\$ 59,371</u>	<u>\$ -</u>	<u>\$ 14,416</u>	<u>\$ 3,872</u>	<u>\$ 2,645</u>	<u>\$ 659</u>	<u>\$ 81</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 803,093	\$ -	\$ 3,737	\$ -	\$ -	\$ -	\$ -	\$ 1,783	\$ -	\$ -
Due to other funds	851,639	-	19	-	-	-	-	-	-	-
Due to bondholders	790	-	-	-	-	-	-	-	-	-
Other payables	48,168	-	-	-	-	-	-	-	-	-
Total liabilities	<u>1,703,690</u>	<u>-</u>	<u>3,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,783</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:										
Deferred revenue	<u>28,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	207,250	6,632	59,371	-	14,416	3,872	862	659	81
Unassigned	3,576,745	-	-	-	-	-	-	-	-	-
Total fund balances	<u>3,576,745</u>	<u>207,250</u>	<u>6,632</u>	<u>59,371</u>	<u>-</u>	<u>14,416</u>	<u>3,872</u>	<u>862</u>	<u>659</u>	<u>81</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,308,518</u>	<u>\$ 207,250</u>	<u>\$ 10,388</u>	<u>\$ 59,371</u>	<u>\$ -</u>	<u>\$ 14,416</u>	<u>\$ 3,872</u>	<u>\$ 2,645</u>	<u>\$ 659</u>	<u>\$ 81</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2013, (Continued)

