



CITY OF  
**WARR ACRES,**  
**OKLAHOMA**

ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2015

**THE CITY OF WARR ACRES,  
OKLAHOMA**

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

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2015**

**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015**

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**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Warr Acres, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warr Acres, Oklahoma (the "City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 City'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 City'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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis, budgetary comparison information, combining non-major fund statements and general fund accounts schedules – modified cash basis, and federal awards information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund statements and general fund accounts schedules – modified cash basis and federal awards information, as listed in the table of contents, 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 non-major fund statements and general fund accounts schedules – modified cash basis and federal awards information are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

Management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2016, on our consideration of the City'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 the City's internal control over financial reporting and compliance.

*Arlidge & Associates, P.C.*

July 12, 2016

**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2015**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)**



**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2015**

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The management of the City of Warr Acres is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the fiscal year ended December 31, 2015. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

### **FINANCIAL HIGHLIGHTS**

- As reported on a modified cash basis, the City's total net position decreased by \$102,284 and the assets of the City exceed its liabilities at December 31, 2015, by \$9,563,732 (net position). Of this amount, \$6,182,884 (unrestricted net position) is available to meet the government's ongoing needs.
- At December 31, 2015, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$9,563,732.
- At December 31, 2015, the unassigned fund balance of the General Fund on a modified cash basis was \$2,815,681 or 40% of General Fund revenues.

### **ABOUT THE CITY**

The City of Warr Acres is an incorporated municipality with a population of approximately 10,043 located in Oklahoma County in central Oklahoma. The City is a Mayor/Council form of government. Under this form of government, the City is governed by the Mayor and an eight-member City Council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is an eight-member governing body elected by the citizens by ward
- Executive – the City Mayor is the Chief Executive Officer and is elected by the citizenry
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, community development, and sanitation services. Water services to residents of Warr Acres are provided by the City of Oklahoma City.

#### ***The City's Financial Reporting Entity***

This annual report includes all activities for which the City of Warr Acres City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government. The City's financial reporting entity includes the following separate legal entities.

**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2015**

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- **The City of Warr Acres** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government*
- **The Warr Acres Public Works Authority (WAPWA)** – public trust created pursuant to 60 O.S. § 176 that collects wastewater service charges and remits collections to the Bethany/Warr Acres Public Works Authority which operates the wastewater system. The City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes*
- **The Warr Acres Economic Development Authority (WAEDA)** - public trust created pursuant to 60 O.S. § 176 that promotes general economic development within the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes*

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Warr Acres (the "City"), the Warr Acres Public Works Authority (the "Public Works Authority"), and the Warr Acres Economic Development Authority (the "Economic Development Authority"). Included in this report are government-wide statements for governmental activities.

The government-wide financial statements present the complete financial picture of the City using the modified cash basis of accounting. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

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

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

One of the most important questions to ask about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady as a result of the period's activities?" 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. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base, the condition of the City's roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions.

**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2015**

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In the Statement of Net Position and the Statement of Activities, the City has only one kind of activity: *Governmental activities* - All of the City's basic services are reported here, including the police, fire, administration, streets, and sanitation. Sales taxes, franchise fees, fines, sanitation charges, and state and federal grants finance most of these activities.

**Reporting the City's Most Significant Funds - Fund Financial Statements**

***Fund Financial Statements***

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain 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. The City only has *governmental* funds.

*Governmental funds* - All 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. Governmental funds report their activities on a modified cash basis of accounting. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) 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.

**Notes to the Financial Statements**

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 21-33 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund and major special revenue funds, combining and individual fund financial statements and schedules, and a schedule of expenditures of federal awards.

**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2015**

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**THE CITY AS A WHOLE**

For the year ended December 31, 2015, net position on a modified cash basis for the governmental activities decreased \$102,284 or 1.1%.

**The City of Warr Acres' Net position (Modified Cash Basis)  
December 31, 2015**

	<b>Governmental Activities</b>	
	2015	2014 Restated
Beginning net position	\$ 9,666,016	\$ 10,016,471
Increase (Decrease)	(102,284)	(350,455)
<b>Ending net position</b>	<b>\$ 9,563,732</b>	<b>\$ 9,666,016</b>

Following is a summary of net position reported on a modified cash basis for the City of Warr Acres.

	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>
	2015	2014 Restated	
Assets:			
Current and other assets	\$ 9,694,647	\$ 9,789,980	-1%
<b>Total assets</b>	<b>9,694,647</b>	<b>9,789,980</b>	<b>-1%</b>
Liabilities:			
Other liabilities	130,915	123,964	6%
<b>Total liabilities</b>	<b>130,915</b>	<b>123,964</b>	<b>6%</b>
Net position:			
Restricted	3,532,054	3,286,338	7%
Unrestricted	6,031,678	6,379,678	-5%
<b>Total net position</b>	<b>\$ 9,563,732</b>	<b>\$ 9,666,016</b>	<b>-1%</b>

Overall assets and liabilities were consistent with the prior year. There were no significant changes.