	<u>OHP Account</u>	<u>Recreation Account</u>	<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>Revolving Loan-ADA Account</u>	<u>Total General Fund Accounts</u>
ASSETS										
Cash and cash equivalents	\$ 28,750	\$ 6,526	\$ 62,143	\$ 2,324,194	\$ -	\$ 13,838	\$ 223,372	\$ -	\$ 193,839	\$ 6,208,997
Investments	-	-	-	900,000	-	-	-	-	-	1,501,624
Receivable from other governments	-	-	-	158,212	-	-	-	-	-	1,741,306
Due from other funds	-	-	-	140,356	-	-	14,815	-	-	155,171
Court fines receivable, net	-	-	-	-	-	-	-	-	-	55,432
Other receivables	-	-	-	-	19,350	-	-	-	-	30,065
Total assets	<u>\$ 28,750</u>	<u>\$ 6,526</u>	<u>\$ 62,143</u>	<u>\$ 3,522,762</u>	<u>\$ 19,350</u>	<u>\$ 13,838</u>	<u>\$ 238,187</u>	<u>\$ -</u>	<u>\$ 193,839</u>	<u>\$ 9,692,595</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 170	\$ 5,660	\$ -	\$ 341,787	\$ -	\$ -	\$ 1,672	\$ -	\$ -	\$ 1,157,902
Due to other funds	-	2,488	-	-	-	-	-	-	-	854,146
Due to bondholders	-	-	-	-	-	-	-	-	-	790
Other payables	-	-	-	-	-	-	-	-	-	48,168
Total liabilities	<u>170</u>	<u>8,148</u>	<u>-</u>	<u>341,787</u>	<u>-</u>	<u>-</u>	<u>1,672</u>	<u>-</u>	<u>-</u>	<u>2,061,006</u>
Deferred Inflows of Resources:										
Deferred revenue	-	-	-	-	-	-	-	-	-	28,083
Fund balances:										
Restricted	-	-	-	-	-	12,463	-	-	-	12,463
Assigned	28,580	-	62,143	3,180,975	19,350	1,375	236,515	-	193,839	4,015,920
Unassigned	-	(1,622)	-	-	-	-	-	-	-	3,575,123
Total fund balances	<u>28,580</u>	<u>(1,622)</u>	<u>62,143</u>	<u>3,180,975</u>	<u>19,350</u>	<u>13,838</u>	<u>236,515</u>	<u>-</u>	<u>193,839</u>	<u>7,603,506</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 28,750</u>	<u>\$ 6,526</u>	<u>\$ 62,143</u>	<u>\$ 3,522,762</u>	<u>\$ 19,350</u>	<u>\$ 13,838</u>	<u>\$ 238,187</u>	<u>\$ -</u>	<u>\$ 193,839</u>	<u>\$ 9,692,595</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>C.A.R.R.</u> <u>Account</u>	<u>Emergency</u> <u>Management</u> <u>Account</u>	<u>Insurance</u> <u>Recovery</u> <u>Account</u>	<u>Commercial</u> <u>Sidewalk</u> <u>Account</u>	<u>Drug</u> <u>Enforcement</u> <u>Account</u>	<u>A.L.E.R.T.</u> <u>Account</u>	<u>City Lakes</u> <u>Account</u>	<u>E.C. Hall Doll</u> <u>Account</u>	<u>Hester K.</u> <u>Horn</u> <u>Account</u>
REVENUES										
Taxes	\$ 12,537,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,156,584	-	30,126	-	-	-	-	-	-	-
Licenses and permits	124,324	-	-	-	-	-	-	14,093	-	-
Charges for services	163,685	-	-	-	-	-	3,150	-	-	-
Fines and forfeitures	168,471	-	-	-	-	-	-	-	-	-
Investment earnings	48,656	994	4	262	-	87	23	9	3	-
Miscellaneous	238,798	-	-	20,670	-	2,549	-	447	-	-
Total revenues	<u>14,438,243</u>	<u>994</u>	<u>30,130</u>	<u>20,932</u>	<u>-</u>	<u>2,636</u>	<u>3,173</u>	<u>14,549</u>	<u>3</u>	<u>-</u>
EXPENDITURES										
Current:										
General government	4,793,959	-	-	12,779	-	-	-	-	-	-
Public safety	9,070,215	-	78,419	-	-	11,600	4,942	-	-	-
Street	1,145,021	-	-	-	32,211	-	-	-	-	-
Culture and recreation	2,329,581	-	-	-	-	-	-	27,586	-	-
Cemetery	288,596	-	-	-	-	-	-	-	-	-
Capital outlay	308,273	-	-	3,216	-	-	-	-	-	-
Debt service:										
Principal	7,249	-	-	-	-	-	-	-	-	-
Interest and other charges	74	-	-	-	-	-	-	-	-	-
Total expenditures	<u>17,942,968</u>	<u>-</u>	<u>78,419</u>	<u>15,995</u>	<u>32,211</u>	<u>11,600</u>	<u>4,942</u>	<u>27,586</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(3,504,725)</u>	<u>994</u>	<u>(48,289)</u>	<u>4,937</u>	<u>(32,211)</u>	<u>(8,964)</u>	<u>(1,769)</u>	<u>(13,037)</u>	<u>3</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	57,822	-	-	-	-	475	-	-	-	-
Interaccount transfer in	931,780	-	48,000	-	-	-	-	12,000	-	-
Interaccount transfer out	(121,500)	-	-	-	-	-	-	-	-	-
Transfers in	5,695,265	-	-	-	32,211	-	-	-	-	-
Transfers out	(2,728,528)	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>3,834,839</u>	<u>-</u>	<u>48,000</u>	<u>-</u>	<u>32,211</u>	<u>475</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	330,114	994	(289)	4,937	-	(8,489)	(1,769)	(1,037)	3	-
Fund balances (deficit) - beginning	3,246,631	206,256	6,921	54,434	-	22,905	5,641	1,899	656	81
Fund balances - ending	<u>\$ 3,576,745</u>	<u>\$ 207,250</u>	<u>\$ 6,632</u>	<u>\$ 59,371</u>	<u>\$ -</u>	<u>\$ 14,416</u>	<u>\$ 3,872</u>	<u>\$ 862</u>	<u>\$ 659</u>	<u>\$ 81</u>

(Continued)

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2013,
(Continued)