**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2015**

**The City of Warr Acres' Revenues, Expenses and Changes in Net position (Modified Cash Basis)  
Year Ended December 31, 2015**

	<u>Governmental Funds</u>		<b>% Inc. (Dec.)</b>
	<u>2015</u>	<u>2014</u>	
<b>Revenues:</b>			
Program revenues:			
Charges for Services	\$ 2,492,461	\$ 2,435,989	2%
Grants & Contributions	512,826	312,876	64%
General Revenues:			
Sales & Use Tax	6,139,255	6,053,489	1%
Other Taxes	702,095	698,193	1%
Other General Revenues	360,280	269,634	34%
<b>Total Revenues</b>	<u>10,206,917</u>	<u>9,770,181</u>	4%
<b>Program Expenses:</b>			
General Government	1,851,136	1,930,630	-4%
Public Safety	4,850,409	4,804,536	1%
Highways and Streets	1,197,823	1,076,616	11%
Culture and Recreation	72,148	70,453	2%
Public Works	2,324,902	2,221,570	5%
Economic Development	12,783	16,831	-24%
<b>Total Expenses</b>	<u>10,309,201</u>	<u>10,120,636</u>	2%
<b>Increase (Decrease) in Net Position</b>	(102,284)	(350,455)	-71%
<b>Beginning Net Position, restated</b>	9,666,016	10,016,471	-3%
<b>Ending Net Position</b>	<u>\$ 9,563,732</u>	<u>\$ 9,666,016</u>	-1%

Grants and contributions increased \$199,950 or 63.9% due primarily to the receipt of \$257,353 Statewide Transportation Improvement Grant revenue received in the current year versus \$191,888 in the prior year and a CDBG grant for public works improvements of \$149,999 received in the current year.

Highway and Streets expenses increased \$121,207 or 11% largely due to the 49<sup>th</sup>-50<sup>th</sup> MacArthur street project.

	<u>Total Expense of Services</u>		<b>% Inc. (Dec.)</b>	<u>Net Revenue (Expense) of Services</u>		<b>% Inc. (Dec.)</b>
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
<b>Program Expenses:</b>						
General Government	\$ 1,851,136	\$ 1,930,630	-4%	\$ (1,748,427)	\$ (1,744,958)	0%
Public Safety	4,850,409	4,804,536	1%	(4,547,167)	(4,435,872)	3%
Highways and Streets	1,197,823	1,076,616	11%	(844,041)	(827,842)	2%
Culture and Recreation	72,148	70,453	2%	(72,148)	(70,453)	2%
Public Works	2,324,902	2,221,570	5%	(79,348)	(262,228)	-70%
Economic Development	12,783	16,831	-24%	(12,783)	(16,831)	-24%
<b>Total Expenses</b>	<u>10,309,201</u>	<u>10,120,636</u>	2%	<u>(7,303,914)</u>	<u>(7,358,184)</u>	-1%

**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2015**

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

As the City completed its fiscal year end December 31, 2015, the governmental funds reported a combined fund balance of \$9,563,732.

**Other fund highlights include:**

- For the year ended December 31, 2015, the General Fund's total fund balance decreased by \$319,736.

**Budgetary Highlights**

For the year ended December 31, 2015, the General Fund reported actual budgetary basis revenues over final estimates by \$255,722 or a 3.8% positive variance. General Fund actual expenditures were under final appropriations by \$2,216,703 or a 23.2% positive variance.

**ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES**

The following information outlines significant known factors that will affect subsequent year finances:

- The FY 2016 budget is consistent to prior years.

**Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 5930 N.W. 49<sup>th</sup> Street, Warr Acres, Oklahoma 73122 or telephone at 405-789-2892.

**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF WARR ACRES, OKLAHOMA**  
**ANNUAL FINANCIAL STATEMENTS**  
**As of and for the Year Ended December 31, 2015**

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**Statement of Net Position (Modified Cash Basis) – December 31, 2015**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,185,639
Investments	503,519
Deposits with insurance pool	5,489
Total Assets	<u>9,694,647</u>
<b>LIABILITIES</b>	
Due to other governments	2,286
Deposits subject to refund	128,629
Total liabilities	<u>130,915</u>
<b>NET POSITION</b>	
Restricted for:	
Capital outlay	2,219,041
Public works	543,403
Sewer line maintenance	420,381
Other	349,229
Unrestricted	6,031,678
Total net position	<u>\$ 9,563,732</u>

See accompanying notes to the basic financial statements.



**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015**

**Statement of Activities (Modified Cash Basis) –Year Ended December 31, 2015**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					<b>Governmental Activities</b>
Governmental Activities					
General Government	\$ 1,851,136	\$ 102,709	\$ -	\$ -	\$ (1,748,427)
Public Safety	4,850,409	294,197	9,045	-	(4,547,167)
Highways and Streets	1,197,823	-	96,429	257,353	(844,041)
Culture and Recreation	72,148	-	-	-	(72,148)
Public Works	2,324,902	2,095,555	-	149,999	(79,348)
Economic Development	12,783	-	-	-	(12,783)
Total governmental activities	<u>10,309,201</u>	<u>2,492,461</u>	<u>105,474</u>	<u>407,352</u>	<u>(7,303,914)</u>
Total primary government	<u>\$ 10,309,201</u>	<u>\$ 2,492,461</u>	<u>\$ 105,474</u>	<u>\$ 407,352</u>	<u>\$ (7,303,914)</u>
<b>General revenues:</b>					
Taxes:					
Sales and use taxes					\$ 6,139,255
Franchise taxes and public service taxes					551,329
Hotel/motel taxes					150,766
Intergovernmental revenue not restricted to specific programs					131,437
Investment income					24,515
Miscellaneous					204,328
Total general revenues					<u>7,201,630</u>
Change in net position					(102,284)
Net position - beginning, restated					9,666,016
Net position - ending					<u>\$ 9,563,732</u>

See accompanying notes to the basic financial statements.

**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

**CITY OF WARR ACRES, OKLAHOMA**  
**ANNUAL FINANCIAL STATEMENTS**  
**As of and for the Year Ended December 31, 2015**

**Governmental Funds Balance Sheet (Modified Cash Basis) – December 31, 2015**

	<u>General Fund</u>	<u>Warr Acres Public Works Authority</u>	<u>Capital Improvement Plan Fund</u>	<u>Warr Acres Economic Development Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,437,082	\$ 703,664	\$ 1,565,204	\$ 1,898,383	\$ 581,306	\$ 9,185,639
Investments	-	-	303,519	-	200,000	503,519
Due from other funds	155,298	-	-	79,631	318,671	553,600
Deposits with insurance pool	5,489	-	-	-	-	5,489
Total assets	<u>\$ 4,597,869</u>	<u>\$ 703,664</u>	<u>\$ 1,868,723</u>	<u>\$ 1,978,014</u>	<u>\$ 1,099,977</u>	<u>\$ 10,248,247</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Due to other funds	\$ 398,302	\$ 155,298	-	-	-	\$ 553,600
Due to bondholders	3,586	-	-	-	-	3,586
Payable to other governments	2,286	-	-	-	-	2,286
Deposits subject to refund	120,577	-	-	-	4,466	125,043
Total liabilities	<u>524,751</u>	<u>155,298</u>	<u>-</u>	<u>-</u>	<u>4,466</u>	<u>684,515</u>
Fund balances:						
Restricted	342,437	543,403	1,567,675	39,508	1,039,031	3,532,054
Assigned	915,000	4,963	301,048	1,938,506	56,480	3,215,997
Unassigned	2,815,681	-	-	-	-	2,815,681
Total fund balances	<u>4,073,118</u>	<u>548,366</u>	<u>1,868,723</u>	<u>1,978,014</u>	<u>1,095,511</u>	<u>9,563,732</u>
Total liabilities and fund balances	<u>\$ 4,597,869</u>	<u>\$ 703,664</u>	<u>\$ 1,868,723</u>	<u>\$ 1,978,014</u>	<u>\$ 1,099,977</u>	<u>\$ 10,248,247</u>

See accompanying notes to the basic financial statements.

**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015**

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances  
(Modified Cash Basis) – Year Ended December 31, 2015**

	<u>General Fund</u>	<u>Warr Acres Public Works Authority</u>	<u>Capital Improvement Plan Fund</u>	<u>Warr Acres Economic Development Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes	\$ 5,212,307	\$ -	\$ 767,407	\$ 18,846	\$ 842,790	\$ 6,841,350
Intergovernmental	251,476	-	257,353	-	149,999	658,828
Licenses and permits	57,744	-	-	-	-	57,744
Charges for services	1,146,892	961,481	-	-	113,003	2,221,376
Fines and forfeitures	174,285	-	-	-	-	174,285
Investment income	22,752	1,378	378	-	7	24,515
Miscellaneous	162,819	-	64,000	2,000	-	228,819
Total revenues	<u>7,028,275</u>	<u>962,859</u>	<u>1,089,138</u>	<u>20,846</u>	<u>1,105,799</u>	<u>10,206,917</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,802,767	-	-	-	-	1,802,767
Public Safety	3,977,695	-	-	-	739,880	4,717,575
Highways and streets	474,997	-	-	-	-	474,997
Sanitation	859,740	-	-	-	-	859,740
Culture and recreation	22,808	-	-	-	-	22,808
Economic development	-	-	-	12,783	-	12,783
Public Works	210,004	-	-	-	-	210,004
Sewer	-	891,889	-	-	-	891,889
Capital Outlay	-	-	1,025,699	-	180,467	1,206,166
Debt Service:						
Principal	-	-	106,279	-	-	106,279
Interest and other charges	-	-	4,193	-	-	4,193
Total Expenditures	<u>7,348,011</u>	<u>891,889</u>	<u>1,136,171</u>	<u>12,783</u>	<u>920,347</u>	<u>10,309,201</u>
Excess (deficiency) of revenues over expenditures	<u>(319,736)</u>	<u>70,970</u>	<u>(47,033)</u>	<u>8,063</u>	<u>185,452</u>	<u>(102,284)</u>
Net change in fund balances	(319,736)	70,970	(47,033)	8,063	185,452	(102,284)
Fund balance - beginning, restated	4,392,854	477,396	1,915,756	1,969,951	910,059	9,666,016
Fund balance - ending	<u>\$ 4,073,118</u>	<u>\$ 548,366</u>	<u>\$ 1,868,723</u>	<u>\$ 1,978,014</u>	<u>\$ 1,095,511</u>	<u>\$ 9,563,732</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**

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Council Statement No. 14, as amended by Statement 61, “*The Financial Reporting Entity*” that requires the reporting entity and all component units of which the reporting entity is financially accountable be included in the financial report. The City’s financial reporting entity includes three separate legal entities reported as the reporting entity.