	<u>OHP Account</u>	<u>Recreation Account</u>	<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>Revolving Loan-ADA Account</u>	<u>Total General Fund Accounts</u>
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ 2,030,046	\$ 231,832	\$ -	\$ -	\$ -	\$ -	\$ 14,799,603
Intergovernmental	-	-	-	-	-	-	-	-	-	1,186,710
Licenses and permits	-	-	-	-	-	-	-	-	-	138,417
Charges for services	-	-	8,112	-	-	-	-	-	-	174,947
Fines and forfeitures	-	-	-	-	-	-	-	-	-	168,471
Investment earnings	126	8	-	10,231	-	-	1,137	-	927	62,467
Miscellaneous	7,200	73,438	9,311	-	-	870	269,836	-	-	623,119
Total revenues	<u>7,326</u>	<u>73,446</u>	<u>17,423</u>	<u>2,040,277</u>	<u>231,832</u>	<u>870</u>	<u>270,973</u>	<u>-</u>	<u>927</u>	<u>17,153,734</u>
EXPENDITURES										
Current:										
General government	-	-	-	258,744	-	8,543	-	-	-	5,074,025
Public safety	1,877	-	-	-	-	-	-	-	-	9,167,053
Street	-	-	-	-	-	-	-	2,250	-	1,179,482
Culture and recreation	-	132,000	13,862	-	-	-	51,404	-	-	2,554,433
Cemetery	-	-	-	-	-	-	-	-	-	288,596
Capital outlay	-	489	1,219	335,073	-	-	182,336	-	-	830,606
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	7,249
Interest and other charges	-	-	-	-	-	-	-	-	-	74
Total expenditures	<u>1,877</u>	<u>132,489</u>	<u>15,081</u>	<u>593,817</u>	<u>-</u>	<u>8,543</u>	<u>233,740</u>	<u>2,250</u>	<u>-</u>	<u>19,101,518</u>
Excess (deficiency) of revenues over expenditures	<u>5,449</u>	<u>(59,043)</u>	<u>2,342</u>	<u>1,446,460</u>	<u>231,832</u>	<u>(7,673)</u>	<u>37,233</u>	<u>(2,250)</u>	<u>927</u>	<u>(1,947,784)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	58,297
Interaccount transfer in	-	61,500	-	-	-	-	-	-	-	1,053,280
Interaccount transfer out	-	-	-	(700,000)	(231,780)	-	-	-	-	(1,053,280)
Transfers in	-	-	-	-	-	-	-	2,250	-	5,729,726
Transfers out	-	-	-	(105,270)	-	-	-	-	-	(2,833,798)
Total other financing sources and uses	<u>-</u>	<u>61,500</u>	<u>-</u>	<u>(805,270)</u>	<u>(231,780)</u>	<u>-</u>	<u>-</u>	<u>2,250</u>	<u>-</u>	<u>2,954,225</u>
Net change in fund balances	5,449	2,457	2,342	641,190	52	(7,673)	37,233	-	927	1,006,441
Fund balances (deficit) - beginning	23,131	(4,079)	59,801	2,539,785	19,298	21,511	199,282	-	192,912	6,597,065
Fund balances - ending	<u>\$ 28,580</u>	<u>\$ (1,622)</u>	<u>\$ 62,143</u>	<u>\$ 3,180,975</u>	<u>\$ 19,350</u>	<u>\$ 13,838</u>	<u>\$ 236,515</u>	<u>\$ -</u>	<u>\$ 193,839</u>	<u>\$ 7,603,506</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Statement of Net Position – Nonmajor Enterprise Funds – June 30, 2013

	<u>Lakeview Golf</u> <u>Course</u>	<u>Golf Course</u> <u>Building</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,020	\$ 15,007	\$ 31,027
Total current assets	<u>16,020</u>	<u>15,007</u>	<u>31,027</u>
Non-current assets:			
Capital Assets:			
Land and other non-depreciable assets	260,000	-	260,000
Other capital assets, net of depreciation	516,189	-	516,189
Total non-current assets	<u>776,189</u>	<u>-</u>	<u>776,189</u>
Total assets	<u>792,209</u>	<u>15,007</u>	<u>807,216</u>
 LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	620	263	883
Total liabilities	<u>620</u>	<u>263</u>	<u>883</u>
 NET POSITION			
Net investment in capital assets	776,189	-	776,189
Unrestricted	15,400	14,744	30,144
Total net position	<u>\$ 791,589</u>	<u>\$ 14,744</u>	<u>\$ 806,333</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds – Year Ended June 30, 2013