- **The City of Warr Acres** – operates the public safety, streets and public works, health and welfare, culture and recreation, sanitation, and administrative activities of the City
- **The Warr Acres Public Works Authority (WAPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the wastewater services of the City, with the City Council members serving as the trustees
- **The Warr Acres Economic Development Authority (WAEDA)** – public trust created pursuant to 60 O.S. § 176 to provide economic development opportunities, in or near the City, with the trustees appointed by the City Council

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, community development, and sanitation services. Water services to residents of Warr Acres are provided by the City of Oklahoma City.

For each of the above public trusts, the City of Warr Acres is the beneficiary of the trust and the City Council either serves as the governing body of the trust or appoints the trustees. In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to include the trusts within the City’s financial reporting entity. The public trusts do not issue separate annual financial statements.

**Participation in Joint Venture**

The Warr Acres Public Works Authority has entered into an operation and maintenance contract with the Bethany-Warr Acres Public Works Authority for the provision of sewer services for the residents of the City. The contract requires that the Warr Acres Public Works Authority and the Bethany Public Works Authority remit all sewer billings on or before the fifteenth day of each month to the Bethany-Warr Acres Public Works Authority.

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The Bethany-Warr Acres Public Works Authority is also permitted to transfer any surplus receipts, after the payment of operating and maintenance cost, current principal and interest on indebtedness, and capital improvements, back to the cities of Bethany and Warr Acres. These distributions are made in the proportion that the total revenues billed within the corporate limits of each said municipality bears to the total revenues collected.

The Bethany-Warr Acres Public Works Authority is jointly governed by the two governments. The governments do not exercise specific control over the budgeting and financing of the Authority's activities, and do not have a specified equity interest in the joint venture. For the year ended December 31, 2015, \$638,859 was remitted to the Bethany-Warr Acres Public Works Authority by the Warr Acres Public Works Authority.

The following summary is segment information from the Bethany-Warr Acres Public Works Authority's most recently issued annual audited financial report, which was for the period ended June 30, 2015:

Total Assets	\$5,704,117
Deferred Outflows	\$ 57,745
Total Liabilities	\$ 495,438
Deferred Inflows	\$ 147,611
Total Net position	\$5,118,813
Total Revenues	\$1,859,708
Total Expenses	\$1,657,033
Increase in Net position	\$ 202,675

In addition, at June 30, 2015, the Bethany-Warr Acres Public Works Authority had \$93,719 of notes payable outstanding. Separate financial statements for the fiscal year ended June 30, 2015, are available from the Finance Department, P.O. Box 219, Bethany, OK 73008-0219.

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

### *Government-Wide Financial Statements:*

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

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As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

- General government: License and permits, weed tax and vehicle impound fees
- Public safety: Fine revenue, ambulance charges, and E911 collections
- Streets and highways: Gas excise and commercial vehicle taxes
- Public works: Sanitation and sewer charges

*Governmental Funds:*

The City's governmental funds are comprised of the following:

**Major Funds:**

- General Fund – accounts for all activities not accounted for in other special-purpose funds and includes the activity of the Emergency Fund
- Capital Improvement Plan Fund – accounts for ½ cent voter approved sales tax for capital improvements
- Warr Acres Economic Development Authority Fund – accounts for economic development activities
- Warr Acres Public Works Authority Fund – accounts for activities as set forth in a trust indenture and the operation and maintenance contract with the Bethany-Warr Acres Public Works Authority concerning sewer operations

**Non-Major Funds (Reported as Other Governmental Funds):**

- E911 Fund – accounts for the E-911 fees legally restricted for improvements to the system
- Community Center Donations Fund – accounts for donations from various groups and individuals to buy equipment for the community center
- Debt Service Fund – accounts for ad valorem tax revenue levied for judgment retirement
- Sewer Line Maintenance Fund – accounts for sewer line maintenance fees collected to be used in sewer improvements
- Public Safety Tax Fund – accounts for ½ cent voter-approved sales tax for public safety purposes
- Reserved for Capital Replacement Fund – accounts for purchases of necessary equipment



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The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities resulting from cash transactions are included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

All of the above noted funds are legally required to adopt annual budgets or appropriations. The public trusts (or Authorities) are not required to adopt legal annual appropriations. While each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

**C. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and any short-term investments with an original maturity of three months or less, and open-end government mutual funds. Investments consist of long-term certificates of deposits, investments in U.S. government securities and are reported at cost.

**D. Compensated Absences**

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 8.

**E. Equity Classifications**

*Government-Wide Statements*

Equity is classified as net position and displayed in two components:

a. *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.

b. *Unrestricted net position* - All other net position that does not meet the definition of "restricted".

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

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*Fund Statements*

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) 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 while the Authorities highest level of decision-making authority is made by resolution.
- 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 balances classifications could be used.