	<u>Lakeview Golf</u> <u>Course</u>	<u>Golf Course</u> <u>Building</u>	<u>Total</u>
REVENUES			
Charges for services - Golf	\$ 427,461	\$ 10,379	\$ 437,840
Miscellaneous	13,782	250	14,032
Total operating revenues	<u>441,243</u>	<u>10,629</u>	<u>451,872</u>
OPERATING EXPENSES			
Golf operations	492,832	4,597	497,429
Depreciation	20,647	-	20,647
Total Operating Expenses	<u>513,479</u>	<u>4,597</u>	<u>518,076</u>
Operating income (loss)	<u>(72,236)</u>	<u>6,032</u>	<u>(66,204)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	<u>67</u>	<u>164</u>	<u>231</u>
Total non-operating revenue (expenses)	<u>67</u>	<u>164</u>	<u>231</u>
Income (loss) before contributions and transfers	<u>(72,169)</u>	<u>6,196</u>	<u>(65,973)</u>
Transfers in	174,064	105,000	279,064
Transfers out	-	(133,064)	(133,064)
Change in net position	101,895	(21,868)	80,027
Total net position - beginning	689,694	36,612	726,306
Total net position - ending	<u>\$ 791,589</u>	<u>\$ 14,744</u>	<u>\$ 806,333</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Year Ended June 30, 2013

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 441,243	\$ 10,629	\$ 451,872
Payments to suppliers	(492,212)	(7,211)	(499,423)
Net Cash Provided by (Used in) Operating Activities	<u>(50,969)</u>	<u>3,418</u>	<u>(47,551)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	174,064	105,000	279,064
Transfers to other funds	-	(133,064)	(133,064)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>174,064</u>	<u>(28,064)</u>	<u>146,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(133,064)	-	(133,064)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(133,064)</u>	<u>-</u>	<u>(133,064)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	67	164	231
Net Cash Provided by Investing Activities	<u>67</u>	<u>164</u>	<u>231</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,902)	(24,482)	(34,384)
Balances - beginning of the year	<u>25,922</u>	<u>39,489</u>	<u>65,411</u>
Balances - end of the year	<u>\$ 16,020</u>	<u>\$ 15,007</u>	<u>\$ 31,027</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (72,236)	\$ 6,032	\$ (66,204)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	20,647	-	20,647
Change in assets and liabilities:			
Accounts payables	620	(2,614)	(1,994)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (50,969)</u>	<u>\$ 3,418</u>	<u>\$ (47,551)</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Statement of Net Position – Internal Service Funds – June 30, 2013

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,836	\$ 700,782	\$ 702,618
Investments	-	500,000	500,000
Due from other funds	19,060	656,398	675,458
Other receivables	-	167,168	167,168
Inventories	26,223	-	26,223
Total assets	<u>47,119</u>	<u>2,024,348</u>	<u>2,071,467</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	28,826	3,137	31,963
Due to other funds	15,493	-	15,493
Compensated absences	2,516	-	2,516
Total current liabilities	<u>46,835</u>	<u>3,137</u>	<u>49,972</u>
Non-current liabilities:			
Compensated absences	22,644	-	22,644
Other postemployment benefit obligation	16,799	-	16,799
Claims payable	-	817,422	817,422
Total non-current liabilities	<u>39,443</u>	<u>817,422</u>	<u>856,865</u>
Total liabilities	<u>86,278</u>	<u>820,559</u>	<u>906,837</u>
NET POSITION			
Unrestricted (deficit)	(39,159)	1,203,789	1,164,630
Total net position	<u>\$ (39,159)</u>	<u>\$ 1,203,789</u>	<u>\$ 1,164,630</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2013

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 706,310	\$ 3,379,522	\$ 4,085,832
Miscellaneous	-	1,661,379	1,661,379
Total operating revenues	<u>706,310</u>	<u>5,040,901</u>	<u>5,747,211</u>
OPERATING EXPENSES			
General Government	711,658	5,151,695	5,863,353
Total operating expenses	<u>711,658</u>	<u>5,151,695</u>	<u>5,863,353</u>
Operating income (loss)	<u>(5,348)</u>	<u>(110,794)</u>	<u>(116,142)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	3	4,271	4,274
Gain on sale of capital assets	260	-	260
Total non-operating revenue (expenses)	<u>263</u>	<u>4,271</u>	<u>4,534</u>
Change in net position	(5,085)	(106,523)	(111,608)
Total net position - beginning	<u>(34,074)</u>	<u>1,310,312</u>	<u>1,276,238</u>
Total net position - ending	<u>\$ (39,159)</u>	<u>\$ 1,203,789</u>	<u>\$ 1,164,630</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2013

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 706,310	\$ 5,040,901	\$ 5,747,211
Receipts (payments) from (to) other funds	(23,036)	183,908	160,872
Payments to suppliers	(323,382)	(378,237)	(701,619)
Payments to employees	(359,199)	-	(359,199)
Claims and judgments paid	-	(4,962,040)	(4,962,040)
Net Cash Provided by (Used in) Operating Activities	<u>693</u>	<u>(115,468)</u>	<u>(114,775)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	260	-	260
Net Cash Provided by Capital and Related Financing Activities	<u>260</u>	<u>-</u>	<u>260</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	3	4,271	4,274
Net Cash Provided by Investing Activities	<u>3</u>	<u>4,271</u>	<u>4,274</u>
Net Increase (Decrease) in Cash and Cash Equivalents	956	(111,197)	(110,241)
Balances - beginning of the year	<u>880</u>	<u>811,979</u>	<u>812,859</u>
Balances - end of the year	<u>\$ 1,836</u>	<u>\$ 700,782</u>	<u>\$ 702,618</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (5,348)	\$ (110,794)	\$ (116,142)
Change in assets and liabilities:			
Inventory	7,317	-	7,317
Due from other funds	(19,060)	191,719	172,659
Other receivables	-	(7,811)	(7,811)
Accounts payables	12,858	3,137	15,995
Due to other funds	(3,976)	-	(3,976)
Claims payable	-	(191,719)	(191,719)
Other post-employment benefit obligation	8,103	-	8,103
Accrued compensated absences	799	-	799
Net Cash Provided by (Used in) Operating Activities	<u>\$ 693</u>	<u>\$ (115,468)</u>	<u>\$ (114,775)</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Schedule of Net Position – Water Enterprise Fund Accounts – June 30, 2013

	<u>Water Enterprise Fund</u>				<u>Total</u>
	<u>Water Enterprise</u>	<u>Utilities Account</u>	<u>Series 2011 Note Account</u>	<u>APWA Water Loan Account</u>	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,283,502	\$ -	\$ -	\$ -	\$ 1,283,502
Restricted cash and cash equivalents	-	201,682	602,007	21	803,710
Investments	1,500,000	-	-	-	1,500,000
Accounts receivable, net of allowance	723,196	-	-	-	723,196
Due from other funds	170,465	-	-	-	170,465
Other receivables	68	-	-	-	68
Inventories	259,145	-	-	-	259,145
Total current assets	<u>3,936,376</u>	<u>201,682</u>	<u>602,007</u>	<u>21</u>	<u>4,740,086</u>
Noncurrent assets:					
Land and other non-depreciable assets	61,762	-	-	-	61,762
Other capital assets, net of depreciation	28,443,014	-	-	-	28,443,014
Total noncurrent assets	<u>28,504,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,504,776</u>
Total assets	<u>32,441,152</u>	<u>201,682</u>	<u>602,007</u>	<u>21</u>	<u>33,244,862</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	-	35,102	-	35,102
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	205,071	-	-	-	205,071
Accrued interest payable	165,140	-	12,283	-	177,423
Due to other funds	81,407	-	-	-	81,407
Other payables	2,112	628	-	-	2,740
Current portion of:					
Compensated absences	11,294	-	-	-	11,294
Deposits subject to refund	-	40,211	-	-	40,211
Notes payable	811,761	-	1,150,000	-	1,961,761
Total current liabilities	<u>1,276,785</u>	<u>40,839</u>	<u>1,162,283</u>	<u>-</u>	<u>2,479,907</u>
Noncurrent liabilities:					
Compensated absences	101,648	-	-	-	101,648
Deposits subject to refund	-	160,843	-	-	160,843
Other postemployment benefit obligation	166,652	-	-	-	166,652
Notes payable	14,859,899	-	1,550,000	-	16,409,899
Total non-current liabilities	<u>15,128,199</u>	<u>160,843</u>	<u>1,550,000</u>	<u>-</u>	<u>16,839,042</u>
Total liabilities	<u>16,404,984</u>	<u>201,682</u>	<u>2,712,283</u>	<u>-</u>	<u>19,318,949</u>
NET POSITION					
Net investment in capital assets	12,833,116	-	(2,110,276)	-	10,722,840
Unrestricted	3,203,052	-	-	21	3,203,073
Total net position	<u>\$ 16,036,168</u>	<u>\$ -</u>	<u>\$ (2,110,276)</u>	<u>\$ 21</u>	<u>\$ 13,925,913</u>