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

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	General Fund	Capital Improvement Plan	Reserve for Capital Replacement	Warr Acres Economic Development	Warr Acres Public Works Authority	Sewer Line Maintenance Fund	Community Center Donation Fund	E-911 Fund	Public Safety Sales Tax Fund	Debt Service Fund	TOTAL Governmental
<b>Fund Balances:</b>											
<b>Restricted for:</b>											
Economic Development	29,861	-	-	39,508	-	-	-	-	-	-	69,369
Stormwater	225,290	-	-	-	-	-	-	-	-	-	225,290
Capital Assets	49,132	1,567,675	602,234	-	-	-	-	-	-	-	2,219,041
Public Works	-	-	-	-	543,403	-	-	-	-	-	543,403
Sewer Line Maintenance	-	-	-	-	-	420,381	-	-	-	-	420,381
Community Center	-	-	-	-	-	-	7,873	-	-	-	7,873
E-911	-	-	-	-	-	-	-	118	-	-	118
Public Safety	38,154	-	-	-	-	-	-	-	5,050	-	43,204
Debt Service	-	-	-	-	-	-	-	-	-	3,375	3,375
Sub-total Restricted	<u>342,437</u>	<u>1,567,675</u>	<u>602,234</u>	<u>39,508</u>	<u>543,403</u>	<u>420,381</u>	<u>7,873</u>	<u>118</u>	<u>5,050</u>	<u>3,375</u>	<u>3,532,054</u>
<b>Assigned to:</b>											
Disaster Assistance	915,000	-	-	-	-	-	-	-	-	-	915,000
Capital Assets	-	301,048	-	-	-	-	-	-	-	-	301,048
Economic Development	-	-	-	1,938,506	-	-	-	-	-	-	1,938,506
Public Works	-	-	-	-	4,963	-	-	-	-	-	4,963
Public Safety	-	-	-	-	-	-	-	-	56,480	-	56,480
Sub-total Assigned	<u>915,000</u>	<u>301,048</u>	<u>-</u>	<u>1,938,506</u>	<u>4,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,480</u>	<u>-</u>	<u>3,215,997</u>
<b>Unassigned:</b>	2,815,681	-	-	-	-	-	-	-	-	-	2,815,681
<b>TOTAL FUND BALANCES</b>	<u>\$ 4,073,118</u>	<u>\$ 1,868,723</u>	<u>\$ 602,234</u>	<u>\$ 1,978,014</u>	<u>\$ 548,366</u>	<u>\$ 420,381</u>	<u>\$ 7,873</u>	<u>\$ 118</u>	<u>\$ 61,530</u>	<u>\$ 3,375</u>	<u>\$ 9,563,732</u>

*Prior Period Adjustment*

Beginning net position was restated as of December 31, 2015:

	General Fund	Government-Wide Governmental Activities
Beginning net position, as previously reported	\$ 3,441,098	\$ 9,629,260
Restatement due to understated cash account balance	36,756	36,756
Beginning net position, restated	<u>\$3,477,854</u>	<u>\$9,666,016</u>

**F. Internal and Interfund Balances and Transfers**

The City's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Internal transfers and balances between funds are not eliminated in the fund financial statements.

**2. Deposits and Investments**

For the year ended December 31, 2015, the City recognized \$24,515 of investment income. Most of the City's deposits are in demand and short-term time deposits.

At December 31, 2015, the primary government held the following deposits and investments:

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<b>Type of Deposits and Investments</b>	<b>Carrying Value</b>
Deposits:	
Petty cash	\$ 850
Demand deposits	9,184,789
Time deposits - certificates of deposit	503,519
 <b>Total Deposits and Investments</b>	 <b><u>\$ 9,689,158</u></b>
 <b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	9,185,639
Investments	<u>503,519</u>
	<b><u>\$ 9,689,158</u></b>

*Custody Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty's trust, department or agent, but not in the government's name.

As of December 31, 2015, the City had no custodial credit risk as defined above.

*Investment Interest Rate Risk* – Interest rate risk that changes in interest rates will adversely affect the fair value of an investment. 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. At December 31, 2015, the investments were limited to non-negotiable time deposits.

*Investment Credit Risk* - The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) 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; and government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts. As of December 31, 2015, the City had no investments subject to investment credit risk.

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*Concentration of Investment Credit Risk* – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk. At December 31, 2015, the reporting entity had no concentration of credit risk as defined above.

**3. Sales Tax Revenue**

Sales tax revenue represents a 4 cent local tax on each dollar of taxable sales within the City, of which ½ cent is voter-restricted for capital outlay and improvements and ½ cent voter-restricted for public safety purposes in accordance with a City ordinance. Three cents is received and recorded in the General Fund. One-half cent is received and recorded in the Capital Improvement Fund per Ordinances #1003 and #1004 passed by voters effective on and after October 1, 2005, and one-half cent is recorded in the Public Safety Tax Fund per Ordinance #1044 passed by voters effective on and after April 1, 2008.

**4. Property Tax Levy**

The City presently levies no property tax, although the City did receive a small amount of delinquent property taxes during the fiscal year. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

**5. Interfund Balances**

*Balances:*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	WAPWA	\$ 155,298	Expenditures paid by General Fund for WAPWA
Capital Replacement Fund	General Fund	318,521	Hotel room tax
Economic Development Authority	General Fund	79,631	Hotel room tax
Community Center Deposit Fund	General Fund	150	Deposits to wrong fund
		\$ 553,600	

**6. Risk Management**

The City and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**7. Employee Retirement Plan Participation**

The City of Warr Acres participates in four 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 System Master Defined Benefit Plan and Trust (OkMRF-DBP) – an agent multiple-employer defined benefit plan
- Oklahoma Municipal Retirement System (OkMRF-DCP) – an agent multiple-employer defined contribution plan