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Combining Schedule of Revenues, Expenses, and Changes in Net Position – Water Enterprise Fund
Accounts – Year Ended June 30, 2013

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
OPERATING REVENUES					
Charges for services:					
Water	\$ 5,825,684	\$ -	\$ -	\$ -	\$ 5,825,684
Miscellaneous	72,822	-	-	-	72,822
Total operating revenues	<u>5,898,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,898,506</u>
OPERATING EXPENSES					
Water operations	3,130,441	-	-	-	3,130,441
Administration	-	-	1,718,085	-	1,718,085
Depreciation	2,511,260	-	-	-	2,511,260
Total operating expenses	<u>5,641,701</u>	<u>-</u>	<u>1,718,085</u>	<u>-</u>	<u>7,359,786</u>
Operating income (loss)	<u>256,805</u>	<u>-</u>	<u>(1,718,085)</u>	<u>-</u>	<u>(1,461,280)</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	10,903	-	171	-	11,074
Miscellaneous revenue	74,447	-	-	21	74,468
Gain on sale of capital assets	353	-	-	-	353
Interest expense	(571,848)	-	(75,072)	-	(646,920)
Total non-operating revenue (expenses)	<u>(486,145)</u>	<u>-</u>	<u>(74,901)</u>	<u>21</u>	<u>(561,025)</u>
Income (loss) before contributions and transfers	<u>(229,340)</u>	<u>-</u>	<u>(1,792,986)</u>	<u>21</u>	<u>(2,022,305)</u>
Capital contributions	1,047,947	-	-	-	1,047,947
Interaccount transfer in	-	-	1,311,174	-	1,311,174
Interaccount transfer out	(1,311,174)	-	-	-	(1,311,174)
Transfers in	1,343,764	-	62,407	-	1,406,171
Transfers out	(1,434,996)	-	(46,533)	-	(1,481,529)
Change in net position	<u>(583,799)</u>	<u>-</u>	<u>(465,938)</u>	<u>21</u>	<u>(1,049,716)</u>
Total net position - beginning, restated	<u>16,619,967</u>	<u>-</u>	<u>(1,609,236)</u>	<u>-</u>	<u>15,010,731</u>
Total net position - ending	<u>\$ 16,036,168</u>	<u>\$ -</u>	<u>\$ (2,075,174)</u>	<u>\$ 21</u>	<u>\$ 13,961,015</u>

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
Oklahoma Department of Libraries:			
State Aid	N/A	\$24,474	\$24,474
Oklahoma Tobacco Settlement Endowment Trust:			
Health Communities Incentive Grant	TSET	10,000	8,387
Oklahoma Aeronautics Commission:			

Footnotes to Schedule of Expenditures of State Awards:

1. The Schedule of Expenditures of State Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
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, 2013**

SINGLE AUDIT AND INTERNAL CONTROL COMPLIANCE INFORMATION

**CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

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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, 2013, 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 July 14, 2014. 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 black ink, appearing to read "Cary J. Linnell" followed by "CJA Inc." in a cursive script.