*OFPRS*

The City of Warr Acres, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ fulltime or volunteer firefighters. OFPRS plan members are required to contribute 9% to the plan. The City is required by state law to contribute 14% per year of covered payroll per paid firefighter. OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The City is required by the state to contribute \$60 per year for each volunteer firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2013	\$142,050	\$142,050
12/31/2014	\$156,097	\$156,097
12/31/2015	\$164,330	\$164,330

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The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OFPRS  
4545 N. Lincoln Blvd., Suite 265  
Oklahoma City, OK 73105-3414

*OPPRS*

The City of Warr Acres, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ a certain number of fulltime police officers. The City is required by state law to contribute 13% of covered payroll per year for each police officer. Employees contribute 8% of covered payroll. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2013	\$147,069	\$147,069
12/31/2014	\$142,415	\$142,415
12/31/2015	\$148,977	\$148,977

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OPPRS  
1001 N.W. 63<sup>rd</sup> St., Suite 605  
Oklahoma City, OK 73116-7335

*OkMRF Defined Benefit Plan*

The City contributes to the City of Warr Acres 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, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Administration of the City's individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. JP Morgan Chase of Oklahoma City acts as administrator and securities custodian.

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**Eligibility Factors, Contribution Methods and Benefit Provisions**

<b>Provision</b>	<b>OkMRF Plan</b>
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	15.13% of covered payroll
-Employee Rate	4% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement with 10 years of service -Marital death benefit with 10 years of service
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	2.625% 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	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 10 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.

**Actuarial Assumptions**

**For Plan Year July 1, 2015 (Date of Last Actuarial Valuation)**

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	N/A
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Mortality	UP 94 mortality
g. Asset Valuation Method	Actuarial method



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<u>Fiscal Year</u>	Required <u>Contribution</u>	Amount <u>Contributed</u>
12/31/2013	\$230,647	\$230,647
12/31/2014	\$241,116	\$241,116
12/31/2015	\$259,796	\$259,796

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway, Oklahoma City, Oklahoma, 73102.

*OkMRF Defined Contribution Plan*

The City has also provided, effective November 1, 1990, a defined contribution plan and trust known as the City of Warr Acres Plan and Trust (the “Plan”) in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OkMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by Bank One Trust Company of Oklahoma City. The defined contribution plan is available to all full-time employees on a voluntary basis who are not already participating in another plan. According to City Ordinance, the employee may contribute to the Plan an amount up to 3% of their gross wages. The City, as employer, contributes, per ordinance, an amount up to 100% of the employee contribution. If an employee terminates before becoming fully vested, the employer’s contributions that are forfeited may be used to reduce the City’s current-period contribution requirements.

<u>Fiscal Year</u>	Required <u>Contribution</u>	Amount <u>Contributed</u>
12/31/2013	\$29,145	\$29,145
12/31/2014	\$30,834	\$30,834
12/31/2015	\$32,061	\$32,061

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105.

**8. Commitments and Contingencies**

*Compensated Absences:*

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at December 31, 2015 is \$247,201.

*Litigation:*

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts.) While the outcome of the above noted proceedings or threatened litigation 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 Warr Acres participates in various federal or state grant/loan programs from year to year. For the year end of December 31, 2015, the City's involvement in federal and state award programs was not significant. 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.

**CITY OF WARR ACRES, OKLAHOMA  
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**SUPPLEMENTARY AND OTHER INFORMATION**

**CITY OF WARR ACRES, OKLAHOMA  
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**Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended December 31, 2015**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance, Restated:</b>	\$ 3,409,730	\$ 3,409,730	3,477,854	\$ 68,124
<b>Resources (Inflows):</b>				
Taxes	4,975,000	4,975,000	5,212,307	237,307
Intergovernmental	173,500	173,500	251,476	77,976
Charges for services	1,183,825	1,183,825	1,146,892	(36,933)
Fines and forfeitures	235,000	235,000	174,285	(60,715)
Licenses and permits	77,000	77,000	57,744	(19,256)
Investment Income	19,500	19,500	22,752	3,252
Miscellaneous	95,975	108,728	162,819	54,091
<b>Total Resources (Inflows)</b>	<u>6,759,800</u>	<u>6,772,553</u>	<u>7,028,275</u>	<u>255,722</u>
<b>Amounts available for appropriation</b>	<u>\$ 10,169,530</u>	<u>\$10,182,283</u>	<u>\$10,506,129</u>	<u>\$323,846</u>
<b>Charges to Appropriations (Outflows):</b>				
Managerial	12,950	12,950	11,491	1,459
City clerk/treasurer	482,744	482,744	446,807	35,937
Public safety	415,856	415,856	346,745	69,111
Police	2,162,573	2,174,101	1,957,301	216,800
Fire	1,507,584	1,508,784	1,444,370	64,414
Sanitation	988,763	988,763	859,740	129,023
Streets & Parks	669,206	669,206	474,997	194,209
General government	2,134,885	2,134,885	1,052,043	1,082,842
City attorney	235,000	235,000	91,462	143,538
Public works	291,064	291,064	210,004	81,060
Capital building	5,000	20,000	17,783	2,217
Municipal court	176,579	176,579	166,408	10,171
Animal control	66,366	66,391	62,871	3,520
Garage	274,441	274,441	183,181	91,260
Community center	32,700	32,700	22,808	9,892
Other financing sources - transfers out	81,250	81,250	-	81,250
<b>Total Charges to Appropriations</b>	<u>9,536,961</u>	<u>9,564,714</u>	<u>7,348,011</u>	<u>2,216,703</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$632,569</u>	<u>\$617,569</u>	<u>\$3,158,118</u>	<u>\$2,540,549</u>