Oklahoma City, Oklahoma
July 14, 2014

Casey J. Russell CPA, Inc.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited City of Ardmore, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Ardmore, Oklahoma's major federal programs for the year ended June 30, 2013. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 City of Ardmore, Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Ardmore, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of 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 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 OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Oklahoma City, Oklahoma
July 14, 2014

CITY OF ARDMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 Grnats-In-Aid	15.904	11-613	11,250	100
Historic Preservation Fund Grnats-In-Aid	15.904	12-613	6,750	6,311
Sub-total CFDA 15.904			18,000	6,411
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bureau of Justice Assistance - JAG Grant				
Sub-total CFDA 16.738	16.738	2012-DJ-BX-0735	25,928	25,048
			25,928	25,048
District Attorney's Council				
Sub-total CFDA 16.742	16.742	FSF12-006 / 2012CDBX0004	1,752	1,752
			1,752	1,752
Bureau of Justice Assistance - JAG Grant				
Sub-total CFDA 16.607	16.607	2011-DJ-BX-3067	23,019	1,112
			23,019	1,112
Total U.S. Department of Justice			68,699	27,912
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Airport Improvement Program	20.106	3-40-0006-012-2012	110,700	19,879
Airport Improvement Program	20.106	3-40-0005-013-2011	272,222	3,509
Airport Improvement Program	20.106	3-40-0005-014-2012	1,243,906	1,234,182
Sub-total CFDA 20.106			1,626,828	1,257,570
Passed through Oklahoma Department of Agriculture/ODOT:				
Highway Tree Grant Program	20.205	SAFETEALU-21-01	22,840	22,840
Sub-total CFDA 20.205			22,840	22,840
Total U.S. Department of Transportation			1,649,668	1,280,410
<u>U.S. DEPARTMENT OF LIBRARIES:</u>				
Grants to States - Continuing Education Conference Grant				
Sub-total CFDA 45.310	45.310	F-13-042	3,000	3,000
			3,000	3,000
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management:				
Hazard Mitigation Grant Program	97.039	FEMA-1678-DR-OK	821,714	51,762
Hazard Mitigation Grant Program - SAFE room grant	97.039	FEMA-1823-DR-OK	273,375	46,342
Sub-total CFDA 97.039			1,095,089	98,104
Passed through Oklahoma Department of Emergency Management:				
Emergency Mgmt Reimb - State 11-12	97.042	EMPG 12	30,126	7,531
Emergency Mgmt Reimb - State 12-13	97.042	EMPG 13	30,126	22,595
Sub-total CFDA 97.042			60,252	30,126
Passed through Oklahoma Office of Homeland Security:				
Regional Response Sustainment	97.073	146.015	1,569	1,569
Regional Response Sustainment	97.073	146.009	101,292	101,292
Regional Response Sustainment	97.073	126.024	650	650
Sub-total CFDA 97.073			103,511	103,511
Equipment for FEMA Hazmat Trailer				
Sub-total CFDA 97.104	97.104	112.014	16,393	16,393
			16,393	16,393
Total U.S. Department of Homeland Security			1,275,245	248,134
TOTAL FEDERAL ASSISTANCE			\$ 3,014,612	\$ 1,565,867

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 Section 205 of Circular A-133. 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
 Schedule of Findings and Questioned Costs
 For the Year Ending June 30, 2013

SECTION I: SUMMARY OF AUDITOR'S REPORT

Financial Statements

Type of auditor's report issued:	Unmodified/Qualified/Adverse
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 510(a) of Circular A-133?	No
Identification of major programs:	
CFDA #20.106	
CFDA #97.039	
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

City of Ardmore, Oklahoma
Schedule of Prior Year Audit Findings
For the Year Ending June 30, 2013

There were no prior year findings with regard to the federal award programs.

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