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**Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended December 31, 2015**  
**(Continued)**

	<b>WARR ACRES PUBLIC WORKS AUTHORITY</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 349,373	\$ 349,373	\$ 477,396	\$ 128,023
<b>Resources (Inflows):</b>				
Utility Revenue	755,000	755,000	961,481	206,481
Investment Income	1,200	1,200	1,378	178
<b>Total Resources (Inflows)</b>	<u>756,200</u>	<u>756,200</u>	<u>962,859</u>	<u>206,659</u>
<b>Amounts available for appropriation</b>	<u>1,105,573</u>	<u>1,105,573</u>	<u>1,440,255</u>	<u>334,682</u>
<b>Charges to Appropriations (Outflows):</b>				
Sewer	1,039,900	1,039,900	891,889	148,011
<b>Total Charges to Appropriations</b>	<u>1,039,900</u>	<u>1,039,900</u>	<u>891,889</u>	<u>148,011</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 65,673</u>	<u>\$ 65,673</u>	<u>\$ 548,366</u>	<u>\$ 482,693</u>

	<b>WARR ACRES ECONOMIC DEVELOPMENT AUTHORITY</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,963,520	\$ 1,963,520	\$ 1,969,951	\$ 6,431
<b>Resources (Inflows):</b>				
Taxes	14,625	14,625	18,846	4,221
Miscellaneous	-	-	2,000	2,000
<b>Total Resources (Inflows)</b>	<u>14,625</u>	<u>14,625</u>	<u>20,846</u>	<u>6,221</u>
<b>Amounts available for appropriation</b>	<u>1,978,145</u>	<u>1,978,145</u>	<u>1,990,797</u>	<u>12,652</u>
<b>Charges to Appropriations (Outflows):</b>				
Economic Development	10,000	13,000	12,783	217
<b>Total Charges to Appropriations</b>	<u>10,000</u>	<u>13,000</u>	<u>12,783</u>	<u>217</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 1,968,145</u>	<u>\$ 1,965,145</u>	<u>\$ 1,978,014</u>	<u>\$ 12,869</u>

**Footnotes to Budgetary Comparison Schedules:**

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfer appropriations require the Mayor's approval and supplemental appropriations require City Council's approval.

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**Combining Balance Sheet – Nonmajor Funds (Modified Cash Basis) – December 31, 2015**

	Special Revenue Funds				Capital Project Fund		Total Governmental Funds
	Public Safety Sales Tax Fund	E-911 Fund	Community Center Donation Fund	Sewer Line Maintenance Fund	Reserve for Capital Replacement Fund	Debt Service	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 61,530	\$ 118	\$ 12,189	\$ 220,381	\$ 283,713	\$ 3,375	\$ 581,306
Investments	-	-	-	200,000	-	-	200,000
Due from other funds	-	-	150	-	318,521	-	318,671
Total assets	<u>61,530</u>	<u>118</u>	<u>12,339</u>	<u>420,381</u>	<u>602,234</u>	<u>3,375</u>	<u>1,099,977</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Deposits subject to refund	-	-	4,466	-	-	-	4,466
Total liabilities	<u>-</u>	<u>-</u>	<u>4,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,466</u>
Fund balances:							
Restricted	5,050	118	7,873	420,381	602,234	3,375	1,039,031
Assigned	56,480	-	-	-	-	-	56,480
Total fund balances	<u>61,530</u>	<u>118</u>	<u>7,873</u>	<u>420,381</u>	<u>602,234</u>	<u>3,375</u>	<u>1,095,511</u>
Total liabilities and fund balances	<u>\$ 61,530</u>	<u>\$ 118</u>	<u>\$ 12,339</u>	<u>\$ 420,381</u>	<u>\$ 602,234</u>	<u>\$ 3,375</u>	<u>\$ 1,099,977</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Funds (Modified Cash Basis) – Year Ended December 31, 2015**

	Special Revenue Funds				Capital Project Fund		Total Governmental Funds
	Public Safety Sales Tax Fund	E-911 Fund	Community Center Donation Fund	Sewer Line Maintenance Fund	Reserve for Capital Replacement Fund	Debt Service	
<b>REVENUES</b>							
Taxes	\$ 767,407	\$ -	\$ -	\$ -	\$ 75,383	\$ -	\$ 842,790
Intergovernmental	-	-	-	149,999	-	-	149,999
Charges for services	-	3,032	-	109,971	-	-	113,003
Investment earnings	-	-	7	-	-	-	7
Total revenues	<u>767,407</u>	<u>3,032</u>	<u>7</u>	<u>259,970</u>	<u>75,383</u>	<u>-</u>	<u>1,105,799</u>
<b>EXPENDITURES</b>							
Current:							
Public Safety	739,880	-	-	-	-	-	739,880
Capital Outlay	-	18,451	-	108,764	53,252	-	180,467
Total Expenditures	<u>739,880</u>	<u>18,451</u>	<u>-</u>	<u>108,764</u>	<u>53,252</u>	<u>-</u>	<u>920,347</u>
Excess (deficiency) of revenues over expenditures	<u>27,527</u>	<u>(15,419)</u>	<u>7</u>	<u>151,206</u>	<u>22,131</u>	<u>-</u>	<u>185,452</u>
Net change in fund balances	27,527	(15,419)	7	151,206	22,131	-	185,452
Fund balances - beginning	34,003	15,537	7,866	269,175	580,103	3,375	910,059
Fund balances - ending	<u>\$ 61,530</u>	<u>\$ 118</u>	<u>\$ 7,873</u>	<u>\$ 420,381</u>	<u>\$ 602,234</u>	<u>\$ 3,375</u>	<u>\$ 1,095,511</u>

**CITY OF WARR ACRES, OKLAHOMA  
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**Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – December 31, 2015**

	<u>General Fund</u>	<u>Emergency Account</u>	<u>Total General Fund Accounts</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,522,082	\$ 915,000	\$ 4,437,082
Due from other funds	155,298	-	155,298
Deposits with insurance pool	5,489	-	5,489
Total assets	<u>3,682,869</u>	<u>915,000</u>	<u>4,597,869</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Due to other funds	398,302	-	398,302
Due to bondholders	3,586	-	3,586
Payable to other governments	2,286	-	2,286
Deposits subject to refund	120,577	-	120,577
Total liabilities	<u>524,751</u>	<u>-</u>	<u>524,751</u>
Fund balances:			
Restricted	342,437	-	342,437
Assigned	-	915,000	915,000
Unassigned	2,815,681	-	2,815,681
Total fund balances	<u>3,158,118</u>	<u>915,000</u>	<u>4,073,118</u>
Total liabilities and fund balances	<u>\$ 3,682,869</u>	<u>\$ 915,000</u>	<u>\$ 4,597,869</u>

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts (Modified Cash Basis) – Year Ended December 31, 2015**

	<u>General Fund</u>	<u>Emergency Account</u>	<u>Total General Fund Accounts</u>
<b>REVENUES</b>			
Taxes	\$ 5,212,307	\$ -	\$ 5,212,307
Intergovernmental	251,476	-	251,476
Licenses and permits	57,744	-	57,744
Charges for services	1,146,892	-	1,146,892
Fines and forfeitures	174,285	-	174,285
Investment income	22,752	-	22,752
Miscellaneous	162,819	-	162,819
Total revenues	<u>7,028,275</u>	<u>-</u>	<u>7,028,275</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,802,767	-	1,802,767
Public Safety	3,977,695	-	3,977,695
Highways and streets	474,997	-	474,997
Sanitation	859,740	-	859,740
Culture and recreation	22,808	-	22,808
Public Works	210,004	-	210,004
Total Expenditures	<u>7,348,011</u>	<u>-</u>	<u>7,348,011</u>
Excess (deficiency) of revenues over expenditures	<u>(319,736)</u>	<u>-</u>	<u>(319,736)</u>
Net change in fund balances	(319,736)	-	(319,736)
Fund balance - beginning, restated	3,477,854	915,000	4,392,854
Fund balance - ending	<u>\$ 3,158,118</u>	<u>\$ 915,000</u>	<u>\$ 4,073,118</u>

**CITY OF WARR ACRES, OKLAHOMA  
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**Schedule of Expenditures of Federal Awards (Modified Cash Basis) – For year ended December 31, 2015**

Federal/Grantor/Pass through agency Grantor/Program Title	CFDA #	Grant #	Award Amount	Contract Revenues	Contract Expenditures
<b>FEDERAL AWARDS:</b>					
<u>Federal Highway Administration:</u>					
Pass through Oklahoma Dept of Transportation: Statewide Transportation Improvement Program - Earmarked Funds	20.205	OK 062	\$ 983,928	\$ 257,353	\$ 93,533
Total Federal Highway Administration			<u>983,928</u>	<u>257,353</u>	<u>93,533</u>
<u>Department of Housing and Urban Development:</u>					
Pass through Oklahoma Dept of Commerce: CDBG Grant - Sewer Main Rehabilitation	14.228	15965 CDBG 14	\$ 149,999	\$ 149,999	\$ 149,999
Total Department of Housing and Urban Development			<u>149,999</u>	<u>149,999</u>	<u>149,999</u>
<u>Department of Transportation:</u>					
Pass through Oklahoma Highway Safety: State & Community Highway Safety	20.600	PT-15-03-25-05	14,800	8,646	6,363
State & Community Highway Safety	20.600	PT-16-03-22-06	14,470	399	1,467
Total Department of Transportation			<u>29,270</u>	<u>9,045</u>	<u>7,830</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 1,163,197</u>	<u>\$ 416,397</u>	<u>\$ 251,362</u>



**CITY OF WARR ACRES, OKLAHOMA  
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**INTERNAL CONTROL AND COMPLIANCE**



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 Honorable Mayor and City Council  
City of Warr Acres, 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, each major fund, and the aggregate remaining fund information of the City of Warr Acres, Oklahoma (the "City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 12, 2016. Our report included an emphasis of matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 the City'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Arledge & Associates, P.C.*

July 12, 2016